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Sustainability Reporting within the food industry

- A case study of regional differences in the plant-based non-dairy industry

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Summary

Sustainability Reporting has emerged and transformed over the past decades as a voluntary practice by companies across industries that desire to show proof of good conduct and environmental; social; and economic responsibility. As industrial food production is one of the largest contributors to contemporary environmental problems, it might be expected that reporting within the industry would be both well established and well understood.

Unfortunately, it is neither. In light of the food industry's considerable environmental impact and the growing popularity of plant-based food as a more sustainable alternative to dairy products, this paper assesses and briefly discusses the Sustainability Reporting of two companies in the plant-based food and beverage industry. The research was designed to compare the practices of Europe-based Alpro and US-based SoDelicious, and this study has two major purposes: to describe the reporting of the case companies and to subsequently compare their practices to the other as well as to global reporting standards.

The empirical study in this paper was conducted through content analysis. The sample companies were selected on the basis of their sub-industry membership; location; and practices of sustainability reporting. The Sustainability Reporting analysed were voluntary and publicly available 2013 Sustainable Development reports constructed by each case company. During analysis, their reporting was categorised phrase by phrase, and analysed both by content and disclosure quality/depth.

As an explorative study, the results of this research are merely tentative. However, the findings do indicate that in line with legitimacy and stakeholder theories, Sustainability Reporting by these companies is conducted with modified strategies, which seem consistent with certain societal and political characteristics and various stakeholder pressures existent in the two regions. While much of disclosures of both companies are purely narrative - expressing concern for sustainability and environmental issues - this study has highlighted a slightly different focus on diverse categories of disclosure.

Sammanfattning

Hållbarhetsrapportering är en frivillig aktivitet, där företag har chansen att bevisa att de tagit sitt ansvar för ekonomi, samhälle och miljö. I takt med att hållbarhetsdiskussionen blivit allt mer närvarande i både publika och privata sfärer så har företagens behov av och motivation till rapportering ökat. Den frivilliga aspekten har dock resulterat i att den här typen av kommunikation ofta ser radikalt annorlunda ut beroende på industri, region och rådande ekonomiska klimat. Den här studien har undersökt rapportering inom matindustrin, som trots sin avsevärda miljöpåverkan har varken vidare utbredd eller effektiviserad rapportering.

Det här projektet beskriver färsk rapportering från två företag: båda producenter av växtbaserade produkter som alternativ till mjölkprodukter, men operativa inom två skilda regioner. Studiens främsta syfte är att beskriva samt jämföra rapportering utförd av Alpro i Europa, och SoDelicious i USA. Den empiriska studien har genomförts med hjälp av jämförande fallanalys. Företagen valdes ut baserat på deras produktutbud, operativ region samt senaste rapporteringsaktivitet. Data som analyserades var 2013-års hållbarhetsrapporter (Sustainability Reports), vilka är allmänt tillgängliga på företagens hemsidor. Meningar och satser i dessa rapporter grupperades både enligt innehåll och djup.

Fallrapporter kan sällan göra något annat än antyda trender, och resultat från den här studien kan inte ses som tillämpliga i andra situationer. Resultaten ligger dock i linje med *Legitimacy* och *Stakeholder* teorier, då rapportering utförd av båda företagen följer strategier vilka kan kopplas till diverse samhälleliga-, politiska- och intressentrelaterade faktorer. Båda företag fokuserar på miljörelaterade problem, och använder sig rikligt av berättande tekniker där de uttrycker ett miljöengagemang och sin medverkan i diverse aktiviteter. Samtidigt visar de också ett något varierande fokus på olika miljö- och samhällsfrågor och verkar använda sig av strategier vilka tilltalar den grupp av intressenter vilka har mest inflytande på deras fortsatta aktivitet.

Abbreviations

CONI	Consolidated Narrative Interrogation
COP	Communication of Progress
CSR	Corporate Social Responsibility
GHG	Green House Gas
GRI	Global Reporting Initiative
IISD	International Institute for Sustainable Development
IPO	Initial Public Offering
IPPC	Intergovernmental Panel on Climate Change
LCA	Life Cycle Analysis
NGO	Non-Governmental Organisation
SD	Sustainable Development
SR	Sustainability Reporting
SEAR	Social and Environmental Accounting Research
UN	United Nations
UNEP	United Nations Environment Programme
UNGC	United Nations Global Compact
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development
WWF	World Wildlife Fund

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1 INTRODUCTION

This chapter presents the problem background, and mainly describes contemporary sustainability issues and the following rise of sustainability reporting. Food industry specific problems are outlined, followed by the research questions and aims of this paper. Related definitions as well as an outline of the study are also provided to help guide the reader through the paper.

1.1 PROBLEM BACKGROUND

The causes of unprecedented climate changes and environmental damages observed in the past century have for decades been much discussed across the globe: in scientific literature; classrooms; mainstream media; and households. Opinions have differed, and corporations and governments alike are in a melee regarding the responsibility to act on what sometimes have been viewed as ambiguous facts. Yet, it now seems indisputable that much of the environmental challenges faced today are due to human activities in general, and industrial production in particular (Boons et al., 2013). The Intergovernmental Panel on Climate Change (IPPC) reported in 2013 that there is now no reason to doubt that human activities are the cause of the bulk of global warming observed since the middle of the 1900's (www, RealClimate, 2013) e.g.:

- As a result of melting polar caps and large masses of ice, the rate at which the sea level has risen for the past 150 years has been consistently higher compared to the mean rate of the past 2000 years.
- The global rise of temperature can not be explained by natural variations, as such variations previously have been more localised - and the cross-continental rise we are now experiencing is a novel phenomena.

Ever since the 1970's, the human population has each year 'spent' the earthly resources faster than they can be replenished - this ecological over-expenditure results in global warming; loss of plant and animal species; diminishing forests and disrupted nutritional cycles (www, Global Footprint Network, 2014). Industrial production is a major culprit and corporate environmentally sustainable practices are now seen as an organisational responsibility (Kiewet & Vos, 2007 in Crittenden et al., 2011). Producers are under pressure to act sustainable and pursue Sustainable Development (SD) at all levels of production: *from cradle to grave*. Sustainability is becoming the main concern in marketing as the future wellness of our environment is recognised as intrinsically linked to current market activities (Crittenden et al., 2011). Arguably, SD is the "...most important task of the 21st century" (Klöppfer, 2003, p. 157). Lorek and Spangenberg (2014) propose that in order to achieve a functional sustainable market economy our society needs a complete structural reformation. Business as usual is no longer viable, and is not a justifiable choice if we are to manage the growing environmental problems as our "...actions are rapidly approaching or have already transgressed key global thresholds, increasing the likelihood of unprecedented ecological

turbulence” (Leach et al., 2012, p. 1). Corporations have leverage and power, and can through their operations promote and implement SD of both products and processes (Albino et al., 2009) and the combination of pressing contemporary issues such as prolonged economic instability; dwindling natural resources; and emergent social gaps have resulted in stakeholder demand for a sustainability focus across industries. The food industry is no exception.

Industrial food production is one of the largest contributors to contemporary environmental problems (Foster et al., 2006), as a vast majority of present global food production is unsustainable (Reisch et al., 2013; www, UNEP, 1, 2013) (a definition of *sustainability* is provided in sub-section 1.4.1 below). Food is central to everyday life, thus food companies especially have a responsibility to act sustainably and to be sustainable economically; socially; and ecologically (Belz & Karstens, n.d.). The food industry’s environmental impact is indisputable - food production is the cause of substantial amounts of greenhouse gas (GHG) emissions - and advances already immense carbon footprints. The food production systems utilised today are compromising the capacity to sustain future population (www, European Commission, 1, 2014) as the human demands for energy, material and waste disposal are considerably greater than what our planet actually can replenish (McMichael et al., 2007). Industrial large-scale food production further leads to loss of ecosystems and biodiversity; depletion of water, air and soil resources as well as phosphate and fossil fuels; water pollution and eutrophication; acidification; smog; soil degradation and loss of biodiversity (e.g. Foster et al., 2006; Barling, 2011; Reisch et al., 2013). A negative feedback loop is caused by the fact that agricultural production both affects and is affected by climate changes (Mathijs, 2011) - resulting in a decrease of both produce yield and product quality.

The sustainable behaviour of companies is increasingly coming under the scrutiny of consumers; governments; and NGO’s. Failing to adapt to the new sustainable requirements is likely to do companies harm in the long run (Gmelin & Seuring, 2014), while sustainable practices can improve company financial performance, reputation and consumer retention. Morrish et al. (2011, p.163) stated that a holistic sustainability approach in all business is imperative to the future wellbeing of our planet, and the ‘...*survival of mankind*’. This is in light of the fact that the majority of corporations are still unsustainable. Recent and recurring financial crises have unveiled a fragile economic system, and highlighted that poorly designed policies and short-term profit-focused mind-sets can have devastating effects on a global economic; ecological; and ethical scale (Boons et al., 2013). The discussion of the environmental responsibility of corporations has in fact been active for over half a century, and most companies now recognise the need to provide proof of some sort of good practice (Cowan et al., 2010).

Thus, Sustainability Reporting (SR) has emerged and transformed over the past decades: The 1970’s saw occasional social reporting in certain industries, while the 1980’s experienced a shift from social to environmental reporting on e.g. emissions - mainly conducted by chemical companies (Hahn & Kühnen, 2013). Then, in 1992, 178 countries adopted Agenda 21; an UN initiative, and the first real attempt to facilitate internal cooperation of SD (Dilling, 2010). In the past two decades, the evolution of SR has continued, where reporting has become increasingly complex and comprehensive (Lezczynska, 2012). In the past 15 years or so, a combination of voluntary social and environmental reporting has developed, often disclosed in public documents separated from annual financial reports (Hahn & Kühnen, 2013). Companies may have a range of motives to conduct such reporting - however, a prime incentive is often the public concern regarding the effect of industrial activities and economic growth on the natural environment and society (Holland & Foo, 2003; Banerjee, 2008; Carroll

& Shabana, 2010) and the increasing expectations from stakeholders to issue such reports (Ballou et al., 2006). Yet, reporting practices in the food industry are only still emerging (Friedrich et al., 2012), and research in this field is still scarce (Hartmann, 2011).

1.2 PROBLEM

Over the past five decades, reporting on corporate SD has gone from a side note in the financial reports of controversial corporations to full-fledged stand-alone SD reports from every imaginable industry and region. Yet, the concept of SR is wrought with ambiguity, and it has been questioned whether these narrative reports are suitable indicators of sustainable practices of any company. Some conclude that reporting oft is a form of ‘greenwashing’ and merely a veneer of honesty and transparency (Gray & Bebbington, 2005; Banerjee, 2008) that serve as covers for ‘business as usual activities’ - and may in fact facilitate continuation of unsustainable activities (Milne & Gray, 2012). Reports are customarily qualitative and subjective, as well as self-audited and skewed towards positive aspects - which impede the possibility of useful comparisons and benchmarking (Guthrie et al., 2008). It is doubtful whether sustainability reports have the capacity to properly address the complexity of the corporate responsibilities towards society and the environment (Aras & Crowther, 2008) and most companies do not even define what SD mean (to them) in their reports (Leszczynska, 2012). The research on SR is extensive, and previous studies have e.g. served to compare and contrast SR either across regions or industries; to assess relationships between sustainable performance and SR; and to understand the drivers of reporting. For example, differences between North American and European reporting have been much discussed, where motivational; legislative as well as cultural issues have been used to explain differences as well as similarities between the reporting practices examined (e.g. Cormier & Magnan, 2003; Hartman et al., 2007; de Villiers & Staden, 2010).

Research on SR within the food industry is however still emerging, as reporting becomes increasingly widespread. Rana et al. (2008) observed that sustainability is becoming increasingly important within the industry, but that it is still obscure and faced with complexity. Food companies seem to report on fewer indicators, and reporting is much less streamlined than that of other industries - which indicates a need for proper standards (Roca & Searcy, 2012). It is the aim of this study to expand on previous studies by assessing the sustainability reporting of two companies operating within comparable sub-industries in two separate regions as, according to Patten & Zhao (2004), disclosure studies of this sort should be conducted on industry level. Studies conducted within the same industry are scarce, and cross-regional intra-industry studies even more rare. While previous studies have shown that sustainability reporting will differ depending on industry and size, prior research has not focused on limited samples (Patten & Zhao, 2014) nor analysed companies operating within similar industries in different countries. Instead, research has mainly focussed on broad samples and/or on companies in environmentally compromised industries.

1.3 RESEARCH QUESTIONS AND DELIMITATIONS

Preliminary examination indicated that two companies – European Alpro and US-based SoDelicious DairyFree - produce sustainability reports with similar content. These two companies operate within the plant-based non-dairy food and beverages sector and have comparatively similar backgrounds and company values. Yet, they operate within two regions where practices of SR have proved to differ on grounds of e.g. legislative requirements;

cultural make-up; and management motivations. This research takes a descriptive approach, and the purpose of the study is thus to describe; analyse: and compare the SR of these two corporations, in order to unveil:

- What do these companies disclose in their sustainability reports?
- How do they compare to each other?
- How do they compare to global standards?

There are a few main reasons for the choice of this study topic and course of study. Initially, the author started doing research on product development of sustainable plant-based non-dairy food products. Unfortunately, it proved quite difficult to collect primary data, as the companies approached had little time or interest to participate in any study. Some managers referred instead to their SD reports, which spiked the question: What is actually reported by these companies, and for what purpose? The industry chosen was kept due to personal interest but also due to its nature and recent growth. Two case companies were chosen for comparison, based on the premises that they produce similar products in the plant-based food category; proclaim a focus on sustainability in their company values; and each released a SD report in 2013. Other companies operating in the same industry have been excluded, as they have not produced separate reports on SD. As the companies chosen operate in separate regions it is expected that a comparison between the two will expand on previous cross-regional research on sustainable reporting.

Earlier research on SR (usually referred to as Social and Environmental Accounting Research, or SEAR) is extensive and covers a number of research fields. To limit the scope of this study, the literature review is focussed on research conducted on reporting within the food industry; within the European Union and the US respectively; and those studies comparing the two regions. It is not within the scope of this study neither to make any inferences on causal relationships or real motives for reporting, nor to discuss any ethical or normative issues regarding the sub-industry chosen.

This study uses a qualitative method, in the form of case study content analysis. A quantitative approach is not suitable neither for the small sample size nor the research questions. Further, as only two case companies are included in this study, it is unlikely that the results are wholly applicable to either industry or regions studied. However, as this study provides in-depth descriptions of corporate public communications within a specific sub-sector it will offer new insights and indicate topics suitable for further research.

1.4 DEFINITIONS

This section outlines definitions which are principal to this study. The purpose is to limit incorrect assumptions, as these terms function as baselines to the remainder of the paper.

1.4.1 SUSTAINABILITY

The concept of sustainability in a business context has over time meant a number of things. Once referring to sustained growth and profit of corporations, it has evolved into what most people today think of as something to do with ‘doing good for the environment’. This new meaning has proven to be more than a little abstract, yet it is of global importance (Milne & Gray, 2012). Wackernagel & Rees (1996, p. 40) described sustainability as “...*living in material comfort and peacefully within the means of nature*”, while Aras & Crowther (2008, p. 280) added “*Sustainability therefore implies that society must use no more of a resource than can be regenerated*”. It has become evident that sustainability can take on various meanings according to whom you ask to define it (Banerjee, 2008). As there is no universally agreed upon definition concerning what constitutes corporate sustainability, corporations are known to often choose a definition that suits their interest (Roca & Searcy, 2012; Searcy & Buslovich, 2013).

1.4.2 SUSTAINABLE DEVELOPMENT

At the UN Conference on the Human Environment in 1972 (www, UNEP, 2, 2013), SD was defined as “...*a concept that describes the social goal of improving and maintaining human wellbeing over a long-term time horizon within the critical limits of life-sustaining ecosystems*”. In the later Brundtland report (www, WCED, 2013) perhaps the most cited definition to date was coined: “*Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs*”. While popular, this definition remains both general and vague, and does not comprise how sustainability can be measured (Banerjee, 2008). The Brundtland definition only highlights the need for a more precise and manageable definition (Gmelin & Seuring, 2014), a definition that companies can use as a guideline for sustainable decision-making. To date, there is little to none guidance on how to achieve what most definitions do call for: creating growth that does not come at the expense of resources, i.e. resources are not depleted in the process of creating wealth. Within an organisational context, SD requires a proper management of economic, social and environmental systems (Bansal, 2010,) with a consideration of both current and future direct and indirect stakeholders (Dyllick & Hockerts, 2002). For the purpose of this study, an organisation focused on SD has adopted “...*business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future*” (IISD, 1992, p. 11).

1.4.3 CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR is commonly used to refer broadly “...*to the level of contribution a company makes towards the betterment of society*” (Uhlener et al., 2004, p. 186). According to the European Commission, CSR is “*the responsibility of enterprises for their impacts on society*” (www, European Commission, 2, 2014). The purpose of CSR is to balance economical, ecological and social issues within the activities undertaken by corporations. The terms Corporate Sustainability, SD and CSR have melted together in the last decades and are often treated as different expressions for the same phenomena and used interchangeably, - but they should be treated as distinct from each other (van Marrewijk, 2003). SD is complementary to and has begun to replace the term CSR; recently, a non-profit organisation called CSR has changed their definition from *Corporate Social responsibility* to *Corporate Sustainability and Responsibility* (Carroll & Shabana, 2010). The concept of sustainability has developed alongside concepts such as Environmental Management and CSR, but is a later phenomenon

and the perception and outcomes of such sustainability reporting is likely to differ from that which is labelled as CSR (Gallo & Christensen, 2011). Much of the CSR research in developed countries has largely focussed on social issues, while leaving environmental responsibility to other bodies - thus, CSR should not be equated with environmental responsibility or the triple bottom line (Delbard, 2008). It should also be noted that both (reporting on) CSR and corporate sustainability still lack definitions that are universally accepted, and thus also lack common standards for their implementation (Dilling, 2010).

1.4.4 SUSTAINABILITY REPORTING

SD reports and other disclosures of SD (from hereon referred to as SR) is the *voluntary* disclosure of information regarding operational social and environmental activities aimed at stakeholders and the general public - the design of which is either guided by standards set by an external organisation (such as those developed by the Global Reporting Initiative, , GRI) or by guidelines developed internally (Ballou et al., 2006.). These reports are often graphic, ; loaded with pictures; and presented in an easy to comprehend and matter-of-fact fashion. These reports are publicly available and articulate how corporate sustainability challenges are met, covering issues such as energy usage; recycling efforts; and carbon emissions (Cowan et al., 2010).

1.5 OUTLINE

This section offers an overview of the outline of this thesis, which is organized according to common thesis structure and with the aim to systematically guide the reader from the initial problem to the conclusion of the research findings. Figure 1 below depicts the thesis outline.



FIGURE 1. OUTLINE OF THE STUDY

- Chapter 2 outlines the theoretical framework and provides a summary of relevant literature related to the study area.
- Chapter 3 portrays the method and justifies the choices made for the purpose of the study.
- Chapter 4 contains a more detailed description of the industry and companies chosen.
- Chapter 5 describes the reporting practices of the two case companies, according to the relevant categories outlines in the method. .

- Chapter 6 discusses the main similarities and differences identified between the two case companies and briefly analyses the study results in light of the theoretical framework chosen.
- Chapter 7 concludes and summarizes the main purpose and findings of the study, and provides suggestions for future research.

2 THEORETICAL PERSPECTIVE AND LITERATURE REVIEW

This chapter briefly outlines the theoretical framework of this paper. Further, a literature review of relevant previous studies gives a brief overview of the nature of SR; motivations behind reporting; regional trends of SR; SR in the food industry; as well as SR in light of principal theories. The aim of this chapter is to provide the relevant background information and to demonstrate what this study can contribute to the research field.

2.1 THEORETICAL FRAMEWORK

Legitimacy theory and stakeholder theory have extensively and frequently been used to analyse and explain e.g. motivations behind reporting and the reasons for contrasting reporting practices (Searcy & Buslovich, 2013). These theories should not be seen as mutually exclusive, but rather as overlapping and complementary fields of understanding (Adams & Whelan, 2009). As stated by Deegan (2002), it might sometimes be necessary to be able to observe phenomena through more than a single lens in order to gain a deeper understanding. Thus, throughout the research process these theories have been considered as linked, in order to enable a thoughtful and comprehensive analysis of multi-faceted and complex information.

2.1.1 LEGITIMACY THEORY

Suchman (1995, p. 574) defined legitimacy as “*a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*”. Legitimacy is thus a subjective creation, as its meaning lies in the eyes of the perceiver. Within this definition, corporate actions can only be perceived as legitimate if the public majority perceive it as such. *Legitimacy theory* thus relies on the premise that legitimacy cannot be taken for granted - as it is not a static attribute but rather dependent on the perspective of the stakeholders who can deliver legitimacy. The theory is derived from political economy theory, which states that economic issues must be considered in unison with political; social; and institutional issues (Deegan, 2002).

According to Suchman (1995), the theory involves two main perspectives: the strategic and the institutional. Within the *institutional* perspective *sector dynamics* - through pressure - essentially control what the organisations need to achieve to gain legitimacy. Companies will be established and run in accordance to the rules of the society, and will be appraised within the frames of the same. The *strategic* perspective is a *managerial* one, where management can purposely evoke and manipulate the perception from the cultural environment that they operate within in order to gain legitimacy. A proper understanding of the theory requires incorporation of both perspectives, as corporations both affect and are affected by the society as a whole. Further, the theory encompasses three main types of legitimisation, namely the pragmatic; moral; and cognitive approaches (Suchman, 1995):

- Pragmatic: Focus on demands; judgements; and the benefits of direct stakeholders (the self-interests of the audience).
- Moral: Companies aim to be considered to be ‘*doing the right thing*’.

- Cognitive: The company is depicted as an essential part of the social structure, a sort of glue which holds together what would otherwise be close to a chaotic existence.

The three types move from less to more stable; easy to more problematic to obtain; and from easy to manipulate to profoundly more difficult. The stance companies' take will generally affect the kind of strategies employed as they gain; maintain; or repair legitimacy:

- Gain: The process of gaining legitimacy is a proactive stance, and e.g. conducted through adherence to existing social rules; pursuit of the audiences that will support the organisational activities; and the framing of new sets of stakeholders (i.e. markets) and in the process shape their beliefs.
- Maintain: Most organisations will be required to maintain legitimacy to a certain extent. This would include keeping tabs on stakeholder views and beliefs; foreseeing coming changes; and fortify what has already been achieved.
- Repair: A reactive approach, repairing strategies are often utilised as response and in reaction to a crisis. It usually includes actions such as denials; excuses; justifications; explanations; as well as strategic shifts (such as management replacement) to elicit perceptions of dramatic change and rectification.

2.1.2 STAKEHOLDER THEORY

Similar to legitimacy theory, stakeholder theory relies on a sort of social contract, but a more reciprocal and interdependent one (Manetti, 2011). The theory is commonly used to describe organisational behaviours, as well as to interpret underlying principles of action (Donaldson & Preston, 1995). The theory states that organisations have certain responsibilities towards a number of groups who are affected by and affect the organisations activities (Roca & Searcy, 2012). These stakeholders include customers, suppliers, employees, communities and shareholders, or "*Those groups without whose support the organisation would cease to exist*" (Freeman, 1984, p. 31). According to the theory, the main purpose of an organisation is to create value for stakeholders – thus, their interests must be tended to and reciprocated (Donaldson & Preston, 1995). Vornedal & Ruud (2009), outline three different approaches of stakeholder theory: the descriptive; instrumental; and normative.

- Descriptive: Deals with how relationships are managed. This approach is mainly used to confirm the theory.
- Instrumental: Commonly used to prove that organisations that engage in stakeholder communication will become comparatively solvent compared to those who do not. Taking this approach, an attempt should be made to outline what should be conducted in order to achieve a certain result (Donaldson & Preston, 1995).
- Normative: The normative approach is the basis for the theory and thus also for the above approaches. This approach is commonly the one referred to in the literature, and it relies on a premise that the stakeholder perspective should be adhered to for moral and ethical reasons (Donaldson & Preston, 1995).

In relation to SR, the theory states that organisations would mainly consider the expectations and opinions of these various groups as a basis for reporting (Hahn & Kühnen, 2013). In line with stakeholder theory, we would expect companies to report on social and environmental issues in a manner that correlate to the external pressure they are under within the region they

operate in - commonly the country to which the firm is native (Vormedal & Ruud, 2009). As mentioned, stakeholder and legitimacy theory tackle similar notions, (Dragomir, 2010) - and the idea behind all theories derived from political economy theory is that “...*the economic domain cannot be studied in isolation from the political, social and institutional framework within which the economic takes place.*” (Gray et al., 1995, p. 52). The theories are seen as complementary, and “...*ultimately...lead to the same predictions, namely that companies would engage in CSR disclosure in order to acquire greater legitimacy in the eyes of the relevant publics*” (Nikolaeva & Bicho, 2011, p. 139).

2.2 LITERATURE REVIEW

This section offers a glimpse into contemporary SR practices and a brief overview of recent research relevant to this study.

2.2.1 OVERVIEW

SR is conducted by companies in all kinds of industries and countries and of various sizes and backgrounds. Yet - despite a number of available global reporting standards - SR is anything but streamlined. There are variations dependent on country; industry; and value-chain position (Gonzalez-Benito & Gonzalez-Benito, 2006). There are a number of reasons as to why this might be so. In many countries, reporting has a positive relationship with size of company (Chen & Bouvain, 2008): over 90% of the largest corporations in the world do some sort of sustainability reporting (Hahn & Lülfs, 2013). Overall, larger corporations report more - possibly as a result of comparatively high stakeholder pressure. Stock market listing and either government or foreign ownership also generally results in greater reporting tendencies (Gallo & Christensen, 2011; Hahn & Kühnen, 2013). Further, a number of studies have shown that financial reporting in general and environmental reporting in particular differ between regions as well as industry (de Villiers & Staden, 2010). Some studies have shown that industry has a greater effect than social/cultural issues, which might be due to globalisation (Cormier & Magnan, 2003). However, environmental and ecological issues seem to be of more influence to those firms operating in controversial industries such as mining and energy, since they have a tendency to report more (Kilian & Hennigs, 2014) and have higher frequency of environment mentions (Chen & Bouvain, 2008). The large variation of reporting also seem to partly depend on the fact that corporations apply their own definitions of sustainability and also recognise different external and internal uses of their reports (Searcy & Buslovich, 2013). The majority of reports are written by people employed by the organisation itself (Searcy & Buslovich, 2013), and the language uses and extent of ‘narration’ seem influenced by the actual environmental performance - as worse performers rely more on ‘story-telling’ and use of ambiguous phrasing (Cho et al., 2010).

2.2.2 REASONS AND MOTIVATIONS FOR SR

Contemporary responsible corporate behaviour involves forecasting public opinions, thus sustainability related activities and the following reporting on those activities lie in the interest of the company if they want to stay ahead in a market where these issues are becoming progressively imperative. Yet, considering the abundance of conflicting and inconclusive research results on SR tendencies and trends (even among companies faced by similar legislation), it is evident that the intrinsic motivations of individual companies play an important role in the outcome of SR. Because firms have different motivations to engage in reporting, their practices and focus of reporting will differ (Hartman et al., 2007) and “...*external pressure, internal pressure and the opportunity to share the company’s story*”

(Searcy & Buslovich, 2013, p. 6) are common general motivators. According to Cowan et al. (2010) companies engage in SR due to legal; financial; or ethical reasons. Conferring to legitimacy theory and based on a number of studies, reporting is conducted as companies aim to legitimise their actions; gain favourable market positions; and establish good relations with authorities; suppliers; and customers (e.g. Daub, 2007; Deegan, 2007; Dilling, 2010). Reporting might also be an attempt to improve reputation and the corporate image (Anbunmozhi, Chotichanathawewong & Muruges, 2011; Cowan et al., 2010) in order to increase business success - but opinions differ on the actual effect this can have on business performance (Friedrich et al., 2012). Another motivational factor commonly mentioned is the need to improve relations with stakeholders (Daub, 2007), and to influence their perceptions of the company in a favourable way (Kilian & Hennigs, 2014) - perhaps because shareholder values are dependent on if their and other key stakeholders interests are met (Ballou et al., 2006). The above are all economic arguments used as tools to increase company competitiveness, however, some companies do report on ethical grounds: that it is what should be done in light of fairness and justice (Hartman et al., 2007) and that it is “*...the right thing to do*” (Carroll & Shabana, 2010, p. 92).

2.2.3 LEGITIMACY THEORY AND SR

Cuganesan et al. (2010) outlined four main strategies frequently used by corporations to manage legitimacy: change of behaviour; alteration of the public perception; deflection of attention; and change of stakeholder expectations. Similarly, Deegan (2002) outlined common methods of legitimisation which included to change operational methods; attempt to influence what is currently perceived as legitimate so that the company activities fit in that definition; and take action so that the organization seem connected with what is perceived as legitimate. Strategies will differ depending on whether the objective of the organisation is to gain; maintain; or repair the perceived legitimacy (O'Donovan, 2002). The proactive approaches have received considerably less attention in the literature. The purpose of the proactive approach is to prevent the rise of any legitimacy gaps concerning the organisational operations, and it has been confirmed by a few studies which have found that environmental performance is positively correlated with the disclosure of the same (e.g. Staden & Hooks, 2007).

Extensive research has focused on the desire by managers to legitimise their operations through social and environmental reporting (Deegan, 2002). Within this line of research, legitimacy theory has been used widely to explain reporting practices undertaken by companies (Kilian & Hennigs, 2014). Legitimacy theory states that organisations will not be able to exist without the ‘permission’ from society - a sort of social contract, which represents the myriad of expectations the society has concerning how the organisation should conduct its operations. Companies are required to disclose certain information in order to prove their legitimacy, as the society they operate within expects them to be managed within certain boundaries (Staden & Hooks, 2007). However, it is evident that the perceived legitimacy can be choreographed (Deegan, 2002) as companies can report on their strategies and practices in such a manner that fits their context (Cowan et al., 2010). This could explain why corporations from different industries present reports with different focus and use disparate indicators in their disclosures (Roca & Searcy, 2012), for example when companies in controversial industries have a tendency to report more intensively in order to secure or build legitimacy in the eyes of their stakeholders (e.g. Dilling, 2010; Kilian & Hennigs, 2014), or when companies in their disclosures focus comparatively more on ‘hot’ media topics (Deegan, 2002). Further, according to legitimacy theory, companies who perform worse and

companies who face more pressure when it comes to sustainability and environmental issues are likely to rely more on narrative positive (non-monetary) disclosures as a means of gaining legitimacy - studies have shown mixed results when this has been tested (Cho & Patten, 2007). One recent study by Sutantoputra et al. (2012) showed - in support of the theory - that companies from industries where environmental impact often comes under scrutiny (such as oil and mining) often disclose more in their SR. Also, Manetti (2011) tested the relevance of stakeholder theory in a study covering Europe; the Americas; and Asia, found that stakeholder engagement was very low, and that legitimisation instead was a main objective of reporting.

2.2.4 STAKEHOLDER THEORY AND SR

Application of stakeholder theory in combination with legitimacy theory can help to heighten the understanding of companies' SR activities. Because of its strong focus on the social aspects of sustainability, stakeholder theory has been frequently used in CSR studies (Gray et al, 1995; Rana et al., 2008), and because CSR; SR; and other disclosures are a two-way communication between the organisation and its core stakeholders (Gray et al., 1995). As legitimacy theory, stakeholder theory predicts that environmentally sensitive industries have higher rates of reporting (Nikolaeva & Bicho, 2011). Also, larger firms would be more likely to initiate and focus on sustainability activities and SR as they have more (diverse and powerful) stakeholders (Gallo & Christensen, 2011). According to Vormedal & Ruud "*...we can expect the quality and extent of reporting to be related to the level of societal (stakeholder) pressure on companies to disclose information on their social and environmental performance.*" (2009, p. 210), thus companies with the most powerful stakeholders will have to adapt to their needs comparatively more than companies with less powerful stakeholders (Gray et al., 1995).

Belz & Schmidt-Riediger (2009) claimed that in relation to CSR and other sustainability disclosure, demands of stakeholders are viewed as an opportunity as opposed to a limitation. According to GRI, to disclose on sustainability performance is to show accountability to stakeholders (www, Global Reporting Initiative, 2014). Stakeholder theory in relation to SR deals with the engagement and/or management of internal as well as external stakeholders - not just shareholders – where companies manage their sustainability image in order to avoid detrimental effects on business operations; sales; etc. (Sutantoputra et al., 2012). One reason for reporting is often to give all stakeholders access to ... "*information needed to hold companies accountable*" (Nikolaeva & Bicho, 2011, p. 137) and selected stakeholders are thus a main driver behind SR practices (Belz & Schmidt-Riediger, 2010). The sustainability disclosures are used to manage the decisions of these stakeholders, and activities and information deemed valuable to those identified stakeholders will be what is focussed on in any sustainability related disclosure. Companies will aim to simultaneously fulfil the demands of several stakeholders in a carefully designed set of actions/disclosures (through reconciling multiple demands faced and aim for win-win situations). CSR focussed activities and reporting can help avoid negative stakeholder perception (proving profitability while being a good member of the society) and stakeholder support of these activities is vital for the success of the latter (Belz & Schmidt-Riediger, 2010).

Companies have a number of internal and external stakeholders. In relation to SR, the natural environment should also be considered as a stakeholder (Dragomir, 2010) and all will jointly have considerable impact on the organisational identity (Nikolaeva & Bicho, 2011). However, the definitive influence of stakeholders will be regulated by legal;; environmental;; historical;; and cultural elements of each society that organisations operate within (Kampf 2007). Further, stakeholder demands on sustainability disclosure varies depending on industry

(Möller et al., 2011): where the extent of the demands of different stakeholders can differ greatly, and where market segments can influence the extent of stakeholder demand.. Those operating in lower price segments seem to perceive comparatively lower amounts of pressure and “...the membership of a sub-industry is not as important as the influence of selected stakeholders, the positioning in the market and company size on the type of strategic sustainability marketing.” (Belz & Schmidt-Riediger, 2010, p. 412).

A positive relationship between social and financial performance generally supports stakeholder theory (Dragomir, 2010). Stakeholder theory is further supported when we see companies compensate with a strategy where they as new issues arise report less on formerly mentioned issues that previously had been deemed important (Gray et al. 1995). Further, Crittenden et al. (2011) found that even though companies are subjected to differing degrees and kinds of pressures from heterogeneous stakeholder groups, they will not engage in a great number of response activities – rather, their actions are likely going to be those that can satisfy the requirements of the group deemed most influential and important. These results are in line with the opportunistic and strategic approach to stakeholder theory, as the true needs of stakeholders are not addressed, but they are included only as a mean to achieve profitability.

2.2.5 EUROPE AND US SR TRENDS

As a result of different environmental regulations; social trends; and cultural aspects, European and US based firms should show some distinctive reporting tendencies. European countries show diverse inclinations to conduct SR, but reporting rates are high overall and have been increasing for the past few years (www, KPMG, 1, 2014). However, quality varies due to lack of regulations (Cormier & Magnan, 2003). Yet, individual countries in Europe have adopted a range of different approaches towards the recommendations on reporting by the EU, with more stringent regulations in countries such as Sweden; France; Spain; and Portugal, while Germany and UK seem to lag behind (Hibbitt & Collison, 2004). The US has also seen a slight increase in SR, and numerous companies in both regions seem to increasingly regard reporting as a useful strategy in order to increase the perceived company value (Cormier & Magnan, 2003). Nonetheless, offered definitions of sustainability differ immensely not only between the two regions, but also between individual corporations (Hartman et al., 2007).

The variations in definitions of sustainability essentially affect the content of reports, as do the intrinsic motivations for reporting. In general, US firms have a tendency to report on sustainability practices with the use of financial terms and justify their actions with an economic perspective, while European firms more often have a holistic focus on sustainability as a concept in its own. This is in line with the tendency for US-based companies to focus on short-term financial gain and European companies to be more concerned with long-term reputation and brand value (Hartman et al., 2007). A study by de Villiers and Staden (2010) concluded that shareholder expectations vary between countries: while a majority of shareholders in both UK and US are concerned over climate change – and feel that companies should disclose more because of their contribution to this issue and require more comprehensive reporting overall - US shareholders often are more concerned about disclosure as a basis for investment decisions. However, few US--based CEOs believe that reporting actually has a significant impact on reputation, while a majority of European based CEOs do believe it does - voluntary reporting is thus more likely in Europe than in the US (Hartman et al., 2007).

Regulations for reporting are more stringent in the US, and as a result firms tend to report more in line of risk and remediation, while EU companies report more generally on environmental sustainability and SD (de Villiers & Staden, 2010). US companies adopt their own definitions of sustainability and often report on issues that are industry specific (Cowan et al., 2010). While companies from both regions seem to use reporting as a way to build a positive corporate image, European firms frequently include issues such as sustainability in their company values or missions (Hartman et al., 2007). However, European SR rarely includes any lengthy information on the social responsibility of the firm; a plausible explanation for this is that human rights are firmly protected by law in Europe (Lezczynska, 2012).

2.2.6 SR IN THE FOOD INDUSTRY

Food production is both dependent on and affects our natural resources, and industrial food production contributes considerably to contemporary environmental issues. Considering this, it might be expected that SR within the industry would be both well established and well understood. Unfortunately, even though issues such as CSR and SD are becoming increasingly important within the industry, they are still obscure and faced with complexity (Rana et al., 2008). A number of previous studies have examined the reporting differences between industries, whereas only a few have focussed on the nature of reporting within the food industry – perchance because straightforward quantitative analysis is problematic considering the heterogeneity of reporting among food producers. There is generally very little adherence to global standards and guidelines. Food companies report on fewer indicators, and reporting is commonly less streamlined than that of other industries, - which indicates a need for proper standards (Roca & Searcy, 2012). Cuganesan et al. (2010) conducted one of the few studies to date on an industry sub-sector level. They found that there is little to none variation of the amount sustainability reporting between sub-sectors in the Australian food industry, however they did find that companies differed in their reporting strategies to gain legitimacy depending on if they belonged to a sub-sector with comparatively higher or lower environmental impact. Within the industry in general, there is more focus on environmental rather than economic and social issues (Roca & Searcy, 2012).

3 METHOD

This chapter presents the methodological framework and the role of the literature review. The chosen methodological approach is presented, including the procedures of data collection and data analysis. The chapter also outlines and justifies the choice of method and other specific choices made for the study.

3.1 THE LITERATURE REVIEW

The literature review is the stage where theory and empirical findings related to the chosen topic in published works are perused to generate a deeper understanding of the research problem at hand. The literature review serves to gather necessary background information, through extensive reading on the main topics in order to gather theory and further compile and connect theory and concepts. As is common, the purpose of this literature review - presented in chapter 2 above - was to understand the contemporary knowledge available on the chosen topic; to find the main elements within the chosen field; and to identify those areas that were lacking in information and knowledge (Bhattacharjee, 2012). Alongside the perusal of suitable research methods, the literature review has provided the necessary overview of the chosen subject. Most material used are academic peer-reviewed articles from databases such as Elsevier; SpringerLink; and JSTOR. There is a vast amount of information and research available on the topic of SR, and related topics such as environmental reporting and CSR, but as the fields have evolved rapidly in recent years the literature review for this study has *focussed* on:

- Articles on SR published within the past 5 years. Studies related to the food industry; the chosen theoretical framework and/or the regions chosen have been favoured over others.
- Older articles on SR, published within the past 10 years, were used when their influence on contemporary studies was considerable.
- Articles and other publications on Legitimacy and Stakeholder theories.

3.2 EMPIRICAL STUDY

3.2.1 CHOSEN APPROACH: QUALITATIVE RESEARCH IN THE FORM OF A COMPARATIVE CASE STUDY

The case study method is one of four main qualitative research approaches. It is useful when theories within the chosen area are lacking or non-existent; for exploratory research; and for studying complex phenomena within organizations (Bhattacharjee, 2012). The case method is essentially an interpretive inductive approach used to expand existing theory or build new one. When using inductive methods, researchers first look at specific chosen data, then continue to look for patterns and trends within that data in order to unveil the overarching focus and conclude how the results can be relevant to other situations. This study describes and compares the SR by two companies within the food industry. The case study method was chosen due to the exploratory nature of the thesis statement, and because “*Case studies are an effective tool and a practical means of understanding firm behaviour and strategies*” (Gehlar

et al., 2009, p.118). The case study method has a few notable weaknesses, namely that it is dependent on the skills of the researcher and that findings may not be applicable to other situations. Further, internal validity – where cause and effect is reasonably established - as well as external validity – where findings can be applied to other situations - is expected to be flaccid. Notable strengths of the case study method and the main reasons for the choice of method in this study is its flexibility and ability to examine a wide variety of phenomena and to provide interesting and informative inferences which can capture complex contexts and details that often are overlooked with other methods. Also, the research questions can be modified as the research advances.

3.2.2 DATA COLLECTION

The aim of this study has been to analyse and compare publicly available and voluntary SD Reports. The empirical data in this study thus consist of the 2013 SD reports from the two case companies. These reports are readily available for all stakeholders on the companies' websites, from where they were downloaded for the purpose of this study.

3.2.3 DATA ANALYSIS

Data analysis of this study has followed the procedures of content analysis. Content analysis is frequently used in reporting studies (Beck et al., 2010), where the purpose is to describe and make inferences about characteristics of communications from individuals; corporations; and institutions (Berelson, 1952). Content analysis is commonly used to analyse corporate SR (Holland & Foo, 2003) and can be applied to website content as well as environmental and SD reports. The main characteristic of this method is the counting of words or sentences to which a coding system is applied to organise the texts into fewer categories, which may or may not be analysed for relationships. The classical requirements for this method included classified and precise categories and quantifiable information (Milne & Adler, 1999). The research objectives when using this method usually includes to answer questions such as the ones chosen for this study:

- What do these companies disclose in their sustainability reports? What is the message and focus?
- How do they compare to each other? Are there any distinguishable patterns or trends?
- How do they compare to available global standards?

Also:

- What channels are used?
- Who are the recipients?

The main advantages of the content analysis method are that it can be used both qualitatively and quantitatively; that it can be used for interpretation; and can provide insight into complex issues. Some weaknesses of the method when used to analyse corporate reporting are that it might not be able to aid recognition of qualitative aspects of the reporting (Beck et al., 2010), ; that it is open to interpretation; and profoundly researcher dependent. Figure 2 outlines the common procedure of content analysis presented by Kaid (1989) This study has followed these steps in the given order. The identification of research questions was conducted in

concert with the literature review. Samples were chosen based on industry belonging and SR activities. Definition of categories and coding process was done simultaneously and greatly aided by the decision to choose categories which have previously been used for similar research on SR.



FIGURE 2. 7 STEPS OF CONTENT ANALYSIS

Content analysis usually takes one of the following approaches (e.g. Berelson, 1952; Beck et al., 2010):

- Mechanistic, also referred to as *quantitative* or *conceptual*: The main purpose is to unveil how many times terms or words are mentioned in a text. Data is quantified and tallied, and subjected to statistical analysis. Concepts and themes are identified during the course of intense study of the texts, and categories and subcategories are developed. The main drawbacks of this method are the lack of context consideration and risk of misrepresentative categories.
- Interpretative, also referred to as *qualitative* or *relational*: As the mechanistic approach, the interpretative requires counting of word or term occurrence, but further focus is on the semantic relationships between the identified themes. These relationships are also coded and analysed, which allows for a more subjective and context dependent interpretation. The main purpose of this approach is to dismantle the narrative text in order to understand the qualitative content.

Due to the exploratory nature of this study and the small sample used, a combined mechanistic and interpretative approach was chosen, specifically, the CONI method (*COnsolidated Narrative Interrogation*) developed by Beck et al. (2010). This method of content analysis was developed specifically for SR assessments, and allows for use of both qualitative and quantitative measurements - making it possible to capture meaning as well as assess and compare the quality of reporting. With this method, disclosures within company sustainability reports are counted on phrase or clause level and are grouped into relevant categories and subcategories. As noted by Hackston & Milne (1996) counting sentences or phrases is a better approach when interpreting narrations and is useful to convert language used in tables and charts. The categories used in the CONI method are outlined in Table 1 below (Beck et al., 2010).

TABLE 1. CONI METHOD CATEGORIES

Category	Sub-category
GEN – General environmental	1. General mention
	2. Aims
	3. Management systems and processes
	4. Disclosure guidelines
	5. Initiatives
	6. Results, awards won etc.
	7. Long term environmental policies
RES - Responsibility	1. Top management
	2. Results achieved
	3. Any employee responsible
POLL - Pollution	1. Air. a: Emissions. b: Actions
	2. Water. c: Emissions. d: Actions
	3. Waste. e: Situation. f: Control. g: Recycling
	4. Land. h: Emissions. i: Actions, target
	5. Results
	6. Products. j: Product related. k: Product development
SUSTAIN - Sustainability	1. Any mention
	2. Agenda Commitment
	3. Natural habitat protection
LIAB – Liabilities	1. Financial
	2. Balance sheet
	3. Justification if no disclosure
ACT – Activities	1. Staff training
	2. Project involvement
	3. Awards
	4. Sponsoring
BRR – Business Related Risk	1. Environmental risk
	2. Reduction of risk
	3. Costs
PRESS – Pressure groups	1. Shareholder
	2. Other stakeholder
	3. Government
SER – Separate Environmental	1. Available
	2. Referenced
	3. Contact details
ENE – Energy related	1. Saving attempts
	2. Reference to Alternative energy sources
IRP – Information Retrieval Processes	
Other	

In table 1, the left hand column outlines the main categories, while the right hand column contains the subcategories related to each main category. Where there are subcategories, disclosure phrases will always be assigned to one of those, and the general category is used for grouping blocks of related disclosures and for the following analysis. During analysis, each sample is thoroughly evaluated, and reporting phrases are categorized to facilitate comparison of both frequency of usage and narrative level: to assess the depth of disclosure, each phrase is assigned a value between 1 and 5 based on the style and content of phrasing, as follows:

1. Pure narrative disclosure.
2. Pure narrative with details.
3. Numerical: purely quantitative.
4. Numerical with qualitative explanations; narrative and quantitative.
5. Numerical with qualitative statements demonstrating year comparisons; narrative, quantitative and comparable.

3.3 CHOICES MADE FOR THE CASE STUDY

Studies conducted with qualitative approach, such as case studies and content analysis, are highly dependent on and greatly influenced by the researcher. The researcher carries out choices made during the course of the study, and their relevance to the study should be justified. This section introduces the reader to main choices made for this study,; on what grounds they have been made and how this may have influenced the research.

3.3.1 CHOICE OF INDUSTRY

The industry chosen for this study is the food industry, specifically the industry for plant-based beverages and desserts (mainly) as alternatives to dairy. The motives behind this choice includes the contemporary heated discussion surrounding sustainability and the multifaceted and bilateral relationship between the food industry, our natural resources and entire economy; society; and culture. All industries are subject to increasing pressure to strive for sustainability, and to show accountability and responsibility for the impacts for their operations. The food industry is comparatively complex, considering its necessity to all humans and an abundance of sub-industries and products. Despite, or perhaps because of this, practices of SR and studies of the same are comparatively less common in the food industry, even as pressure for increased transparency is intensifying and SR is on the rise across industries.

3.3.2 CHOICE OF REGIONS

Europe (i.e. members of the European Union) and US have been chosen as the regions of focus in this study. Both are highly developed regions with comparable economic and legislative structures, with extensive trade and trend swapping. Yet, differences in e.g. cultural aspects and market behaviour prevail. The prevalence of SR practices and related strategies are thought to be more heterogeneous between these regions, while staying fairly homogenous within most industries - which render a cross-regional comparison within the same sub-industry interesting. Further, in recent years, the EU and US have experienced similar consumption trends of plant-based non-dairy products, which prompted the choice of companies.

3.3.3 CHOICE OF COMPANIES

As the aim of this study was to conduct a detailed comparison of SR across regions within the same industry, it was deemed necessary to identify two companies that do not only operate within the same sub-industry but also have fairly similar characteristics. Out of the identified companies in US and Europe, only one from each region had recent SD reports available: Alpro in Europe and SoDelicious DairyFree in the US. These were subsequently chosen for this study. Despite core differences of ownership structure and size, the choice of these companies seemed appropriate given their similar histories; company values; and their use of comparable communication strategies.

Alpro is the market leader of plant-based non-dairy products in Europe, and products are available in an array of countries, while SoDelicious DairyFree is a small yet prominent player in the US market. These companies offer a product selection of comparable drinks; breakfast products; and desserts, and both display a zealous sustainability focus in their operations. Yet, they are faced with stakeholders from diverse cultural backgrounds and are subject to dissimilar legislations. A comparative analysis of their SR practices will deepen the understanding of reporting within the chosen (and so far unexplored) sub-industry, and will contribute to cross-regional SR research within the food industry as a whole while opening up for more detailed and comprehensive studies. A presentation of the case companies is offered in chapter 4 below.

4 BACKGROUND FOR THE EMPIRICAL STUDY

This chapter describes the plant-based product industry and the growing popularity of these products in light of the environmental problems of the dairy industry. Here is also provided a presentation of the case companies; a short discussion on the differing socio-political-economic environment of the two regions chosen; as well as an introduction to two of the available global standards on SR. The aim of this section is to provide the setting for the analysis in the following chapters.

4.1. PLANT-BASED PRODUCTS/DAIRY-FREE ALTERNATIVES

Animal derived food products have a notably high environmental impact. Keeping and rearing of livestock generate substantial amounts of GHG emissions: 80% of total emissions from the agricultural sector come from livestock production. A diet based on animal protein requires ample more amounts of farmland than does a diet based on plant protein. Further, there is high pressure on water resources and biodiversity (Friel et al., 2013) as e.g. fertilisers and nitrous oxide emissions used for livestock are main causes of water eutrophication (Reisch et al., 2013). Subsequent to meat production, the dairy industry causes the highest emissions of green house gas – and compared to emissions from cereals; fruits; and vegetables the quantities are inordinately high (Reisch et al., 2013). Overall livestock industry contributes to around 1.4% of total global GDP per annum - but is responsible for 18% of GHG contribution and 37% of methane gas emissions (Steinfeld et al., 2006). A reduction of milk and meat consumption in developed countries can not only to improve the sustainability of regional industry but also facilitate a new standard across the globe. A decrease of overall dairy consumption is likely to have markedly positive effects on sustainability of the global food industry - cutting activity in this sector would enable us to stifle the rate of current global warming (Friel et al., 2013). Yet, consumption of milk, egg and dairy products has increased globally consistently for the past 50 years (www, FAO, 2014). However, a localized decreased consumption has been noted in e.g. the US in the past few years (www, Food Navigator, 1, 2014) and sales are predicted to continue to decline (Kearney, 2010).

Many consumers are worried about the increasing harm to the environment caused by unrestrained consumption of animal derived products (Kirveennummi et al., 2013). Most plant-based products have lower emissions than their animal based counterpart - as production requires less electricity; fertilisers; and post-harvest handling. The environmental (carbon) footprint of plant-based products is generally inferior to that of products from animal sources and requires less energy and fresh water to produce each gram of protein (www, CrueltyFreeLife, 2014). A diet encompassing more plant-based food can benefit both the individual health of the consumer as well as the well being of the global natural environment (Friel et al., 2013). In the past few decades, plant-based products such as soymilk; nut milks; and other dairy alternatives have emerged. Consumption of plant-based foods and drinks is an emerging and growing trend, and the edges of what used to be niche markets become increasingly fuzzy as these dairy alternatives move toward the mainstream market (www, Food Navigator, 2, 2014). This trend is likely to increase as more product varieties become available. Leading companies in the plant-based non-dairy market drive the market forward through innovations and product enhancements, and as a result the US market for soy and almond milk has had a growth rate of 6.5% in the past 5 years (www, IbisWorld, 2014). Sales

of nut-based milks in general have grown considerably in the past few years (US) (www, Bloomberg BusinessWeek, 2014) and almond milk in particular has experienced a surge in sales (www, NewsWeek, 2014). The popularity of almond milk in the US quickly lead to a market surge in Europe (www, Food Navigator, 2, 2014) and the global market value is projected to reach US 14 billion by 2018, with the Asia-Pacific region as leading consumers followed by US and Western Europe (www, PRNewsWire, 2014). In both the US and European markets a number of brands are offered, with a variety of products such as plant-based drinks; yogurts; and desserts.

Non-dairy alternatives are often marketed as healthy options towards the environmentally concerned consumer, and plant-based dairy alternatives are - based on Life Cycle Analysis (LCA) - by default more sustainable than their dairy-based alternative. Yet, there might still be great variety of actual impact of production based on the way each producer addresses sustainability, for example sustainability policies and educated staffs; habits; and procedures in the office as well as production line e.g. materials and ingredients used; energy sources; packaging materials; routes and means of goods transportation. That said, producers of plant-based non-dairy products often claim to have a sustainability focus embedded in their strategy, and that consumers who choose the plant based product over dairy lower their environmental impact as consumers (Panzone et al., 2011).

4.2 PRESENTATION OF CASE COMPANIES

4.2.1 ALPRO

Alpro has been operational since 1980, when the first factory opened in Belgium. Today, they have production facilities in Belgium; the Netherlands; France; and UK - and exports to over 20 additional countries. In 2009, Alpro were bought by US-based Dean Foods, and later went through IPO on the New York Stock exchange in 2012. Since then, Dean Foods has spun off the bulk of their ownership, and today Alpro is the European branch of US-based independent WhiteWave Foods Company (www, Alpro, 1, 2014).

Alpro is the leading brand in the plant-based, non-dairy market in Europe, with 28% of total market share. Products include plant-based beverages from soy, rice and nuts; creams; desserts; yogurt; margarines; and meat substitutes (www, Alpro, 2, 2013). A steady stream of soy-based products in different varieties has been introduced to the market in recent years, based on market preferences and consumer demands. These have recently been complemented with innovative concepts such as Almond and Hazelnut milk. Alpro's intention is to operate with the sustainability of our planet as a core value. They were the first European food company to join WWF Climate Savers, and since 2008 they have managed a 28% reduction of overall carbon footprint and decreased their emissions with 14%, while increasing output volume with 17%. Emissions have been reduced partly thanks to a transport system where the soybeans arrive directly by ship to the factory situated in the harbour - which saves over 1000 of truck trips annually.

4.2.2 SODELICIOUS DAIRY FREE

SoDelicious Dairy Free is the main brand of natural food company Turtle Mountain, and consists of a range of plant-based non-dairy products, while the subsidiary brand *Purely Decadent* brand consists of plant-based frozen desserts only. The company exhibit a high environmental and social concern, and is a member of the *Sustainable Food Trade Association* as well as *The Sustainability Consortium*. Much of their packaging material is

wholly recyclable and they are committed to water preservation and carbon footprint reduction. Table 2 below provides an overview of the case companies.

TABLE 2. OVERVIEW OF CASE COMPANIES

	Alpro	Turtle Mountain - SoDelicious
Founded	In 1980	April 1987
Operational region	Belgium, Netherlands, France, UK	US
Sales region	Europe (24 countries) & South Africa	US & Canada
No: of employees	800+	App. 250
Company mission	<i>"We create delicious, naturally healthy, plant-based foods, for the maximum wellbeing of everyone and with the utmost respect for our Planet"</i>	<i>"Our mission is to make life more delicious for people who are seeking dairy-free alternatives"</i>
Products	<ul style="list-style-type: none"> Almond milk - 4 varieties Hazelnut milk, Soy milk - 10 varieties Rice milk - 2 varieties Soy Yogurt - 9 flavours Soy Desserts (non-frozen pudding) - 4 flavours Dairy-free Custard Culinary soy cream 	<ul style="list-style-type: none"> Almond milk & cultured almond milk Coconut milk & cultured coconut milk Cashew milk Coconut creamer Almond frozen dessert - 8 flavours Soy milk frozen dessert - 17 flavours Coconut milk dessert - 23 flavours Culinary coconut milk
Awards, e.g.	<ul style="list-style-type: none"> Future Generations Price Sustainable Enterprise Charter Sustainable Development Award in Alsace WWF Climate Savers Investors in People Awards 	<ul style="list-style-type: none"> 2007 Farm Sanctuary Corporate Leader in Compassion Award FITNESS Magazine 2011 Healthy Food Award Vegetarian Times 2012 Foodie Award - Best Naked Yogurt 2013 Prevention Magazine 100 Cleanest Packaged Foods

As can be seen in table 2, apart from operational and sales regions, the companies differ considerably in size. Their product lines are comparable, however, Alpro has a notable greater focus on soy-based products, whereas SoDelicious produce a number of coconut-based varieties. Both companies have received a number of awards for their work: Alpro have been praised for their general sustainability work, whereas SoDelicious also have been acknowledged for specific products and product packaging.

4.3 SOCIO-POLITICAL-ECONOMIC ENVIRONMENT

Organisational strategies and business conduct are highly affected and modified as a result of the influential factors stemming from the operational environment of the firm (Doh & Guay, 2006). It stands to reason that these factors will also have an influence on SR. While the motivation behind reporting is multifaceted and not necessarily similar even for corporations within the same region, reporting is a tool for stakeholder communication and corporate

governance is shaped by social and political traditions (Aguilera et al., 2006). This section outlines some of the main characteristics and differences of the socio-political-economic environment in the EU and US.

4.3.1 EU

As opposed to the fragmentation of US regulations, the EU pulls the region together with region wide legislations and policies in a continuous attempt to simplify trade to spur economic growth (Doh & Guay, 2006). Western European nations operate under a free market system, although, government ownership is more prevalent in certain countries. In general, business structures tend to be traditionally hierarchical. EU member states have democratic political systems, and many are welfare states focused on income distribution and individual security. Yet, the EU consists of a myriad of various cultures, and compared to the US the region is highly culturally heterogeneous. While overarching regulations have streamlined business in certain aspects, the increasing trade has also added complexity to operations, as organisations need to comply with EU laws as well as national laws.

Europe has long advocated international co-operation regarding global warming and corporate responsibility, while e.g. US have either ignored or failed to honour global agreements regarding sustainability and environmental issues. Doh & Guay (2006, p. 63) pointed out that *“The institutional structure of the EU is an important reason why Europe is often regarded as ‘greener’ than the USA”*. Concepts such as eco- and energy labelling and the promotions of eco-design have put Europe on the frontline of SD (www, Europa, 2014), and European Food Safety policies and labelling have simplified the continents industrial operations. Up until recently reporting remained strictly voluntary without any overarching EU legislation on Sustainability Reporting, but as of 2014 the EU will require larger corporations to report on their environment and social impact (www, The Guardian, 2014). Also, the EU has put forward a number of recommendations, which certain countries already have used as a basis to implement mandatory reporting requirements.

4.3.2 US

Similar to the EU, the United States economy operates under a market system based on competition; supply; and demand. However, the US system is - as a result of state legislations and sub-national differences - highly fragmented (Doh & Guay, 2006). Although the government does have authority, the majority of businesses are privately owned and driven by profit and competition. The stock market majorly influences market behaviours. Organisations in general have flat hierarchies and a short-term focus on growth, as profit is measured on a quarterly basis (www, Investopedia, 2014). The US is a constitutional republic with a two-party dominance, and organisations and individuals are subject to both country and state laws. In general, individuals are less reliant on government or authorities for support. Notable cultural aspects of the US include comparatively high levels of individualism as well as a significant religious presence, where the latter especially exert pressure on political as well as economic issues (Doh & Guay, 2006). As a result, the cultural system is both individualistic and opportunistic, where great value is bestowed on personal success and the freedom to pursue personal dreams and religion is highly prevalent in private; social; as well as political spheres.

US corporations need to comply with an array of environmental legislations, such as the Clean Air Act (CAA), the Clean Water Act (CWA), the Safe Drinking Water Act (SDWA), Resource Conservation and Recovery Act (RCRA), and Comprehensive Environmental Response, Compensation, and Liability Act/Superfund Amendments and Reauthorization Act

(CERCLA/SARA). It should be noted that separate *reporting* on such environmental as well as social issues is voluntary. However, since 2010, certain organisations need to report GHG emissions according to the Greenhouse Gas Protocol (www, EPA, 2014).

4.4 GLOBAL STANDARDS OF SUSTAINABILITY REPORTING

There are a number of reporting standards available globally. While none of them are mandatory, a few have come to be more popular and widespread than others. It is beyond the scope of this study to include all standards available, thus this section briefly describes two of the most commonly used standards: how they have been initiated; for what purpose; whom they are available for; and how users are aided through the application of the standards.

4.4.1 GRI

The guidelines developed by the GRI are intended for sustainability reporting by organisations (www, GRI, 1, 2014). The reports are meant to meet the needs of all stakeholders, and to mainly show a commitment to SD; to compare organisational performance with other organisations and/or over time; and to assess the performance as related to “...to laws, norms, standards and voluntary initiatives” (Hřebíček et al., 2012, p. 122). A main purpose of such reporting is often to improve stakeholder trust by reporting on sustainability performance. The GRI standards are widely used globally, and are so far the most comprehensive framework available. The main office is located in Amsterdam, and the organisation co-operates with e.g. United Nations Environment Programme (UNEP), the UN Global Compact (GC), the Organisation for Economic Co-operation and Development and the International Organization for Standardization (ISO) (www, GRI, 2, 2014).

GRI provides organizations of all sizes and across industries with *Reporting Principles*, *Disclosure Guidelines* and *Implementation manuals*. The standards guide companies regarding *how to* and *what to* report within the three main sustainability domains Economy; Environment; and Society. As can be seen in table 3 below, there are two main categories of indicators: *Core Indicators*, which are those of relevance and interest to most stakeholders, and the *Additional Indicators*, which include topics that are either emerging and/or only of relevance to a minority of stakeholders. GRI standards consist of a number of reporting categories relevant to all industries, and furthermore provide additional reporting guidelines for a number of sectors. *The Food Processing Sector Supplement* (FPSS) is suitable for any company that processes food and/or (non-alcoholic) beverages. Reports that are prepared in complete accordance to the guidelines need to include both a statement of such and further present a GRI Content Index for swift overview. Any organization that utilizes the GRI as a reporting guide but does not fulfil all requirements need to include the following statement: “*This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines*”. In conjunction, an outline of which guidelines have been used as well as their placement in the sustainability report should be made available.

The latest version of the guidelines, the G4 standards, was presented in late 2013. For the purpose of this study however, the preceding G3 standards have been used as a baseline, as those were the standards recommended at time of creation of the case reports analysed. Table 3 below provides a simplified overview of the FPSS (www, GRI, 3, 2014). The table outlines the main reporting areas as categories, and the specific issues to report on as subcategories. The subcategories available for the food sector are shown in **bold** and *italics*. A comprehensive outline of the GRI Food Sector guidelines is provided in appendix 1.

TABLE 3. OVERVIEW OF GRI G3 GUIDELINES

Main Categories	<ul style="list-style-type: none"> • Core Indicator Subcategories ○ Additional Indicators category ➤ Food Sector Specific Subcategories, with specific indicators in <i>italics</i>
Sourcing	<ul style="list-style-type: none"> ➤ <i>Volume purchased from suppliers compliant with sourcing policy stated</i> ➤ <i>Volume purchased of verified and credible production standards</i>
Economic	<ul style="list-style-type: none"> • Economic Performance ○ Market presence • Indirect economic impact
Environmental	<ul style="list-style-type: none"> • Materials • Energy • Water • Biodiversity • Emissions, Effluents and Waste • Products and services • Compliance • Transport • Overall
Labour Practice and Decent Work	<ul style="list-style-type: none"> • Employment • Labour/Management Relations • Occupational Health and Safety • Training and education • Diversity and Equal opportunity ➤ <i>% of working time lost as a result of strikes etc.</i>
Human Rights	<ul style="list-style-type: none"> • Investment and Procurement Practices • Non-discrimination • Freedom of associate and collective bargaining • Child labour • Forced and compulsory labour ○ Security Practices ○ Indigenous rights
Society	<ul style="list-style-type: none"> • Community • Corruption • Public Policy ○ Anti-Competitive Behaviour ○ Compliance ➤ Healthy and affordable food
Product Responsibility	<ul style="list-style-type: none"> • Customer Health and Safety ➤ <i>Amount of food produced according to internal safety standards</i> ➤ <i>Amount of total sales volume of products with lower saturated fat, trans fat, sodium and sugar</i> ➤ <i>Amount of sales with increased fibre, mineral, vitamins or functional food additive</i> • Product and Service labelling ➤ <i>Communication on nutritional information that goes beyond what is legally required</i> • Marketing Communication ○ Customer Privacy • Compliance
Animal Welfare	<ul style="list-style-type: none"> ➤ Breeding and Genetics ➤ Animal Husbandry ➤ Transportation, Handling and Slaughter

4.4.2 UNITED NATIONS GLOBAL COMPACT

The United Nations Global Compact (UNGC) guidelines and principles for SR is a completely voluntary policy framework meant to be used to develop; implement; and disclose activities related to sustainability. Since 2000, 12 000 participants in 145 countries have adopted the framework (www, UN Global Compact, 1, 2014), making it one of the largest corporate sustainability initiatives available. Participation in the GC scheme is accessible to all companies with more than 10 employees - with the exception of blacklisted organisations or producers of mines/cluster bombs (www, UN Global Compact, 2, 2014). The purposes of the GC guidelines are to provide organisations with a widely accepted framework for sustainability; provide access to best practice and the opportunity to learn from other actors; as well as to link businesses worldwide and get all participants to develop and maintain a sense of corporate responsibility (Rasche & Gilbert, 2012). Thus, the main goals of the GC are on a macro-level to encourage long-term learning and collaborative problem-solving, and on a micro level to facilitate the participants' ability to fully integrate the principles in all business activities (Rasche, 2009), and “...to make the global economy more stable, inclusive, and equitable by encouraging businesses to embrace socially responsible issue principles as integral parts of their activities (Kell & Levin 2003, in Berliner & Prakash, 2012, p. 151).

TABLE 4. THE TEN PRINCIPLES OF UNGC

Human Rights Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; Principle 2: make sure that they are not complicit in human rights abuses.	Labour Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Anti-Corruption Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The UNGC cover the four main areas of *Human Rights*, *Labour*, *Environment*, and *Anti-corruption*. These are divided into 10 principles (www, UN Global Compact, 3, 2014), outlined in table 4 above. The principles are based on four well-known and well-diffused UN documents: *The Universal Declaration of Human Rights*, *The International Labour Organization's Declaration on Fundamental Principles and Rights at Work*, *The Rio Declaration on Environment and Development* and *The United Nations Convention Against Corruption*. Companies wishing to partake in the GC scheme are obliged to produce a

Communication of Progress (COP) (www, UN Global Compact, 4, 2014). The purpose of the COP is to show commitment to the principles of the Global Compact as well as to the principles of the United Nations in general, also, to provide transparency and show accountability and stimulate further organisational improvement of accountability and responsibility. The COP must be available on the organisations' website and be accessible to all stakeholders (Berliner & Prakash, 2012). A COP template is provided in appendix 2.

The UNGC has been criticised for being too vague; too problematic to implement (e.g. Rasche, 2009); and too lax - resulting in comparatively poor quality of reporting (Berliner & Prakash, 2012). Among others, Rasche & Gilbert (2012) mentioned that the GC allows for corporate 'blue washing', while also calling it a worthy attempt at linking UN with the private sector. Further, as it has successfully included a large number of corporations from emerging economies it seems an acceptable endeavour of global governance.

5 REPORTING PRACTICES OF THE CASE COMPANIES

This chapter presents the empirical data, beginning with a short review of the method used for this study - as it has been slightly modified to fit the needs of this study. With the purpose of answering the research questions the section then continues with an outline of the categories used during analysis, with a brief description of each followed by summaries of SR conducted by the two case companies. Lastly, the SR of each company is compared to the global standards presented in chapter 4.

5.1 ASSESSMENT TOOLS AND METHOD

As outlined in chapter 3, a method of content analysis specifically developed for SR assessment has been utilized for this study. Most of the categories from the original method were kept, as the majority of those developed for the CONI analysis proved to be relevant for this study. Following an initial overview of the company reports, some subcategories of Pollution were slightly modified and some added. Further, the original Pressure group category was renamed Stakeholder (STAKE), with five subcategories consisting of shareholder, consumer, employees, government and other. Also, due to their frequent mention, two categories were added: Organic (ORG), non-GMO/GMO (GMO). While neither company mentioned any risks related to the business, the category was kept to demonstrate the lack of disclosures related to this category. Information Retrieval Processes (IRP) and Separate Environmental Report (SER) were removed due to redundancy. Lastly, any mentions of awards received were categorised in GEN subcategory Results/Awards, instead of divided into several categories.

Thus, 12 main categories were used during analysis. The final categories, with a short description, and their subcategories are outlined in table 5 below (own adaptation from Beck et al., 2010). Most main categories are used to group together a number of subcategories, and disclosure phrases were always coded according to existing subcategories. Further, during categorization, phrases of disclosure were simultaneously divided into five levels, according to the original method (Beck et al., 2011). Table 6 (p. 32) provides a description of each level as well as examples of disclosure phrases at each level from both case companies (with the exception of level 4, as none of Alpro's disclosure phrases were categorized as level 4).

TABLE 5. CATEGORIES USED FOR ANALYSIS

Category	Sub-category
1. GEN	a. General mention
	b. Aims
	c. Management systems and processes
	d. Disclosure guidelines
	e. Initiatives
	f. Results (incl. awards)
	g. Long term policies
2. RES <i>Responsibility for implementation of initiatives, programs, activities</i>	a. Top management
	b. Results
	c. Any employee
3. POLL <i>Pollution related disclosure, and use of resources</i>	a. Air: ai. Emissions aii. Actions taken to decrease
	b. Water: bi. Usage bii. Actions taken to decrease water usage
	c. Waste: ci. Situation cii. Reduction ciii. Recycling (own and use of recycled materials)
	d. Land: di. Use of land dii. Actions taken to decrease land use
	f. Products: fi. Product, & ingredients, packaging
	fii. Product development
4. SUSTAIN <i>Disclosure of sustainability</i>	a. Any mention of sustainability
	b. Agenda Commitment
	c. Natural habitat protection (actions taken)
5. LIAB <i>Liabilities</i>	a. Financial
	b. Balance sheet
	c. Justification if no disclosure
6. ACT <i>Activities related to environment or social issues</i>	a. Staff training
	b. Project involvement
	c. Sponsoring and donations
7. BRR <i>Environmental risks related to the business</i>	a. Environmental risk
	b. Reduction of risk
	c. Costs
8. STAKE <i>Any mention of internal or external stakeholders</i>	a. Shareholder
	b. Consumer
	c. Employees
	d. Other stakeholder
	e. Government
9. ENE	a. Attempts to save energy
	b. Alternative source: use, investment in and development of green energy
10. ORG <i>Any mention of organic</i>	
11. GMO <i>Any mention of (non)GMO</i>	
12. Other	

TABLE 6. DISCLOSURE LEVELS

Level	Explanation	Example
1	Purely narrative disclosure in relation to category, where phrasing is fuzzy with little or no details.	<ul style="list-style-type: none"> “We focus our efforts on using resources wisely, making every attempt to reduce, reuse, or restore what we do use.” “Alpro remains committed to reducing the impact of its activities on the environment in general and the planet’s climate in particular.”
2	Purely narrative detailed disclosure in relation to category - more precise than Level 1, where the phrase will include some sort of specific information	<ul style="list-style-type: none"> “Our cultured products are packaged in highly recyclable No. 5 polypropylene containers and our six-ounce containers require no additional plastic lid.” “Our Provamel brand is a forerunner in the market, having achieved Co₂ neutral production since 2010.”
3	Purely numerical purely quantitative disclosure related to category	<ul style="list-style-type: none"> “Last year we offset the water used by our Springfield facilities, restoring 13.5 million gallons to the critically dewatered Deschutes River here in Oregon” Comparative table of Net sales and Operating Income 2009-2012
4	Numerical disclosure with narration and explanations related to category	<ul style="list-style-type: none"> “Our packaging technology eliminates the need for additional packaging during shipment of our pints and quarts, saving 34 tons of cardboard annually.”
5	Numerical disclosure with narration and quantitative annual comparisons related to category	<ul style="list-style-type: none"> “In 2012, our Co₂- equivalent emissions were 0.39 tons per ton of product produced, improving slightly to 0.37 in 2013.” “Our water consumption increased as we produced more products, however the amount of water we need per ton decreased by 7% between 2008 and 2012”

5.2 REPORTING TRENDS IN CATEGORIES

In this section, each category used for analysis is briefly described (as outlined in table 5), followed by the most prominent features of SR of the case companies in relation to each category. The aim is mainly to provide an overview of the reporting practices, but also to expand on the organization of information and content of each category.

5.2.1 GENERAL ENVIRONMENTAL DISCLOSURE (GEN)

As part of their SR, Alpro express “a care for people and planet” throughout their report. Their mission statement is outlined: “We create delicious, naturally healthy, plant-based foods, for the maximum wellbeing of everyone and with the utmost respect for our Planet”. Future aims in regards to the environment are broadly stated as a desire to reduce the impact of production activities on the environment and climate, specifically to reduce Co₂ emissions. One main initiative to achieve this is mentioned: the construction of a new port loading dock at one of their factories, with a resulting reduction of land transportation. Alpro further mentions a number of Sustainability Awards received, and state that they have used GRI guidelines when preparing the report.

The 2013 SD report from SoDelicious state that they are “*Being passionate about reducing our environmental impact*”. Similar to Alpro, the main initiative mentioned is related to shipping, specifically a unique emission-reducing shipment method of coconuts (no details provided). Further and more elaborately explained are a number of initiatives aimed at employees, such as an Alternative Commuting program, a Green Office Program and an Employee organic Garden.

5.2.2 RESPONSIBILITY (RES)

Any disclosure related to responsibility for implementation of environmental or social aims fall into the responsibility category. Alpro has two main mentions in this category: the commitment of top management and the results of that commitment; mainly that the reduction of Co₂ emissions has been confirmed by an external audit. SoDelicious has no disclosure related to this category.

5.2.3 POLLUTION (POLL)

The pollution category consists of 11 subcategories in total, related to Air emissions; Water usage; Waste (and recycling); Land; and Products. Recycling refers both to the extent of recycling as well as the use of recycled products. Product refers to disclosure on products; ingredients; and packaging.

Both companies devote a great part of their reports to POLL related disclosure. Alpro disclose their total GHG emissions and actions taken to reduce the same. They also generally mention that plant-based products overall require less land; less water; and emit less Co₂ than do animal derived alternatives. In terms of water usage, charts showing water usage for the past 4 years is included (there was an increase) and a newly installed water recycling system are mentioned. Also, the waste reduction trend over the past four years is shown, but there is very minor mention of recycling efforts. Little is mentioned in terms of products, apart from a redesigned packaging for easier recycling and decreased use of plastic.

SoDelicious report is filled with disclosure related to the POLL category, and they are somewhat more focussed on this part than are Alpro. In terms of GHG, the Co₂ emissions of plant-based beverages are compared to those of dairy; the 2012-2013 total emissions are depicted, as are total reductions of the same. Water usage for the past three years is outlined; water efficiency is stated in actual numbers; attempts at water restorations are mentioned, as is a certification for water conservation. Also, a failed attempt at installing new water management system is disclosed- this is the only negative disclosure provided. In terms of waste, the report contains numbers on total weight of reduced waste, as well as a total waste profile for 2012-2013 (divided into landfill and recyclables). In regards to recycling, significant efforts seem to have been made to recycle and compost more overall, and to use recycled products in the offices. Little is mentioned on land use other than a hint that they have reduced their land use by operating with organic coconut farmers as suppliers. Information on their products include the refusal to use any kind of GMO produce; that many products are certified organic; and that they are making an effort at innovating organic products. Also, the amount of product packaging that can be recycled is disclosed. Generally, SoDelicious claim to use “*...ingredients that are kind to the earth*”.

5.2.4 SUSTAINABILITY (SUSTAIN)

Any mention of and in conjunction with sustainability fall into the SUSTAIN category, as does disclosure on commitment to certain agendas (e.g. Kyoto, Greenhouse Gas Protocol, Global Compact) and phrases related to attempts to protect natural habitats.

Alpro's report has a high frequency of general sustainability mentions - but no definition. It is stated that "*sustainability at Alpro has greatly matured*"; that products are sustainable; and that the company is committed to sustainability. In terms of Agenda Commitment Kyoto; UNGC; and WWF Climate Savers are mentioned. Also, a short narration relates to natural habitat protection: mainly a sourcing policy that states a refusal to buy soybeans grown in cleared rain forests.

SoDelicious state in their report that "*We're always looking to be the most sustainable we can be*", but like Alpro offers no definition on what sustainability means to them. Apart from donations and sponsorship, four main sustainability programs are referred to: *The Green Office program*, an employee garden, and an *Alternative Commuting scheme*. The company is also a member of *The Sustainability Consortium*, an organisation that aid companies to assess and improve their sustainability.

5.2.5 LIABILITIES (LIAB)

This category contains any financial data disclosed. Any narration on aims or goals related to profit, growth also belongs in the LIAB category. Alpro provides a short narrative passage regarding their recent growth, which they managed in spite of the recent problematic economic climate in Europe. In numbers, they show total sales and profits of the reporting year (2013). SoDelicious has no disclosure within this category.

5.2.6 ACTIVITIES (ACT)

Any disclosure on activities related to either environmental or social responsibility fall into the Activities category: mainly Staff training; Project Involvement; and Sponsoring/Donations. Alpro mentions involvement in various projects, such as their own Alpro Social Fund; a biodiversity project in France; a nut tree project in Germany; and general panel discussions on sustainable food. Main donations and sponsoring mentioned is that of *EcoSocial organic certification*; *Malnutrition Matters*; *the European Natural Soy and Plant-based foods Manufactures Association ENSA*; as well as a *Protein for Children* project in Africa.

Like Alpro, SoDelicious has hosted panel discussions, however, these were specifically related to GMO, in the shape of a screening of a GMO documentary and a following expert panel discussion on GMO. Further, they hosted a Webinar for 'organic-conscious moms'. They have also implemented an employee recycling program as part of a staff-training scheme, as well as workforce participation in a tree planting project. Employees are each given eight hours of paid leave to use for volunteering purposes. Total sum of money donated in 2013 was US 200 000, and several recipients are stated: Sea Turtle Restoration; a GMO labelling campaign; *Kids with food allergies*; *National foundation for Celiac disease*; *Farm Sanctuary*; and *Young Survival Coalition*.

5.2.7 BUSINESS RELATED RISK (BRR)

This category has three subcategories: Environmental risk; Reduction of risk; and Related Costs. Neither company disclosed any information related to this category. In fact, between the two reports, out of a total of 79 pages, there was only one negative disclosure.

5.2.8 STAKEHOLDERS (STAKE)

Any mention of external or internal stakeholders fall into the STAKE category. Most of Alpro's disclosures within this category are very general, referring to "*our stakeholders*", whom they want to involve and engage, e.g. in discussions on sustainability. It is also stated

that they have grown closer to their stakeholders, and that SD at Alpro is meant as a two-way communication between the company and those stakeholders. In regards to employees, Alpro describes theirs as “*Passionate and caring*”, who are provided with various health activities and opportunities to sponsor and volunteer for social issues. Consumers are mentioned in one phrase only, related to the importance of transparency of social activities for the sake of consumers and society.

SoDelicious’ disclosures within this category are focussed on employees and consumers. Employee characteristics are outlined, where employees are described as passionate about both healthy and sustainable foods. Further, employee benefits are described, such as the provision of wellness programs and free products, as well as money incentives to staff whom bike or car-pool to work. *Consumers* are described as being increasingly concerned about what they eat, and that they in light of this have initiated various projects with certain consumers groups, such as organic conscious moms (see ACT).

5.2.9 ENERGY (ENE)

This category contains any disclosure related to attempt to save energy and the use of alternative (green) energy sources. In regards to energy savings, Alpro has recently relighted their factories and installed a new water management system. Results from energy saving is shown as MWh and tons of CO₂ emissions over the past five years. Further, a sponsorship of a wind farm development in China is mentioned as investment in alternative energy.

SoDelicious has considerably less mentions of energy savings, however, mentioned in their reports are two main actions taken to save energy: upgrading lighting and improving efficiency in engine room and freezers at the factory.

5.2.10 ORGANIC (ORG)

Any mention related to organic produce fall into this category. Alpro has two mentions about organically certified soybeans used for the subsidiary brand Provamel. SoDelicious report has much more frequent organic related disclosure, mainly that a majority of products are Certified Organic or made with Certified Organic Ingredients; that they use organic coconut farmers as suppliers; and have an organic focus in their product innovation. Further, they disclose in numbers the amount of organic ingredients purchased in the past two years.

5.2.11 GMO RELATED (GMO)

Any mention of (non-) GMO fall into this category. Alpro’s report contains three mentions of the use of non-GMO soybeans in all products. SoDelicious has notably more mentions, in regards to the refusal to use GMO products and also the dangers of such products. Describing their product line as completely non-GMO verified, they continuously stress their commitment to natural and GMO-free production.

5.2.12 OTHER

This category was used for disclosures that could be related to sustainability and environmental or social concern but were not a good fit for any of the other categories. Alpro’s report contains a statement that they use an ethical charter in conjunction with their suppliers. Further mentioned are a few initiated focus groups with the purpose to improve efficiency at factories, as well as the hosting of regular Town Meetings and Councils. None of the disclosures from SoDelicious were placed in this category.

5.3 REPORTING PRACTICES AS COMPARED TO GLOBAL STANDARDS

This section briefly addresses how the SR of the case companies compared to the standards of international standards GRI and UNGC.

5.3.1 GLOBAL REPORTING INITIATIVE

The Alpro report has a GRI reference table, but no statement of disclosure guidelines as recommended by the GRI. A majority of indicators are from the Environmental Performance category, mainly energy; water; emissions; and waste related. Alpro has not included any food sector specific indicator.

The SoDelicious report contains no mention of GRI guidelines. However, a number of disclosures match those indicated in the GRI G3, including some food sector specific categories. Particularly, annual purchase volume of organic ingredients is disclosed in accordance to their own sourcing policy. The majority of other disclosures which match those recommended in the GRI guidelines are related to the environmental performance category and includes disclosures on materials; water usage; biodiversity protection; total emissions; waste situation and reduction; products and services; and transportation. Further, there is a mention of community involvement and support, as well as the provision of healthy food.

Table 7 provides an overview of GRI performance categories referred to by the case companies: ✓ denote inclusion of related disclosure by the company, followed by the coding number of the specific disclosure indicator referred to. Both case companies have most disclosure related to the *Environmental* category, also a few on *Labour practice and Decent Work* as well as *Society* categories. Alpro has also included some information related to the *Economic* category, while SoDelicious has more focus on food specific indicators.. Indicators referred to by Alpro have been derived from the provided GRI reference table in their report, except for Society FP4, which was included as category specific information was found within their report.

TABLE 7. COMPANY REPORTING COMPARED TO GRI STANDARDS

Main Categories of Performance Indicators	<ul style="list-style-type: none"> Core Indicator Subcategories Additional Indicators category Food Sector Specific Subcategories, with specific indicators in <i>italics</i> 	SoDelicious	Alpro
Sourcing	<ul style="list-style-type: none"> Volume purchased from suppliers compliant with sourcing policy stated Volume purchased of verified and credible production standards 	✓FP1, FP2	X X
Economic	<ul style="list-style-type: none"> Economic Performance Market presence Indirect economic impact 	X X X	✓EC1 X X
Environmental	<ul style="list-style-type: none"> Materials Energy Water Biodiversity Emissions, Effluents and Waste 	✓EN2 (1 of 2) X ✓EN8 (1 of 1) ✓EN11, EN12 (2 of 2)	X ✓EN3, EN5, EN6 ✓EN8, EN10 ✓EN13

	<ul style="list-style-type: none"> • Products and services • Compliance • Transport • Overall 	✓EN16 (1 of 7) ✓EN26 X ✓EN29 X	✓EN16, EN18, EN21-22 X X X X
Labour Practice and Decent Work	<ul style="list-style-type: none"> • Employment • Labour/Management Relations • Occupational Health & Safety • Training and education • Diversity and Equal opportunity ➤ <i>% of working time lost as a result of strikes etc.</i> 	X X X ✓ LA11 X X	✓LA1, LA2 X ✓LA7 X X X
Human Rights	<ul style="list-style-type: none"> • Investment and Procurement Practices • Non-discrimination • Freedom of associate and collective bargaining • Child labour • Forced and compulsory labour ○ Security Practices ○ Indigenous rights 	X X X X X X X	X X X X X X X
Society	<ul style="list-style-type: none"> • Community • Corruption • Public Policy ○ Anti-Competitive Behaviour • Compliance ➤ Healthy and affordable food 	✓S01 X X X X ✓FP4	X X X X X ✓FP4*
Product Responsibility	<ul style="list-style-type: none"> • Customer Health and Safety ➤ <i>Amount of food produced according to internal safety standards</i> ➤ <i>Amount of sales volume with lower saturated fat, trans fat, sodium and sugar</i> ➤ <i>Amount of sales with increased fibre, mineral, vitamins or functional food additive</i> • Product and Service labelling ➤ <i>Communication on nutritional information beyond what is legally required</i> • Marketing Communication ○ Customer Privacy • Compliance 	X X X X X ✓ FP8 X X	X X X X X X X
Animal Welfare	<ul style="list-style-type: none"> ➤ Breeding and Genetics ➤ Animal Husbandry ➤ Transportation, Handling and Slaughter 	Not applicable	Not applicable

5.3.2 UNGC

Stated within the Alpro report is a commitment to the ten principles of the UNGC, however, there are no further specific references in the report. Analysis show that in relation to the indicators recommended for the COP disclosure report, they have mentioned Footprint assessment; Commitment to Continued Decrease of Company Environmental Impact in relation to assessment of principles 7-9; and various actions of the same principles, such as joining WWF climate savers; designing a more efficient logistics and transport system; and an explicit responsibility by CEO and SD accountable manager for continued progress. Alpro shows outcome measurements mainly in numbers of energy saved and green energy used.

The SoDelicious sustainability report has no specific mention of commitment to the UNGC. However, certain disclosures in the report can be linked to principles 7-9 of the COP guide of disclosure provided by the UN. In relation to assessment, their report includes a footprint assessment and the tracing of GHG through the GHG protocol. In terms of implementation, an employee-training program (recycling); increased efficiency of transportation; and the (failed) attempt at installing water saving equipment system. Also, the report includes narrative and detailed information on employee focused projects aimed at reducing personal carbon footprint, including a commuting project; a Green Office program; and an organic employee garden. In terms of outcome measurements, there is proof of improved transport efficiency, a certification for Materials and Waste management; Energy Efficiency and Conservation; Water Conservation; and Water Quality and Purchasing. Lastly, there is a mention of emissions (200 metric tons) saved on shipping of coconuts.

Table 8 below provides an overview of UNGC related disclosures as recommended in the COP guidelines. The table illustrates that - apart from CEO statements - the case companies' SR is exclusively focused on Environmental related principles 7-9, where both mention footprint assessment; a number of implementation activities; as well as details on outcome measurement.

TABLE 8. COMPANY REPORTING COMPARED TO UNGC COP RECOMMENDATION

Type of disclosure	SoDelicious	Alpro
CEO Statement to stakeholders	✓	✓
Principles 1 & 2		
<u>Assessment, policy and goals</u>	×	×
<u>Implementation</u>	×	×
<u>Outcome measurement</u>	×	×
Principles 3, 4, 5 & 6		
<u>Assessment, Policy and Goals</u>	×	×
<u>Implementation</u>	×	×
<u>Outcome measurement</u>	×	×
Principle 7, 8 & 9		
<u>Assessment, Policy and Goals</u> Show how the environment is relevant to the company. Describe any related policies, commitments or goals.	<ul style="list-style-type: none"> ✓ Footprint assessment ✓ Green House Gas protocol to track GHG emissions through three main scopes 	<ul style="list-style-type: none"> ✓ Footprint assessment, Commitment to continued decrease of company environmental impact
<u>Implementation</u> Show proof of specific actions in regards to environmental policies, incidents or risks.	<ul style="list-style-type: none"> ✓ Employee training program ✓ Energy efficiency in transportation ✓ (Failed) Attempt at installing water saving equipment system ✓ Employee focused projects aimed at reducing personal carbon footprint, including a commuting project, Green Office program and an employee garden 	<ul style="list-style-type: none"> ✓ Alpro Excellence program ✓ Joined WWF Climate Savers ✓ Soybean shipment to harbour factory ✓ CEO and SD developer taking responsibility for continued progress
<u>Outcome measurement</u> Show how performance is monitored and evaluated	<ul style="list-style-type: none"> ✓ Proof of improved transport efficiency ✓ Certified for: Materials and Waste management, Energy Efficiency and Conservation, Water Conservation, Water Quality and Purchasing ✓ Emissions (200 metric tons) saved on shipping of coconuts 	<ul style="list-style-type: none"> ✓ Energy saved ✓ Green energy used
Principle 10		
<u>Assessment, Policy and Goals</u>	×	×
<u>Implementation</u>	×	×
<u>Outcome measurement</u>	×	×

6 ANALYSIS AND DISCUSSION

This chapter presents an analysis of the empirical data. The main reporting trends of the case companies are presented along with a comparison of their reporting in order to expand on the description provided in chapter 5. A brief outline of the main similarities and differences is then followed by a discussion of the findings in light of the theoretical framework.

6.1 REPORTING TRENDS OF ALPRO

The Alpro Sustainability Report features an introductory letter from the CEO, and concludes with pictures and contact information of those responsible for SD at Alpro and consequently for the report. Graphics included in the report are drawings made by the employee's children; headshots of employees with adjacent comments; a picture of the CEO holding a soy-bean; an environmental food pyramid showing the environmental impact of all food groups; and pictures of employees at production sites. In terms of figures, there are graphs showing Co₂ emissions; basic financial data such as net sales, operating income and capital expenditure. The report also features a GRI reference table. The design is streamlined and basic, and feels undecorated in comparison to that of SoDelicious. In total, the Alpro 2013 SD Report consists of 40 pages, and 272 phrases were categorised during analysis.

A little less than a third of total disclosure phrases are related to pollution, most of them concerning Co₂ emissions, but also a considerable amount are on water usage and (the reduction of) waste. Figure 3 shows the distribution of disclosure across categories.

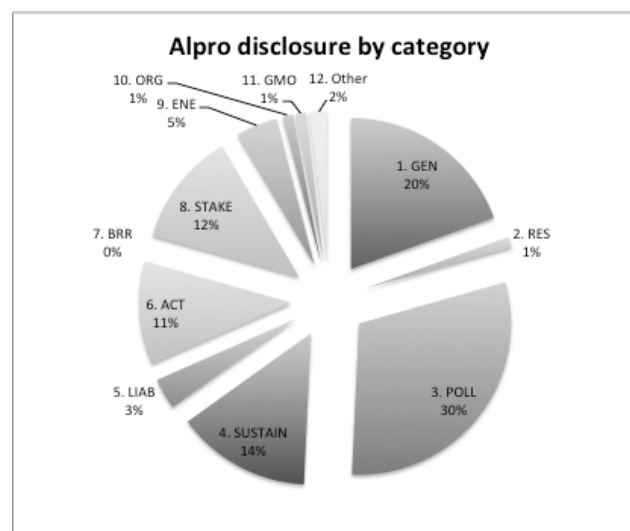


FIGURE 3. ALPRO DISCLOSURE BY CATEGORY

Following POLL, the three most prominent categories are:

- GEN: General environmental disclosures make up 20% of total disclosure, all of them on Level 1 or 2, generally describing a '*care for the planet*'.

- **SUSTAIN:** Sustainability related disclosure make up 16% of total disclosure, a majority of which are general mentions of sustainability (Level 1), also, there are a few Level 1 and 2 phrases describing specific agenda commitments and activities in regards to natural habitat protection.

STAKE: Stakeholders are mentioned in 12% of disclosures, a majority of which are on Level 1 and refer to employee benefits and activities. Customers are addressed briefly, along with quite a few references to “*our stakeholders*”.

Another 11% of disclosures are devoted to environmental activities (ACT), most of them Level 2 narrations related to various project involvements. Liability disclosures (LIAB) are of Level 1 and 3, including some narrations on growth and profitability, and a few figures depicting total sales and profit within the reporting year. Half of energy related (ENE) disclosures are on a Level 5, including tables of energy saved and consumed over a 5-year period. The rest of energy related disclosures are distributed at Level 1; 2; and 3, most of them describe the desire and attempts at saving energy, as well as a few related to alternative (green) energy. ORG, RES and GMO categories have the least amount of disclosure, each about 1 % of all. Those in RES category are Level 1 and include a mention of top management commitment to and responsibility of sustainability. Organic produce is rarely mentioned except briefly as part of a narration on a sponsored project in China and a supplier whose soybeans are all certified organic. In total, GMO (non-GMO) is mentioned three times. The only category not addressed at all is Business Related Risk.

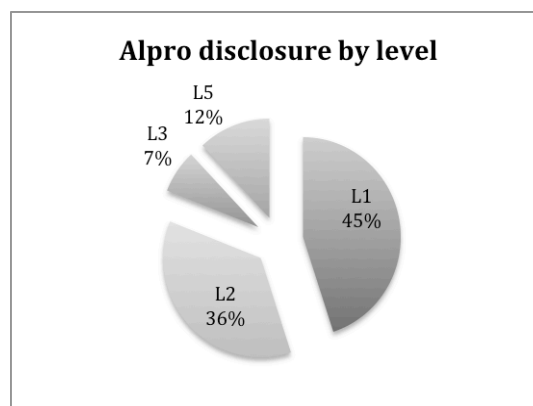


FIGURE 4. ALPRO DISCLOSURE BY LEVEL

Figure 4 shows the Level distribution of disclosure phrases. A majority of all phrases categorised are of Level 1 and Level 2 type disclosure, making up over 80% of the total. Most Level 1 phrases are very general mentions of environmental care; sustainability; or stakeholders. 12% are Level 5 disclosures, most of them related to comparison of total pollution and energy saved in the years 2008-2012.

6.2 REPORTING TRENDS OF SoDELICIOUS DAIRYFREE BRAND

The SoDelicious report begins with an introductory letter from the CEO. In general, the report is quite jolly, with simplified graphs and perky graphics. The report consist of quite a few pictures of (posing models) people eating the company products, further, there are pictures of people in nature; inserted pictures of their products; pictures of employees participating in various projects; and pictures of fresh produce (e.g. berries, greens). Lastly, there are a few

inserted headshots of employees accompanied by their thoughts and comments.

SoDelicious 2013 Sustainability Report consists of 29 pages, and a total of 280 phrases were categorised during analysis. As can be seen in figure 5 below, akin to Alpro, approximately a third of all disclosures are related to pollution. A majority of POLL disclosures are of Level 2, meaning an abundance of elaborate narration that lack any numeral information related to actual pollution or change thereof. About one fifth of total POLL disclosure phrases are on Level 5, and provided in relation to air emissions; water usage; waste situation; and waste reductions.

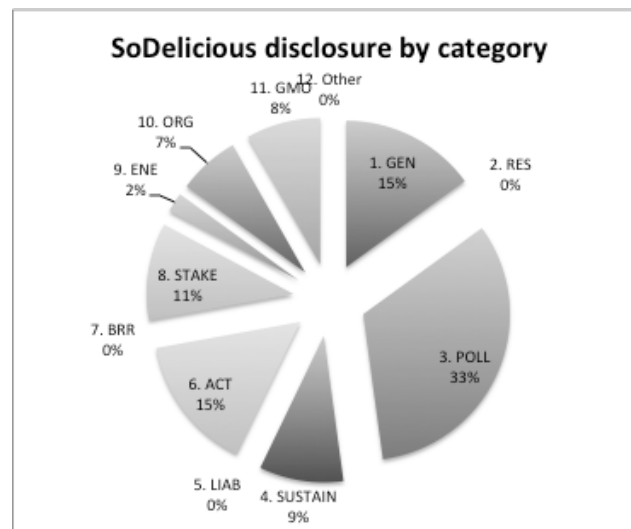


FIGURE 5. SODELICIOUS DISCLOSURE BY CATEGORY

After POLL, the three most prominent categories are:

- **GEN:** General environmental disclosures make up 15% of total disclosure, most of them Level 1 and 2 phrases related to a fundamental care for nature or environment, as well as company initiatives of natural environment protection.
- **ACT:** Also at 15%, the bulk of phrases within the Activities category relate to sponsoring and donations to various environmental or social causes, as well as involvement in a School Garden Project.
- **STAKE:** Stakeholder disclosures make up approximately 11% of total disclosures. Most of those disclosures relate to narrative descriptions of employees and staff as well as various employee projects. Most disclosures are of Level 1 or 2 (95%), with *society*; “*our neighbours*”; and other general *stakeholders* mentioned most frequently, as well as a large portion on staff descriptions and provided benefits. Consumers are mentioned directly in three phrases only.

15% of the phrases categorised are related to GMO and organic produce. 23 phrases are related to GMO, all on Level 1 or 2. 19 phrases are related to the ORG category, and Organic connected issues are disclosed at all levels; about one fifth of which are on Level 4 and 5 - including the amount of organic ingredients purchased over the past two years.

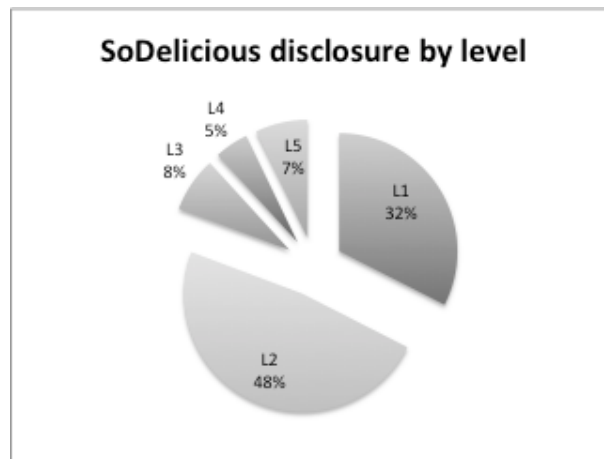


FIGURE 6. SODELICIOUS DISCLOSURE BY LEVEL

One tenth of total disclosure phrases relates to sustainability in general (SUSTAIN), where all sustainability related disclosures are very general on Level 1 or 2, either mentioning sustainability briefly, or referring to various external organisations that e.g. provide assistance for them to measure their own sustainability. Disclosures on attempts to save energy or use of alternative energy make up less than 3% of total: all disclosure phrases are Level 2 narratives on actions taken to save energy.

Responsibility, Liabilities and Business Related Risks are not addressed at all.

Figure 6 shows the level distribution of disclosure phrases. In terms of disclosure depth, 81% of all disclosure phrases are on Level 1 or 2, and over 90% of total is of Level 1-3, with 5% and 7% of Level 4 and 5 respectively. GEN and GMO, as single categories, have the most level 1 disclosures. All but a few Level 5 disclosures are in relation to POLL (air emissions, water usage, waste situation and waste reduction), with a few more Level 5 in ORG (purchased organic ingredients).

6.3 REPORTING PRACTICES COMPARED

A comparative assessment shows that neither report includes any definition of sustainability - universal or own. Largest category of disclosure within both reports is in relation to pollution. Between the two case companies, the distribution of Level 1-5 disclosures is somewhat similar, with Alpro displaying a slightly higher percentage of both Level 1 and Level 5 phrases, as is shown in figure 7. In both reports, most Level 1 phrases are mere narrations related to environmental care, without or with a few details or examples provided. Both companies have less than 10% of total disclosures at Level 3, i.e. those disclosures including actual numbers, and only SoDelicious has a small number of Level 4 disclosures. Both companies devote a noteworthy part to disclosure on activities related to either environmental or social issues - most of which are project involvements and donations (at Level 1-2).

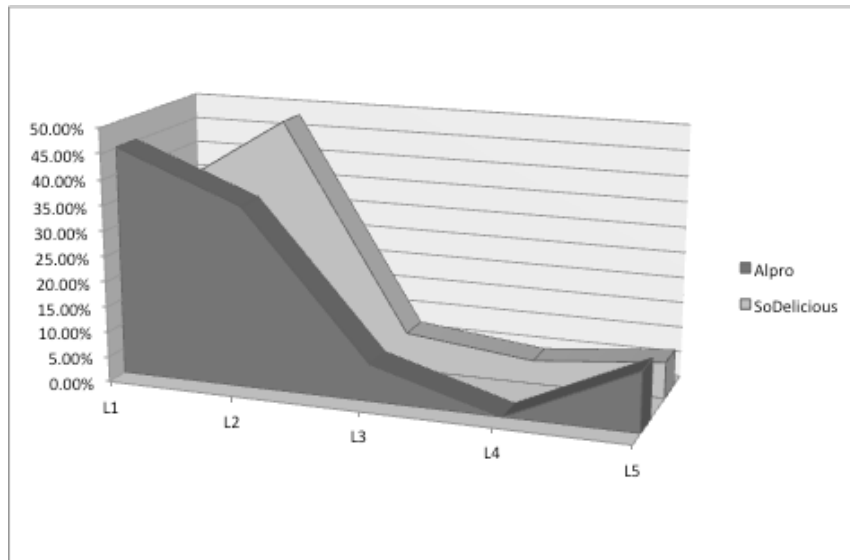


FIGURE 7. COMPARISON OF LEVELS OF DISCLOSURE

Further, as depicted in figure 8 below, the categorical distribution of disclosure follows similar trends in both companies, with most notable difference at GMO and ORG categories.

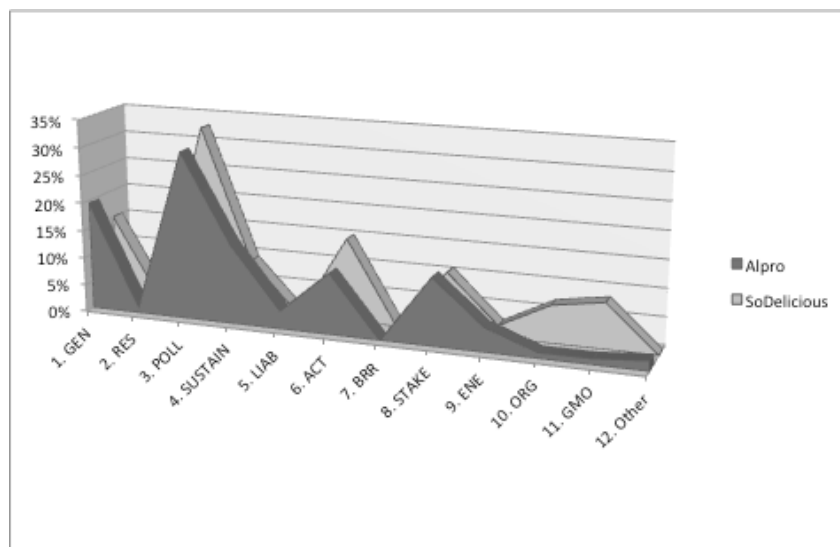


FIGURE 8. DISTRIBUTION OF CATEGORIES OF DISCLOSURE

The main differences between the two case reports are as follows:

- POLL related disclosures are a slightly more prominent feature in US-based SoDelicious, with a large portion devoted to waste reductions and recycling efforts, as well GHG emissions (including Level 5) and several mentions of product related pollution issues such as specific packaging materials used. Alpro mentions far less about waste, while both companies have approximately the same amount of phrases related to recycling. The POLL disclosure numbers on waste are more telling in

percentage: SoDelicious waste related phrases take up almost twice as much of total POLL disclosure as it does in Alpro's reports. Within the POLL category, Alpro has a greater focus on and more mentions of GHG emissions, where Alpro's GHG mentions takes up 42% of total POLL disclosure vs. 22% in SoDelicious report.

- (non-)GMO is mentioned far more often in US-based SoDelicious, including a robust amount of Level 1 type narrations.
- Phrases related to Organic products and ingredients are a common feature in SoDelicious. Alpro has dedicated much less space to this category, and only mentions it briefly in relation to the subsidiary brand Provamel.

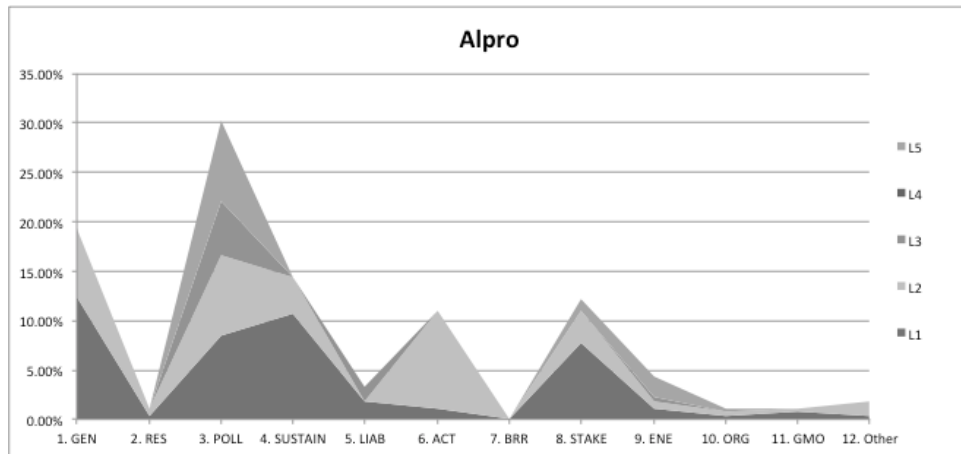


FIGURE 9. ALPRO DISCLOSURE BY LEVEL AND CATEGORY

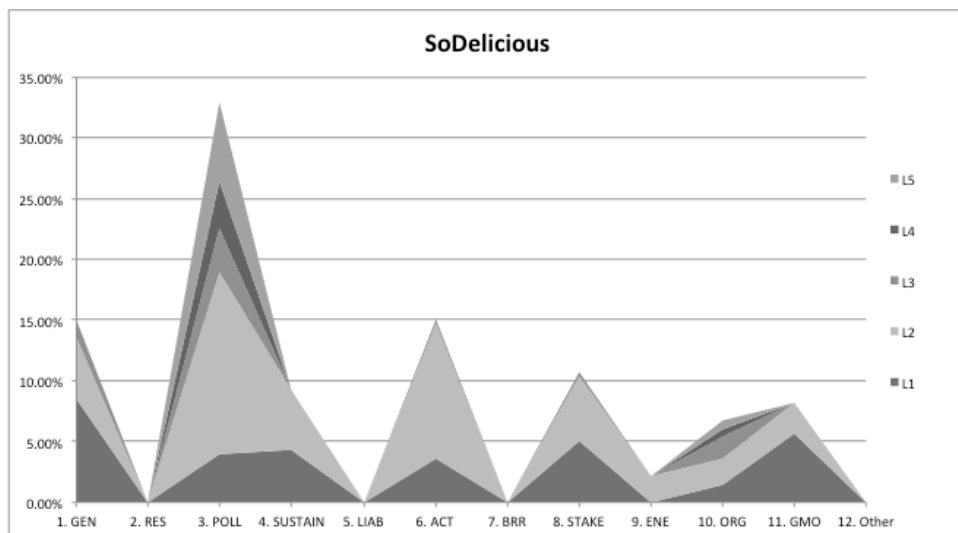


FIGURE 10. SODELICIOUS DISCLOSURE BY LEVEL AND CATEGORY

Figures 9 and 10 illustrate the level distribution within each reporting category of both companies. Here it becomes evident that even though both case companies have similar categorical distribution, the *quality* and depth of disclosures within each category differs.

Alpro provides comparatively more of Level 1 and 2 narration on POLL and SUSTAIN, while SoDelicious outperform Alpro on narrative passages in relation to ACT as well as GMO and ORG categories, where they also provide numerical disclosures. In the POLL category, both companies offer similar amounts of disclosures at level 3 and 5.

6.4 REPORTING TRENDS IN LIGHT OF LEGITIMACY AND STAKEHOLDER THEORIES

According to legitimacy theory, organisational legitimacy cannot be taken for granted neither automatically nor indefinitely - as it is very much dependent on the perspective of those stakeholders who can deliver legitimacy. Stakeholders are thus often a main driver behind sustainability reporting practices (Belz & Schmidt-Riediger, 2010) and those companies with more powerful stakeholders (such as shareholders) will adapt to their needs comparatively more than companies with less powerful stakeholders (Gray et al., 1995). The role of stakeholders is highly influenced by various social and political constructions and business strategy design is aided by a proper understanding of stakeholders, which further help firms to “...navigate the public and private strategic environments in which they operate” (Doh & Guay, 2006. p. 55) The two case companies chosen for this study both operate in the plant-based non-dairy food and beverage industry, and from a sustainability perspective face similar issues. Yet, their reporting strategies show that while they both address stakeholders and stakeholder interests, they express slight variations in focus and manner of communication. This indicates that influential factors such as socio-political-economic climate and corporate structures also affect the manner of SR conducted by these companies.

Alpro is comparatively larger, and the company has recently gone through IPO - it is therefore not surprising that their SR contains financial information and more frequently addresses stakeholders in a way that implies shareholders. Alpro's reporting thus seems more ‘professional’, mainly due to mentioning of and referencing to global standards as well as the inclusion of financial information. The reporting of unlisted SoDelicious has a greater focus on the community they operate within, with a much more tangible involvement in local projects. SoDelicious’ report is what can be described as more playful, and the organisation seem more focused on telling ‘their story’ and being perceived as a friendly company - a good producer as well as a desirable employer. Consumers and employees are the main stakeholders, and much narration is provided in relation to pollution and social and environmental activities and initiatives. This kind of organisational behaviour would be much more important to concerned stakeholders in the US, where the lack of a proper welfare system make the work of non-profits and the prevalence of donations and external support of the same so much more important. Alpro’s reporting focus less on actual donations and social activities, instead most activities mentioned within Europe are in relation to environmental protection - while projects supported in other parts of the world are of a more social nature. Human rights are taken for granted in Europe, and many countries operate under a welfare system to some extent, which could explain a slighter focus on social activities by companies in this region (Lezczynska, 2012).

Much of what is disclosed through SR from both companies is pure narration and a sort of story telling, which has allowed for information to be tailored to the concerns and needs of the main audience. Stakeholder theory predicts that companies will aim to simultaneously fulfil the demands of several stakeholders with a combination of strategies in order to reconcile multiple demands. In both case companies, we can see this tendency in the great variety of both narrative and numerical information given, which seem to cater to the needs of several

stakeholders: including current as well as future employees who are provided with descriptions of special benefits; concerned consumers provided with the responsible actions of a company producing healthy sustainable products; and investors provided with proof that the company is profitable and growing. Nonetheless, while the amount of disclosure for each category is strikingly similar for both case companies, the depth of disclosures is distributed somewhat differently over the reporting categories identified, and the stakeholders deemed most important and influential seem to be the focus of somewhat tailored disclosure strategies (Crittenden et al., 2011). As suggested by Deegan (2002), perceived legitimacy is choreographed when companies practice SR on a level where they disclose information on their strategies and practices that befit the context they operate within (Cowan et al., 2010). SoDelicious seems more focused on detailed narration in relation to employees and social activities, as well as consumer concerns such as organic and GMO-free ingredients. As Figure 10 demonstrates, Alpro has comparatively more Level 5 disclosures depicting actual progress, and their reporting further includes financial information – these findings somewhat contradicts earlier studies where US-based firms have been more financially focussed. The different ownership structure of the case companies is a plausible explanation for this.

The notably more frequent mentions of organic and GMO-related issues of US-based SoDelicious indicate that they have greatly tailored their narrations to fit the profile of their stakeholders. The results could be considered surprising, as GMO products are generally less accepted in Europe than in US (www, Council on Foreign Relations, 2014) and should be more of a concern for Alpro. However, legislation on use and labelling of GMO are stringent within the EU, while virtually non-existent in the US. Strict GMO labelling in Europe is one issue which highlight the disagreement on GM foods between US and the EU, which further points at markedly different public attitudes regarding these products (Doh & Guay, 2006). If SoDelicious suspect or are aware of the fact that their local consumers are comparatively more apprehensive about GMO than are the average consumers, their abundance of GMO-related disclosure is to be expected - as they need to cater to the concerns of those stakeholders. Alpro - operating within a region with strict GMO regulations - would feel no such need. This is also in line with stakeholder theory, which predicts that the style companies use to report on social and environmental issues correlates with external pressure felt in the region they operate in (Vormedal & Ruud, 2009). Yet, both companies seem to operate with a proactive strategy to maintain legitimacy. They have both produced earlier SD reports, and information about e.g. company values and strategies in relation to sustainability is provided matter-of-factly. Next to no negative disclosures are provided, and when they, they are outlined within a narrative passage followed by justification and a promise that improvements will be made promptly.

7 CONCLUSIONS

This study set out to explore and compare the Sustainability Reporting practices of two plant-based food producers – Alpro in Europe and SoDelicious in the US. The focus of the research was developed in light of ever-growing sustainability issues and concerns over environmental as well as social degradation: which have had substantial influence on the rise of SR. Despite the fact that food is an indisputable necessity while its environmental impact of production is considerable, SR is neither exceptionally widespread nor particularly well understood in the food industry. The aim of this paper was thus to assess:

1. What is disclosed and reported by these companies?
2. How do they compare to each other?
3. How do they compare to global standards?

In light of the socio-political-economic environments in the two regions and with legitimacy and stakeholder theories as a theoretical backdrop for analysis and comparison, the main findings from this paper are as follows:

1. While both case companies address a number of sustainability and environmental concerns, they express an evident focus on pollution related information, including their efforts to reduce their emissions. Further, narrative passages on sustainability; energy savings; and stakeholder concern such as social and environmental activities are highly prevalent. Numerical information is provided sparingly, and mostly related to pollution.
2. Neither report includes a definition of sustainability. Narration and storytelling is extensive - with a majority of disclosures of pure narrative nature with or without details - in both reports. Further, both companies devote a noteworthy part to disclosure on activities related to either environmental or social activities - however, the focus of these activities differ, where SoDelicious is more concerned about social activities on a community level and Alpro more so on region-wide environmental issues. Waste related disclosures are much more prevalent in SoDelicious' reporting, as are GMO and mentions of organic produce.
3. While only Alpro mentions any global standards, a thorough assessment showed that on a fundamental level these two producers chiefly focus on the same type of issues, and neither company fulfil more than a handful of the requirements of global reporting standards.

SR continues to increase worldwide, but practices are anything but streamlined. In this study, it became evident that both case companies devote a majority of their SR to environmental issues. This is consistent with an earlier study by Roca & Searcy (2012), which established that within the food industry there is often a greater focus on environmental rather than economic and social issues. Further, much of disclosures by both companies are purely narrative and express concern for sustainability and environmental issues - which contrast earlier studies for example by Hartman et al., (2007) and de Villiers & Staden (2010) which found that US firms tend to report more in line of risk and remediation, while EU companies report more generally on environmental sustainability and SD. Earlier studies have also shown that larger corporations tend to report more, however, that tendency was not observed in this study.

According to legitimacy and stakeholder theories, reporting is conducted to legitimise corporate activities so as to be accepted by the society and main stakeholders. However, companies can conduct reporting in a way that complies with their specific context. This study has highlighted slightly different focus on diverse categories of disclosure, and that these modified strategies seem consistent with certain societal and political characteristics and various stakeholder pressures of the two regions, such as GMO regulations; prevalence of welfare systems; and humanitarian protection issues. Lastly, in line with findings by Crittenden et al. (2011) despite being under pressure from several pressure groups, both companies seem to strategically appeal to their most powerful stakeholder: shareholders in the case of Alpro - customers in the case of SoDelicious. This implies that as an influence on SR strategies, in this context the market position and company size have as high or higher significance as sub industry membership, which supports findings by Belz & Schmidt-Riediger (2010).

One obvious limitation of this study is the sample size: findings based on only two case companies are tentative at best, and these can not and should not be assumed to be valid in any other setting. The choice of companies was made partly because of availability and access to their SR, and while the case companies do share some important common characteristics, their differing ownership structure and size may have considerable impact on their reporting: these differences are limitations as the influence of these dissimilarities is unknown. Also, while Alpro operates in Europe, it is listed on the NY stock exchange and owned by a US corporation, and it was beyond the scope of this study to examine any effect this might have on their SR strategy. Yet, the reporting tendencies outlined in this study open up for further and more extensive research in this area. Future research could focus on greater samples, e.g. comparative studies within the same region across food sub industries or the expansion to other regions within the same sub industry in order to test and elaborate on the results from this study.

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APPENDIX

APPENDIX 1: GRI G3 WITH FOOD SECTOR SUPPLEMENT



Standard Disclosures: Performance Indicators

INDICATOR HIERARCHY KEY

Categories (8)

ASPECTS

K001 Core indicators are those indicators identified in the GRI Guidelines to be of interest to most stakeholders and assumed to be material unless deemed otherwise on the basis of the GRI Reporting Principles.

K002 Additional indicators are those indicators identified in the GRI Guidelines that represent emerging practice or address topics that may be material to some organizations but not generally for a majority.

Sourcing

ACROSS ALL ASPECTS OF SOURCING

EP01 Percentage of purchased volume from suppliers compliant with company's sourcing policy.

EP02 Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard.

Economic

ECONOMIC PERFORMANCE

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.

EC3 Coverage of the organization's defined benefit plan obligations.

EC4 Significant financial assistance received from government.

MARKET PRESENCE

EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.

EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.

INDIRECT ECONOMIC IMPACTS

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.

Environmental

MATERIALS

EN1 Materials used by weight or volume.

EN2 Percentage of materials used that are recycled input materials.

ENERGY

EN3 Direct energy consumption by primary energy source.

EN4 Indirect energy consumption by primary source.

EN5 Energy saved due to conservation and efficiency improvements.

EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.

EN7 Initiatives to reduce indirect energy consumption and reductions achieved.

WATER

EN8 Total water withdrawal by source.

EN9 Water sources significantly affected by withdrawal of water.

EN10 Percentage and total volume of water recycled and reused.

BIODIVERSITY

EN11 Location and size of land or water owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

EN13 Habitats protected or restored.

EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.

EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

EMISSIONS, EFFLUENTS, AND WASTE

EN16 Total direct and indirect greenhouse gas emissions by weight.

EN17 Other relevant indirect greenhouse gas emissions by weight.

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.

EN19 Emissions of ozone-depleting substances by weight.

EN20 NO₂ and other significant air emissions by type and weight.

EN21 Total water discharge by quality and destination.

EN22 Total weight of waste by type and disposal method.

EN23 Total number and volume of significant spills.

EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.

EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.

PRODUCTS AND SERVICES

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.

EN27 Percentage of products sold and their packaging materials that are reclaimed by category.

COMPLIANCE

EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

TRANSPORT

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.

OVERALL

EN30 Total environmental protection expenditures and investments by type.

NON-DISCRIMINATION

HR4 Total number of incidents of discrimination and actions taken.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

CHILD LABOR

HR6 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of child labor.

FORCED AND COMPULSORY LABOR

HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.

SECURITY PRACTICES

HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

INDIGENOUS RIGHTS

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.

Society

S01 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

HEALTHY AND AFFORDABLE FOOD

FP4 Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.

CORRUPTION

S02 Percentage and total number of business units analyzed for risks related to corruption.

S03 Percentage of employees trained in organization's anti-corruption policies and procedures.

PUBLIC POLICY

S05 Public policy positions and participation in public policy development and lobbying.

S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

ANTI-COMPETITIVE BEHAVIOR

S07 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.

COMPLIANCE

S08 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

LABOR PRACTICES AND DECENT WORK

EMPLOYMENT

LA1 Total workforce by employment type, employment contract, and region.

LA2 Total number and rate of employee turnover by age group, gender, and region.

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

LA4 Percentage of employees covered by collective bargaining agreements.

LA5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.

LA6 Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country.

LABOR-MANAGEMENT RELATIONS

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

LA9 Health and safety topics covered in formal agreements with trade unions.

TRAINING AND EDUCATION

LA10 Average hours of training per year per employee by employee category.

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

LA12 Percentage of employees receiving regular performance and career development reviews.

DIVERSITY AND EQUAL OPPORTUNITY

LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

LA14 Ratio of basic salary of men to women by employee category.

HUMAN RIGHTS

INVESTMENT AND PROCUREMENT PRACTICES

HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

NON-DISCRIMINATION

HR4 Total number of incidents of discrimination and actions taken.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.

CHILD LABOR

HR6 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of child labor.

FORCED AND COMPULSORY LABOR

HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.

SECURITY PRACTICES

HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

INDIGENOUS RIGHTS

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.

Society

S01 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.

HEALTHY AND AFFORDABLE FOOD

FP4 Nature, scope and effectiveness of any programs and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need.

CORRUPTION

S02 Percentage and total number of business units analyzed for risks related to corruption.

S03 Percentage of employees trained in organization's anti-corruption policies and procedures.

PUBLIC POLICY

S05 Public policy positions and participation in public policy development and lobbying.

S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.

ANTI-COMPETITIVE BEHAVIOR

S07 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.

COMPLIANCE

S08 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

PRODUCT RESPONSIBILITY

CUSTOMER HEALTH AND SAFETY

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

PR2 Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.

PR3 Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.

ANIMAL WELFARE

PR4 Percentage and total of animals raised and/or processed, by species and breed type.

PR5 Policies and practices, by species and breed type, related to physical alterations and the use of anesthetics.

PR6 Percentage and total of animals raised and/or processed, by species and breed type, per housing type.

PR7 Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type.

PR8 Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.

PR9 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations concerning the provision and use of products and services.

Standard Disclosures:

Management Approach

The Disclosures on Management Approach is intended to address the organization's approach to managing the sustainability topics associated with risks and opportunities.

The organization can structure its Disclosures on Management Approach to cover the full range of Aspects under a given Category or group its responses differently. However, all of the Aspects associated with each category should be addressed regardless of the format or grouping.

Disclosures on Management Approach include:

- Goals and performance
- Policy
- Organizational responsibility
- Training and awareness*
- Monitoring and follow up*
- Additional contextual information

*not applicable to Economic (EC) indicators

A sustainability report should include in its boundary all entities that generate significant sustainability impacts (actual and potential) and/or all entities over which the reporting organization exercises control or significant influence with regard to financial and operating policies and practices.

Disclosures on Management Approach include:

- Goals and performance
- Policy
- Organizational responsibility
- Training and awareness*
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Available at: <https://www.globalreporting.org/resource/library/FPSS-Complete.pdf>

APPENDIX 2: UNGC COP TEMPLATE

General

Period covered by your Communication on Progress (COP)

From: To:

Statement of continued support by the Chief Executive Officer (CEO)

Please provide a statement of your company's chief executive expressing continued support for the Global Compact and renewing your company's ongoing commitment to the initiative and its principles (Please include name and title of the chief executive at the bottom of the statement).

Sample Statement of continued support

[Date]

To our stakeholders:

I am pleased to confirm that [Company Name] reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

[Full name]

[Title]

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses

Assessment, Policy and Goals

Description of the relevance of human rights for the company (i.e. human rights risk-assessment). Description of policies, public commitments and company goals on Human Rights.

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Examples

- Reference to (statement of support for) the Universal Declaration of Human Rights or other international standards
- Written company policy on respecting Human Rights and preventing potential abuses (e.g. in code of conduct)
- Policy requiring business partners and suppliers to adhere to the principles on Human Rights
- Assessment of Human Rights related risks and impact in industry sector and country(ies) of operation (see Risk Assessment Report at www.humanrights.business.org)
- Specific goals in the area of Human Rights for the upcoming year

Implementation

Description of concrete actions to implement Human Rights policies, reduce Human Rights risks and respond to Human Rights violations.

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Examples

- Suggestion box, call center or grievance mechanism
- Awareness raising or training of employees on Human Rights
- Consultation with stakeholders and affected parties
- Allocation of responsibilities for the protection of Human Rights within your company
- Human resource policies and procedures supporting Human Rights

Measurement of outcomes

Description of how the company monitors and evaluates performance.

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Examples

- Specific progress made in the area of Human Rights in the past reporting period
- Information about how your company deals with incidents of Human Rights violations
- Investigations, legal cases, rulings, fines and other relevant events related to Human Rights
- Periodic review of results by senior management
- External audits of Human Rights performance

Appendix 2: UNGC COP template, cont.

Labour Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation

Assessment, Policy and Goals

Description of the relevance of labour rights for the company (i.e. labour rights-related risks and opportunities).

Description of written policies, public commitments and company goals on labour rights.

Examples

- Reference to ILO Core Conventions or other international instruments
- Written company policies to uphold the freedom of association and collective bargaining and the elimination of forced labour, child labour and employment discrimination
- Written policies that clearly state employee rights and responsibilities and their compensation and benefits
- Policy requiring business partners and suppliers to adhere to the Labour principles
- Assessment of labour-related risks in the industry sector and country(ies) of operations
- Specific goals in the area of Labour Rights for the upcoming year

Implementation

Description of concrete actions taken by your company to implement labour policies, reduce labour risks and respond to labour violations.

Examples

- Suggestion box, call center or grievance mechanisms
- Awareness raising or training for employees on labour rights and policies
- Describe how the health and safety of all employees is ensured
- Describe how your company prevents discrimination of all kinds and ensures comparable pay for comparable work
- Consultation with employees and other stakeholders
- Allocation of responsibilities for the protection of labour rights within your organization
- Human Resource policies and procedures supporting the Labour principles
- Participation in international framework agreements and other agreements with labour unions

Measurement of outcomes

Description of how the company monitors and evaluates performance.

Examples

- Demographics of management and employees by diversity factors (e.g. gender, ethnicity, age, etc.)
- Describe how your company deals with incidents of violations of the Global Compact Labour principles
- Investigations, legal cases, rulings, fines and other relevant events related to Labour
- Periodic review of results by senior management
- Specific progress made in the area of Labour during the last reporting period
- External audits (e.g. SA 8000)

Appendix 2: UNGC COP template, cont.

Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Assessment, Policy and Goals

Description of the relevance of environmental protection for the company (i.e. environmental risks and opportunities). Description of policies, public commitments and company goals on environmental protection.

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Examples

- Assessment of the environmental footprint and impact of your company
- Written company policy on environmental issues, including prevention and management of environmental risks
- Policy requiring business partners and suppliers to adhere to the environmental principles
- Describe specific goals in the area of the environment for the upcoming year

Implementation

Description of concrete actions to implement environmental policies, reduce environmental risks and respond to environmental incidents.

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Examples

- Awareness raising or training of employees on environmental protection
- Initiatives and programmes to reduce waste materials (e.g. recycling) and consumption of resources (energy, fossil fuels, water, electricity, paper, packaging, etc.)
- Activities aimed at improving the energy efficiency of products, services and processes
- Development and diffusion of environmentally friendly technologies
- Raise awareness among suppliers by asking for the environmental footprint of products or services
- Environmental management system to identify, monitor and control the company's environmental performance
- Allocation of responsibilities for environmental protection within your company

Measurement of outcomes

Description of how the company monitors and evaluates environmental performance.

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Examples

- Information about how your company deals with incidents
- Investigations, legal cases, rulings, fines and other relevant events related to environmental principles
- Specific progress made in the area of the environmental protection during the last reporting period
- Periodic review of results by senior management
- External audits of environmental performance

Appendix 2: UNGC COP template, cont.

Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Assessment, Policy and Goals

Description of the relevance of anti-corruption for the company (i.e. anti-corruption risk-assessment). Description of policies, public commitments and company goals on anti-corruption.

Examples

- Assessment of risk of corruption and bribery in the company's industry and country(ies) of operation
- Written company policy of zero-tolerance for corruption, bribery and extortion
- Reference to (or statement of support for) the UN Convention Against Corruption and other international instruments
- Protocol to guide staff in situations where they are confronted with extortion or bribery
- Policy requiring business partners and suppliers to adhere to the anti-corruption principles
- Specific goals in the area of anti-corruption for the upcoming year

Implementation

Description of concrete actions to implement anti-corruption policies, reduce anti-corruption risks and respond to incidents.

Examples

- Suggestion box, call center or grievance mechanisms
- Awareness raising or training of employees about company's policies regarding anti-corruption and extortion (e.g. mailings, internet, internal communication, etc.)
- Allocation of responsibilities for anti-corruption within the company
- Participation in industry initiative or other collective action on anti-corruption

Measurement of outcomes

Description of how the company monitors and evaluates anti-corruption performance.

Examples

- Information about how your company deals with incidents of corruption
- Internal audits to ensure consistency with anti-corruption commitment, including periodic review by senior management
- Investigations, legal cases, rulings, fines and other relevant events related to corruption and bribery
- Specific progress made in the area of anti-corruption during the last reporting period
- External audits of anti-corruption programmes

Available at:

http://unglobalcompact.org/docs/communication_on_progress/Tools_and_Publications/COP_Basic_Guide.pdf