



Masters of
the Environment

Sustainability Strategies of Major Food Corporations in Contrast

Cargill • Coca-Cola • Mars • Unilever



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Introduction

Corporate sustainability strategies are wide-ranging in their approaches, aims, and results. By evaluating and comparing the corporate sustainability policies, strategies, and approaches of four major food companies, this paper will endeavor to draw some conclusions about the best approaches to sustainability in the food sector, and determine which is most meaningful. Cargill, Coca-Cola, Mars, and Cargill are all multi-billion dollar companies which touch the lives of millions of people in the US and across the world as consumers, employees, and in adjacent supply chain and stakeholder positions. Furthermore, these food companies have massive impact on environmental systems globally. A combination of scholarly evaluations and some of my own holistic assessments will be employed to determine the best all-around approach to corporate sustainability among these organizations.

Evaluation Criteria

Corporate sustainability has evolved tremendously both in academic and practical fields in the last few decades, and many in both spheres have endeavored to develop a practicable logic of evaluation to compare different approaches and their success. One of the most common and popular approaches is the “Triple Bottom Line” (TBL) which includes social and environmental costs and benefits alongside economic ones within an accounting framework (Elkington). This approach was pioneered by Elkington and endeavored to link corporations with their human and natural stakeholders by considering assets and liabilities in social and environmental terms alongside more straightforward economic concerns. The TBL approach has been a popular

buzzword among corporate sustainability thinkers, though the actual implementation and results of this approach have not yielded substantial impacts (Grey).

Amini and Bienstock use elements of several prior corporate sustainability definitions to develop an integrative evaluation framework. In addition to Elkington's TBL, foundational concepts in the Amini and Bienstock framework include Porter and Kramer's emphasis on the importance of linking sustainability with overall strategy, Baumgartner and Ebner's levels of maturity scale, Hart's Natural Resource-based View (NRBV), and the concept of "cradle-to-cradle" lifecycle consideration and zero waste processes as put forth by McDonough and Braungart. The integrative evaluation scale includes 5 dimensions of sustainability understood across four levels of sophistication. I will use this corporate sustainability framework to assess these corporations and compare their relative successes and failures.

Understanding the Amini & Bienstock Framework

The five dimensions of sustainability as put forth by Amini & Bienstock are: **Business Level Application and Communication, Scope of Organizational Focus, Sustainability Oriented Innovation (SOI), Economic/Ecology-Environmental/Equity-Social Emphasis,** and **Compliance Stance**. Each of these dimensions are rated a I-IV based on the level of sophistication with which the firm engages each dimension. A full recreation of the framework can be found in Appendix A. I chose to work within the Amini & Bienstock Framework since it draws on several definitions of corporate sustainability with which I am familiar and since with it one can derive a numeric score for comparison with other firms. I will evaluate each of the four

companies according to this framework, basing the score on their own sustainability reports, websites, and other reference and NGO sources.

Cargill

Cargill is the largest privately held firm in the US and deals in grain and other commodity exchange, food manufacturing, agricultural input products, and financial services. They also have a stake in data and communications, particularly in the agriculture and ag supply chain sectors. According to the sustainability section of their website, they have prioritized the following: land use, climate change, water resources, farmer livelihoods, food security, and nutrition.

Based on reading their 2018 sustainability report "Connect, Nourish, Grow" Cargill is operating on a strategic level of sustainability and doing some quantification and external communication of corporate sustainability performance, though they don't seem to be engaging operations in zero-waste at an organizational level or reporting on granular data points of corporate sustainability. Cargill is the least visible as a consumer-facing company of the four, and accordingly spends somewhat less on broadcasting their corporate sustainability to the public. They get a III for the first dimension, *Business level application and communication*.

The next dimension, *Scope of Organizational Focus*, is based on how integrated information and resource sharing up and down the supply chain of an organization is. Since Cargill is widely known as a very data intelligent company which often uses its extensive reach across different aspects of the agricultural sector to model (and some would suggest, manipulate) commodity

futures, they certainly have a very strong supply chain integration focus. Cargill trains farmers in sustainable practices around the world in an effort to enhance their supply chain sustainability, though they have not made any high level public pledges or goals regarding supply chain development. They get a III for the second dimension.

Sustainability Oriented Innovation, or SOI, as put forth by Hansen et. al, is a model of corporate innovation which encompasses a TBL perspective, considering the environmental and social outcomes, in the design level of product and service innovation. The SOI approach also takes a life-cycle dimension into consideration as well. The key for understanding SOI is that sustainability plays into the innovation cycle at the start, not as a *post hoc* rationalization or as some sort of remediation at the end.

Cargill develops capital goods for food companies as well as animal nutrition products for livestock producers. In both of these areas, their innovations have included aspects at the design level which take sustainability into account. Development of animal nutrition products include features which reduce stress on animal bodies, thereby improving animal welfare as well as increasing the efficiency of the supply chain. In the consumer goods area, they have introduced innovative approaches to allow consumers to trace the origins of their meat products for instance, and have also taken steps to reduce food waste, such as sponsoring food waste awareness events around the world (Cargill). Based on these innovations and their general approach to innovation as a vehicle for improving social and environmental good through waste reduction and the involvement of outside stakeholders, Cargill gets a IV for this dimension.

The next dimension is a focus on the commitment to TBL, with the top rating going to companies that are operating in a “*Triple Top Line*” approach, meaning not only are environmental and social aspects considered at the profit level—at the end of a value chain—but are integrated into the entire business strategy, including product design and development, marketing, and strategic planning. This is in my opinion the toughest of the dimensions for large companies to work towards, since so many aspects of a legacy business’s operations are ossified or inherently environmentally damaging. It’s not entirely clear how Cargill could redesign agriculture as such to be more sustainable for workers and the planet, and since they touch on many levels of the ag sector, their TBL impact is necessarily intertwined with the overall bottom lines of agriculture generally. That being said, they do include a vision for more sustainable agriculture in their report, and seem to take sustainable-oriented innovation seriously, though not at the expense of their overall environmentally deleterious business model. They get a II in this dimension, “*Primary emphasis on economic sustainability, tentative efforts toward ecological-environmental sustainability.*”

The final dimension of this framework is the *Compliance Stance*. Basically, how committed to complying with sustainability regulations and setting industry standards for compliance a firm is. A IV in this dimension is reserved for organizations which are industry recognized “thought leaders” in zero-waste approaches and valuing public-private partnerships to that end. Cargill has worked with the public sector at various points in their supply chain, for instance working to improve the palm oil supply chain by working with NGOs and governments. However, at the

same time, Cargill has been implicated in a number of failures to comply, primarily in environmental infractions such as manure/fertilizer dumping and dumping of other toxic substances (Corporate Research Project). Many of these issues occurred in the 90s and early 00s and it seems Cargill has made a major effort to clean up their compliance profile. They receive a III in this dimension.

Overall, Cargill receives a score of 15/20.

Coca-Cola

Coca-Cola is publicly traded and is the world's largest beverage company, operating in more than 200 countries and representing over 500 brands. They are primarily in the business of manufacturing and selling beverage syrups, opting to franchise their bottling to local firms.

Coca-Cola has publicly committed themselves (and their bottling and supply partners) to more than a half dozen sustainability goals, including ones regarding their carbon footprint, packaging recycling, human rights, and water (Coca-Cola Company). Having been an environmental NGO target for their water use and impact on sugar consumption and related health problems, they regularly communicate their sustainability impacts across many channels and encompass many business strategies which involve corporate sustainability. Coca-Cola has made efforts to offset all of their water usage across the world and have begun to address the impact of their packaging as trash or litter and the sustainability aspects of their agricultural suppliers. They get a IV for the first dimension, *Business Level Application and Communication*.

The Coca-Cola website offers an interactive supply chain feature on their website which links the United Nations Sustainable Development Goals with their own supply chain integrations. Encompassing all aspects of their product life-cycle, from the raw agricultural sugar products, water, up to manufacturing, shipping, distribution, and post-consumer waste, their approach to supply chain investment and optimization is exemplary. They get a IV for *Scope of Organizational Focus*.

The primary products that Coca-Cola markets are soft drinks. This being the case, the space for innovation is somewhat limited, though they have made attempts to improve their product packaging, and have pledged to make their packaging 100% recyclable globally by 2025. They also offer zero calorie beverages and have even offered organic products. That being said, considering the overall difficulty of making a company whose fundamentals are unhealthy beverages and single use plastics, they get a II for *Sustainability Oriented Innovation*.

After receiving heavy criticism throughout the 00's for unfair labor practices, exploitation of water resources, and plenty of complaints over marketing sugar-based beverages and harming human health, Coca-Cola has made serious efforts in the arena of public relations and marketing to appear to consider the triple bottom line effects of their operations. Much of this is borne out by public commitments to reductions of waste, water depletion, carbon emissions, and damaging agricultural practices. Their 2020 goals include significant improvements over baseline, but are sometimes steeped in somewhat confusing terms, such as the carbon footprint of "drink in hand" and the percentage of water "returned to nature and communities" which somewhat occlude the actual commitments. They attest that "drink in hand" is "internally

vetted using accepted and relevant scientific and technical methodologies, but those methodologies are evolving.” This approach, which appears to be improving but is still somewhat opaque, nets them a score of II for *Economic/Ecology-Environmental/Equity-Social Emphasis*.

Finally, Coca-Cola’s *compliance stance* receives a score of III given that they are proactive in meeting water needs of their communities, have improved significantly in their labor relations compared to past instances of union busting and poor worker conditions, and are widening their brand offerings to include healthier options.

Overall, Coca-Cola receives a corporate sustainability score of 15/20.

Mars

Mars is the sixth largest privately held company in the US and offers a huge range of consumer packaged goods including chocolate and confections, chewing gum, drinks, pet foods, and other manufactured food products across the globe. According to the sustainability section of their website, Mars focuses on three areas: *healthy planet, thriving planet, and nourishing wellbeing*. An overview of their sustainability shows a focus on the livelihoods of ingredient producers, innovations in sustainable packaging, and a marked effort in reaching out to outside stakeholders in all aspects of their supply chain.

The Mars corporate sustainability report demonstrates a commitment to communicating their sustainability report and includes alignments with the UN Sustainable Development Goals,

endeavors in sustainable sourcing and manufacturing, attention paid to human health both of consumers and supply chain stakeholders, and respect for transparency in labelling and marketing. Based on the company-wide commitment to sustainability at a strategy-level, disclosure of data on a variety of sustainability areas, and a pledge to reduce packaging and implement recyclability of all packaging by 2025, Mars receives a IV for the first dimension, *Business Level Application & Communication*.

The next dimension, *Scope of Organizational Focus*, is also a strength for Mars. Since implementing their *Sustainable Rice Platform*, they have seen a huge increase in producers adopting the best practices for more sustainable production of rice across the globe, with 96% of their growers working toward their standard. Similar progress has been made in cocoa, and when disclosing, they admit their sustainable production numbers have dropped from 2016-2017, demonstrating transparency and commitment to the entire process. There is also close attention paid and reporting made with respect to land use conversion, water, and labor conditions. Additionally, supporting women in developing nation supply chains has become part of their organizational focus. Mars receives a IV for this dimension.

As with many companies grounded in agriculture, innovation which includes sustainability at its inception is difficult, since redesigning a food product to be more sustainable means reordering how food is produced at the farm level. Despite this difficulty, Mars has made headway and has made further pledges to greening its packaging, manufacturing, and end waste products. Their stakeholder-inclusive approach to supply chain management and commitment to responsible marketing and labeling nets them a III in this dimension.

When conferring the “triple top line” approach to *Economic/Ecology-Environmental/Equity-Social Emphasis*, we must be careful to include all aspects of a business and the lifecycle of all products on offer. Though Mars has shown itself to be a faithful practitioner of “triple bottom line” as exemplified by their efforts in focusing on social and environmental good at the supply chain level, with consumer interactions like marketing and labelling, and in their overall stakeholder-inclusive approach, they are not at the level of “triple top line” since many of their products rely on inputs associated with unsustainable production. As with the SOI dimension, it is difficult for a food company to reorder the way a candy bar is made for instance, to be maximally considerate of the planet and social needs. All this being considered, Mars receives a III for the *Economic/Ecology-Environmental/Equity-Social Emphasis* dimension.

Mars is a founding member of the Sustainable Food Policy Alliance, which demonstrates a strong interest in being a leader in the *Compliance Stance* dimension, along with their careful monitoring of their food safety, packaging life-cycle in European markets, and leadership on human and labor rights. For instance their membership in the Consumer Goods Forum *Priority Industry Principles on Forced Labor* and work with the *Institute for Human Rights and Business* demonstrate leadership in the food sector and an appreciation of public-private partnerships in confronting serious labor and human rights issues as they relate to their operations. Though they are not perfect, going above and beyond as a private company, not beholden to stockholder value, earns Mars a IV in the *Compliance Stance* dimension.

Based on my review, Mars has earned 18/20 for the total score on corporate sustainability.

Unilever

Unilever is a British-Dutch multinational consumer packaged goods company with products sold in nearly 200 countries and a market capitalization value of around \$160 billion. They offer cleaning products and personal care products along with food and beverage products. Their sustainability webpage makes note of three big goals: improving health and well-being for over 1 billion people, reducing their environmental impact by half, and enhancing livelihoods for millions. These three goals encompass both the social and environmental aspects of corporate sustainability and are simple to understand, bold in scope, and global in effect.

Unilever's corporate sustainability efforts radiate from their central parent company, down through their more than 400 brands. They own noted sustainability leaders such as *Ben & Jerry's Ice Cream* (a certified B-Corp) and *Unilever Food Solutions* in the foodservice space. They have aligned many of their corporate sustainability approaches with the United Nations Sustainable Development Goals and have been recognized by the Climate Disclosure Project as a leader in several fields including Forest, Climate, and Water leadership. As with all of these companies, Unilever is engaging corporate sustainability at a strategic level, integrating across functional units and subsidiaries. Their approach to data reporting is unparalleled. By offering the widest and deepest reporting among class on sustainability data including financial and strategic perspectives, Unilever meets the framework's demand of "*public disclosure of highly granulated sustainability performance data.*" Their cross-sector integration of goal setting and extremely thorough reporting earns Unilever a IV on the *Business Level Application & Communication* dimension.

As with the other companies in this comparison, Unilever has taken industry-leading steps in understanding their supply chains and helping to develop them. Their goal of 100% agricultural raw products being sustainably sourced by 2020 is well underway with a reported 56% at the end of 2017 (Unilever). In addition to demanding and supporting sustainable inputs, Unilever has pledged to advance human rights across their operations and extended supply chain, empower 5 million women (presumably in developing nations and where women's rights are less developed than in the West), and include 5.5 million small-scale retailers and smallholder producers in their supply chain. It is not hard to see that involving that many people and reaching such lofty goals requires a manifest optimization and integration of supplier and operational resources and information. They were also the Carbon Disclosure Project "Supplier Engagement Leader" for 2018. No surprise then, that Unilever, like the others, receives a score of IV in the *Scope of Organizational Focus* dimension.

If we look for sustainability-oriented innovation at Unilever, we will find it in their embrace of sustainable packaging solutions, in working closely with their supply chain, and in their eco-efficiency in manufacturing. These three commitments, namely reducing by half the waste associated with the disposal of their products by 2020, the 100% sustainable raw material sourcing as detailed above, and 100% renewable energy in production by 2030 (along with other similarly ambitious targets in water and waste), show that Unilever is innovating with sustainability at the core of the process, keeping a focus on the full life-cycle of the product. Their commitment to improving the wellbeing of 1 billion people through improved health and hygiene as well as nutrition encompasses the "target dimension" of SOI as well (Hansen). As Unilever leverages new product design, packaging, innovative approaches to sourcing, and

products which improve the wellbeing of people in developing nations by giving lower cost access to hygiene and cleaning products, they receive a score of IV in the *Sustainability Oriented Innovation* dimension.

As I believe is evident based on above interpretations of policy and goal setting, Unilever is a leader in the TBL approach to sustainability. They are aiming their effective scope of influence at the scale of billions of humans and halving global environmental impacts. Furthermore, Unilever is doing a lot to approach the “Triple Top Line” through 100% sustainable sourced inputs, inclusion of millions of smallholder and small-scale retailers, and extremely ambitious goals in the end-product waste and manufacturing spaces. It is not hard to see why they continue to receive several Carbon Disclosure Project and United Nations accolades in their sustainability efforts and support of global targets like the UN Sustainable Development goals. Though they are not perfect, they are striving towards very ambitious goals and merit at score of IV for the *Economic/Ecology-Environmental/Equity-Social Emphasis* dimension.

Finally, Unilever’s approach to compliance is noteworthy. Along with Mars, they are founding members of the Sustainable Food Policy Alliance, and consistently rate highly across NGO corporate responsibility reportcards such as *Climate Counts* (Guevarra). Unilever is unique in its integration of sustainability into its corporate governance, business plan, strategy, and high level corporate management structure. Paul Polman has been CEO since 2009 and is responsible for many of the extremely ambitious goals and initiatives at Unilever. Though no multinational corporation of this size is without legal violations, Unilever has made a concerted effort to clean up their act since Polman came aboard. The active decoupling of growth from environmental

impact is admirable and fairly unique in the multinational CPG world. Even with some suppliers indicated in labor scandals and occasional product safety recalls, Unilever is a leader in compliance and in partnering with public and non-profit organizations to realize a truly exemplary sustainability status. They earn a IV in the *Compliance Stance* category as well.

Unilever has earned a score of 20/20 on the corporate sustainability framework.

The Winning Approach

Based on the framework I chose to evaluate these organizations, Unilever has the best approach to corporate sustainability. Even though they scored a “perfect” 20/20, they are by no means without flaws, and in fact whether or not they have an overall net positive effect on global sustainability is up in the air. That being said, they are clearly leaders in corporate sustainability and represent a model to aspire to for businesses large and small, both in the food world and without. Taking into account the overall size of the business is an important consideration as well. Consider a much small company doing many things Unilever does, and doing some things better. If their annual revenue is only a fraction of Unilever’s, their overall impact is also much smaller. Below is a table of the results of this evaluation.

	Cargill	Coca-Cola	Mars	Unilever
Business Level Application & Communication	III	IV	IV	IV
Scope of Organizational Focus	III	IV	IV	IV
Sustainability Oriented Innovation	IV	II	III	IV
Economic/Ecology-Environmental/Equity-Social Emphasis	II	II	III	IV
Compliance Stance	III	III	IV	IV
Total Score	15	15	18	20

Conclusion

This comparison of major food companies has been instructive and illustrative of the various approaches huge multinational corporations can employ to greater or lesser effect in enhancing their corporate sustainability bona fides. One thing to remember about any sort of assessment framework is that it is by nature fairly subjective and often holistic in how it is applied. Some ways to improve the evaluation framework that occurred to me in writing this tract include organizing more specific standards for each level of sophistication, and perhaps offering “idealized examples” of performance in each dimension. All in all, it is my opinion that this framework is one of the more accessible and applicable in the field today, and that it has yielded results that comport with common sense and a truly worthwhile evaluation method.

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Appendix A

Amini, Bienstock Corporate Sustainability Evaluation Framework

Dimensions of Sustainability	Business Level Application & Communication	<i>Ill-defined sustainability initiatives within organization; no external communication with respect to CS activities</i>	<i>Tactical level sustainability activities; few external communications with respect to CS activities</i>	<i>Strategic level sustainability activities; some quantification & external communication of CS performance</i>	<i>Intrinsically sustainable zero-waste oriented organization; public disclosure of highly granulated sustainability performance data</i>
	Scope of Organizational Focus	<i>No supply chain interaction</i>	<i>Limited interaction with supply chain</i>	<i>Some information/resource sharing within supply chain</i>	<i>Significant information, resource sharing & optimization efforts across supply chain</i>
	Sustainability Oriented Innovation	<i>Innovation activities are not sustainability related</i>	<i>Some awareness of relationship between innovation and sustainability</i>	<i>Innovation activities begin to involve multiple stakeholders</i>	<i>Zero-waste approach involving significant sustainability oriented innovation (SOI) efforts that involve multiple stakeholders</i>
	Economic / Ecology – Environmental / Equity-Social Emphasis	<i>Emphasis solely on economic sustainability</i>	<i>Primary emphasis on economic sustainability, tentative efforts toward ecological-environmental sustainability</i>	<i>Triple bottom line approach, economic, ecological-environmental, equity-social sustainability</i>	<i>Organization embraces a "triple top line" sustainability approach</i>
	Compliance Stance	<i>Sustainability activities limited to minimal efforts at regulatory compensation</i>	<i>Sustainability activities increase beyond minimal regulatory compliance, but are not systematically related to organizational strategy</i>	<i>Incorporation of regulatory compliance within organizational strategy; participation in development & evolution</i>	<i>Recognized industry thought leader that embraces and encourages zero-waste approach to sustainability regulation; recognition of importance of public-private partnerships</i>
		I	II	III	IV

Level of Sophistication
(I = least sophisticated;
IV = Most sophisticated)