

SUSTAINABILITY REPORTING

FOR
SKÅNEMEJERIER

DEFINING PRINCIPLES, PROCESSES, AND
IMPLEMENTATION

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This thesis has been written as a part of the degree project course in the Masters program “Sustainable Business Leadership” at the School of Economics and Management, Lund University.

The course was based on the methodology of action learning and self-managed learning. The students were all assigned to an in-company project as consultants. As a part of course the students were responsible for organizing several learning events addressing relevant issues related to the in-company projects. The students continuously documented their learning in learning journals and participated in tutorials on these journals.

The assessments of the students are done partly on the written thesis, partly on the consultancy process and report to the client company, partly on performance in learning events and other parts of the course and partly on the ability to document and reflect on the student’s individual learning and development.

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Executive Summary

With the popularity of sustainability reports in industry due to rising awareness on environmental, economic, and social issues stakeholder pressure has increased on companies to formally report on the triple bottom line. This need has further been increased by the popularity of the relevant sustainability indices and reporting guidelines which help stakeholders critically assess and compare the sustainability performance of companies. Our case company, Skånemejerier, a Swedish Dairy Co-operative, currently does not publish a sustainability report, but recognizes its importance in order to catch up on the rising trend and to satisfy various stakeholders. To address this need, Skånemejerier sought our assistance in suggesting them a development process for conducting a sustainability report. The project aims to deliver a framework for collecting sustainability related data, assess current grading of the company based on the GRI principles, and to provide recommendations for an effective sustainability reporting process.

To develop the framework, the Global Reporting Initiative's (GRI) guidelines are employed for guidance on the structure of the report and its different components, providing standardized directions on publishing a sustainability report, which, by 2010, were used by at least 1500 organizations worldwide, including 77 % of the Fortune Global 250 [3]. Research has been conducted within Skånemejerier primarily on the basis of checklists developed according to the six sections of the GRI, and to collect data on the wide variety of topics, most of the senior management of the company was involved in the research process through interviews. Based on this data collection, an analysis of the company's current status is made with respect to the availability, relevance, and reporting frequency of the key performance indicators which is further translated to an application level grading of the sustainability reporting guidelines in light of the GRI.

Through identifying the relevant departments and employees who currently hold most of the required data for sustainability reporting, a framework to processes for sustainability reporting has been designed for data collection and internal reporting flow, which is presented for the whole, as well as for individual departments, with necessary explanations given on the responsibility of all employees involved. In total, 22 managers and key employees are considered necessary for the sustainability reporting process, all with different job positions from the CEO through COO to the regular employees spread within different departments. The flow of information can be easily traced from the framework, and

clear guidelines are specified on what, when and to whom particular sub-departments need to report relevant information.

In order to complete the analysis and to improve the final solution for Skånemejerier, the project sought to identify the common challenges faced in the development and implementation of sustainability reporting processes. This benchmarking was based on responses from 26 companies from different industries all with an experience in reporting on sustainability, including one external assurer (auditing firm) for sustainability reports. From this benchmarking, it is concluded that the common challenges most companies face involve identifying stakeholder's interest, planning for data collection and control, determining the structure and content, and increasing employee awareness.

In conclusion, the project provides Skånemejerier a viable company-specific solution, in the form of the main framework, to defining principles, processes and implementation for initiating the development of a sustainability report, while further recommendations, based on literature, benchmarking and company review, attempt at suggesting ways to make this endeavor fruitful, effective, and sustainable. These comprise suggestions on determining the materiality and reporting significance of sustainability indicators, developing a code of conduct, implementing a balanced scorecard for sustainability strategy, and designing a marketing plan for effective communication of the company's sustainable practices.

Keywords

Sustainability Reporting, Global Reporting Initiative Guidelines, Sustainability Report Content, Sustainability Reporting Process, Sustainability Reporting Framework

Glossary

CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
G100	Private Group of Chief Executive Officers of the World's Most Significant Companies
G250	Global Fortune 250
CR	Corporate Responsibility
N70	70 Largest Companies
FAR	Institute for the Accountancy Profession in Sweden
CERES	Coalition for Environmentally Responsible Economies
GHG	Green House Gas
RMS	Resource Management System
ABS	Accounting Business System
KPI	Key Performance Indicators

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INTRODUCTION

This chapter gives an introduction to the research conducted by describing the research problem, purpose, and its benefits for different audiences.

1. Introduction

With the popularity of sustainability reporting, due to rising awareness about environmental, economic, and social issues, stakeholder pressure has increased on companies to formally report on the triple bottom line. Not only that, the process of developing a sustainability report by itself is beneficial to the company in monitoring its practices and planning for the future. This need has further been increased by the popularity of the relevant sustainability indices and reporting guidelines, which help stakeholders precisely analyze the sustainability performance of companies.

Our case company, Skånemejerier, currently does not publish a sustainability report, but recognizes its need in order to catch up on the rising trend and to satisfy its stakeholders, and looks forward to implement a system to publish a sustainability report in the near future, on a regular basis.

1.1 Problem

The absence of a sustainability report and the relevant processes for its development provide the primary problem set for our thesis on sustainability reporting for Skånemejerier. As our study shows, this primary problem set can be further divided into several smaller problems as faced by the company, which include:

1. Current absence of a standard sustainability assessment system with a set of indicators
2. Lack of knowledge on sustainability standards, and current standing of company with respect to them
3. The absence of a formal management framework to collect and communicate information related to sustainability

1.2 Purpose

The purpose of our study is to suggest Skånemejerier a solution to be implemented for successfully conducting a sustainability report along with defined principles and processes necessary for its execution. This constitutes the main aim of providing a framework for project management of sustainability reporting, and further assessment of the company's current ranking followed by other recommendations as follows.

1. Provide a framework for collecting sustainability related data
 - a. Identify the relevant departments, sub-departments and employees to be involved
 - b. Identify the current frequency of data collection on sustainability measures
 - c. Provide definition and division of responsibilities among departments and employees for the sustainability reporting process
2. Assess current grading of the company based on the GRI principles
3. Provide other recommendations helpful in making the sustainability reporting process beneficial

Different audiences may find our study helpful for different purposes.

For academics, the study would be helpful in providing them an overview of sustainability reporting, its history, benefits, global and local trends, the famous GRI guidelines, and a case study with an internal perspective on workflow management.

For Skånemejerier, the study would be helpful as a consultancy report, firstly providing them a better understanding of sustainability reporting, its need, and the GRI guidelines. Secondly, the report is a cross-sectional look into the current company structure and provides an extensive analysis on how their current sustainability related practices' information is dispersed around different departments. Thirdly, the report provides them with other companies' and assurer's experience with the sustainability reporting process, the common challenges faced, and the pitfalls to avoid. Lastly, the report provides company-specific recommendations to develop the process effectively to success.

For readers from other companies also embarking on a journey to publishing sustainability reports, apart from being an introduction to sustainability reporting, the study is an insight into an actual company's experience with respect to preparing for sustainability reporting, the managements' concerns, the hurdles expected, and a set of recommended solutions provided which could help guide their way into knowing how the processes could be implemented in their own companies.

SUSTAINABILITY REPORTING

Since the thesis' purpose is to develop a set of processes for Skånemejerier to issue a sustainability report, we find it essential to devote this part to explain the term sustainability reporting, the drivers of publishing it, its evolution, sustainability reporting trends in Sweden and the most popular sustainability reporting guideline, GRI.

2. Sustainability Reporting

In this section, general information on sustainability reporting and its advantages is provided. Moreover, an overview of sustainability reporting's history and an appraisal of the GRI reporting guidelines are provided, to help in better understanding the forthcoming sections of the thesis.

2.1 What is Sustainability Reporting?

Sustainability reporting also known as citizenship reporting, social reporting, corporate responsibility reporting, sustainable development reporting or triple-bottom line reporting, is a process for organizations to declare their economic, environmental, and social performances [14]. The World Business Council for Sustainable Development (WBCSD) defines sustainable development reports as “public reports by companies to provide internal and external stakeholders with a picture of the corporate position and activities on economic, environmental and social dimensions”. It must, in other words, contain qualitative and quantitative information on the extent to which the company has managed to improve its economic, environmental and social effectiveness and efficiency during the reporting period and integrate these aspects in a sustainability management system [2].

Sustainability reporting is becoming more and more popular all over the world with the number of companies publishing sustainability reports increasing rapidly [13] and the main reasons behind this boost are the external and internal advantages sustainability reporting provides.

2.2 Reasons for Sustainability Reporting

In his paper, Claus-Heinrich Daub [2] discusses that sustainability reporting can be considered as a direct reaction of a critical society that is expecting more ethical behavior through increased monitoring of organizations and the reasons for publishing a sustainability report can be broken down into three main challenges that companies need to address.

2.2.1 The Environmental Challenge

The effect of human being on global environment is growing and industries hold a major responsibility of environmental damage which poses a global threat. That's why; companies should prioritize enhancing eco-efficiency so as to maximize the environmental compatibility of the company's business operations.

2.2.2 The Social Challenge

The social challenge presents itself as public pressure which forces companies to address their responsibility to society and, in particular, their stakeholders. For instance, employees are usually expecting a good working environment and improvements in the area of human rights. In addition, all stakeholders are expecting companies to increase their positive effects on society besides decreasing their negative effects.

2.2.3 The Economic Challenge

As the competition in complex, global markets is increasing, a challenge for companies is to exploit new innovation potentials. Companies can manage to create new markets for themselves when they care more about social and environmental issues. For instance, recycling and provision of products and services that satisfy ethical requisites (e.g. goods produced to fair trade guidelines and ethical funds) are possible emerging markets. Moreover, by publishing sustainability report, companies are showing their existing and prospective investors their capability and alacrity to have long-term plans and thus assure the future prosperity of the business, in the face of this economic challenge.

These three main challenges provide possible opportunities to gain various benefits by publishing a high-quality sustainability report. The advantages sustainability reporting offers to the companies can be seen as the drivers of stakeholder engagement. Sustainability reporting assures communication and engagement between the company and its stakeholders who are shareholders, investors, customers, consumers, employees, suppliers, communities and the government. Thus the companies should make strategic positioning decisions according to their key stakeholders [14].

2.3 The Advantages and Drivers of Publishing a Sustainability Report

Here is a list of advantages a company can gain by publishing a sustainability report [14].

- 1. Demonstrating Transparency and Ethical Considerations:** The companies disclose their commitment to managing the three aspects of sustainability when they issue their sustainability reports and improve the communication with the stakeholders by becoming more transparent.
- 2. Economic Improvements and Cost Savings:** During the sustainability reporting period, companies collect and analyze data on the consumption of resources. This

assessment gives them an opportunity to increase the efficiency of the business processes and eliminate unnecessary consumption.

3. **Enhancing Reputation:** Reporting on environmental, social and economic aspects of sustainability helps companies to enhance brand reputation among the stakeholders. Reporting is an effective way to manage the perceptions of the brand by stakeholders.
4. **Innovations, Continuous Improvements and Learning:** Reporting the performance publicly triggers a continuous enhancement on the areas companies are reporting. In addition, setting up targets and being ambitious provides internal improvements and it helps the learning curve of the company to rise. Indeed, in order to perform well, the company may become more innovative.
5. **Employee Motivation:** Publishing a sustainability report can increase the loyalty of the employees and communicating three aspects of the sustainability can improve the employee commitment.
6. **Strengthening Risk Awareness and Management:** Sustainability reporting helps the company to show its commitment to manage the risk associated with its sustainability performance factors.
7. **Attracting Long-Term Capital and Increased Shareholder Value:** Investors are taking the sustainability performance of a company into consideration during their decision process. Sustainability reporting is an essential way to communicate the company's performance.
8. **Market Differentiation and Establishing Competitive Positioning:** Increasing awareness of sustainability creates new green product expectations within the stakeholders. Companies can use their sustainability performance attributes to differentiate their brands, products and services.
9. **Improved Regulatory Compliance:** Sustainability reporting may help company to adapt itself easily to new regulations. In addition, the company can affect the upcoming regulations by communicating its sustainability vision on the report.

All these advantages which are also the drivers of sustainability reporting are essential to companies and each of them assists companies to increase the engagement between the company and its different stakeholders. Figure 1, shows the importance of drivers for the G250 companies when they report. Moreover, it explains that almost all drivers are becoming more important to report and the importance of stakeholder engagement is increasing. In addition, from the figure it can be concluded that the main drivers for corporate responsibility reporting are ethical considerations, economic considerations, reputation, innovation, and employee motivation. From 2005 to 2008 the importance of ethical considerations has increased

considerably which shows that companies want to be more transparent to their stakeholders about their way of doing business to enhance stakeholder engagement. At the same time, it also shows that the stakeholders are expecting from the companies to be more respectful to the moral values and ethical principles while they run the business.

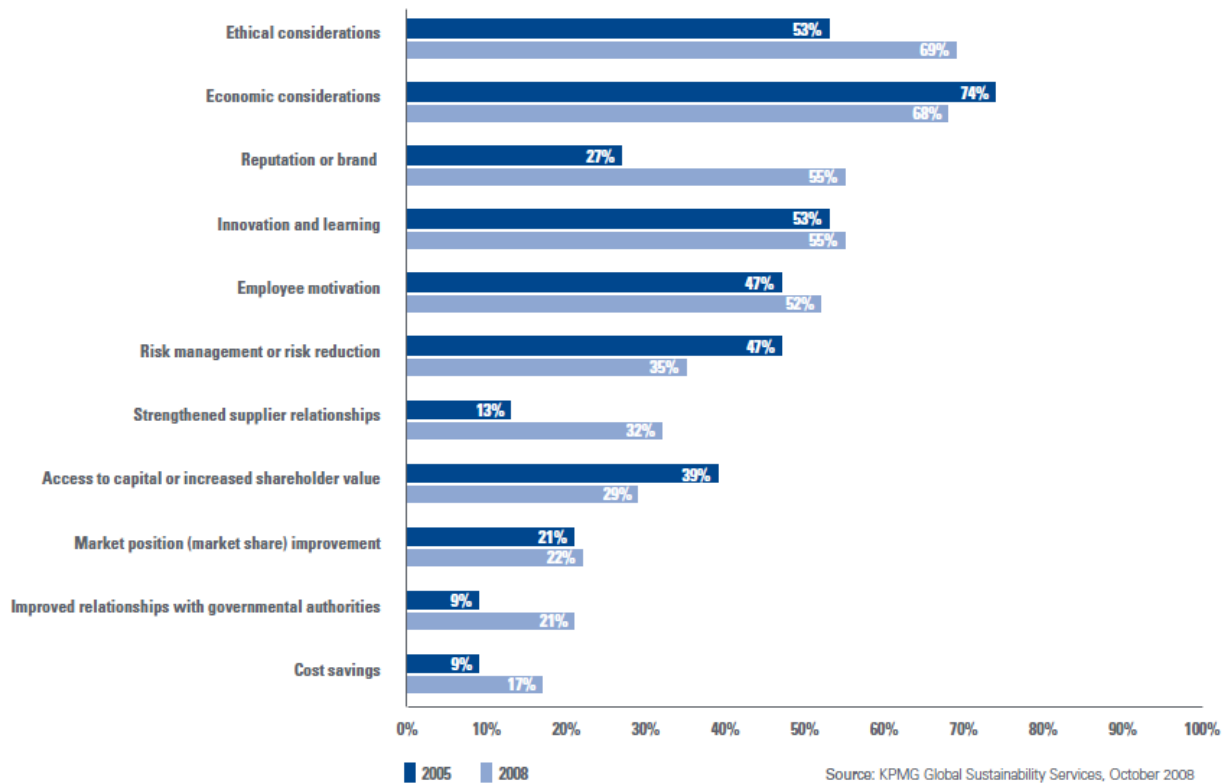


Figure 1-Drivers for Corporate Responsibility Reporting for G250 [13]

2.4 History of Sustainability Reporting

The idea of reporting about environmental and social aspects of business became popular in the 1970's, with companies extensively covering social issues in their annual reports. In less than a decade, by 1978, 90% of the Fortune 500 companies published their social reports within the annual reports [11]. However, this trend did not last for a long time. In 1980's, social reports lost their significance due to recession and unemployment. The companies changed the accent on to economy again thus reporting social and environmental performances lost its importance [11]. However, during late 1980's, reporting environmental performance retrieved its importance and since the publication of the first discrete environmental report in the late 1980's, the number of the organizations which share their environmental, social and economic performance has increased considerably [11]. Nowadays, sustainability reporting is a common practice within the companies. The survey conducted by KPMG shows conspicuous results

about the pervasiveness of sustainability reports (as presented in Figure 2) with approximately 80% of the G250 companies publishing separate sustainability reports in 2008.

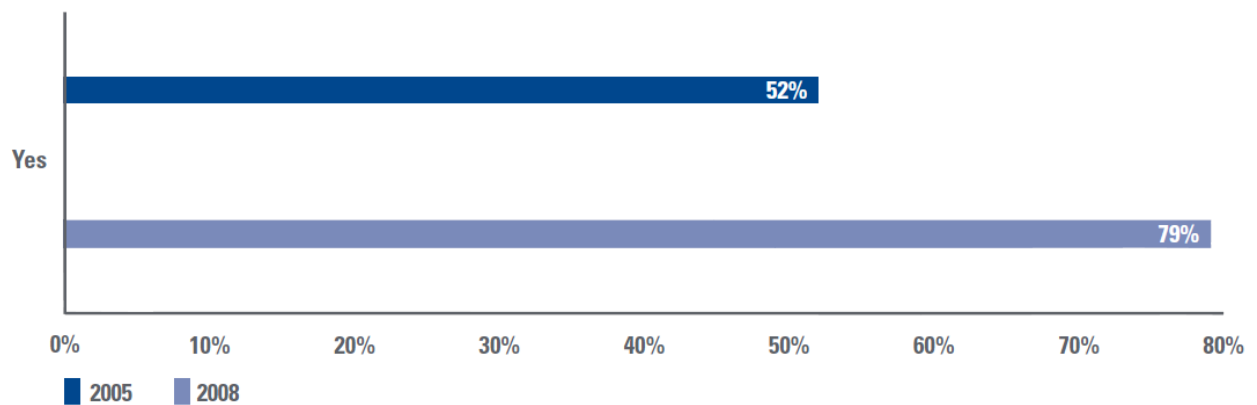


Figure 2 – The percentage of G250 companies with a stand-alone sustainability report [13]

In three years which can be considered as a short time interval, the number of companies published separate sustainability reports increased significantly. On Figure 3, the percentages of the reporting companies by countries can be seen. The figure shows that from early 90's to 2005, in most of the countries the percentage of reporting companies has increased substantially. Although the percentages have increased in all countries, they vary much among the countries. This situation can be explained by the different level of regulatory and societal attention [11].

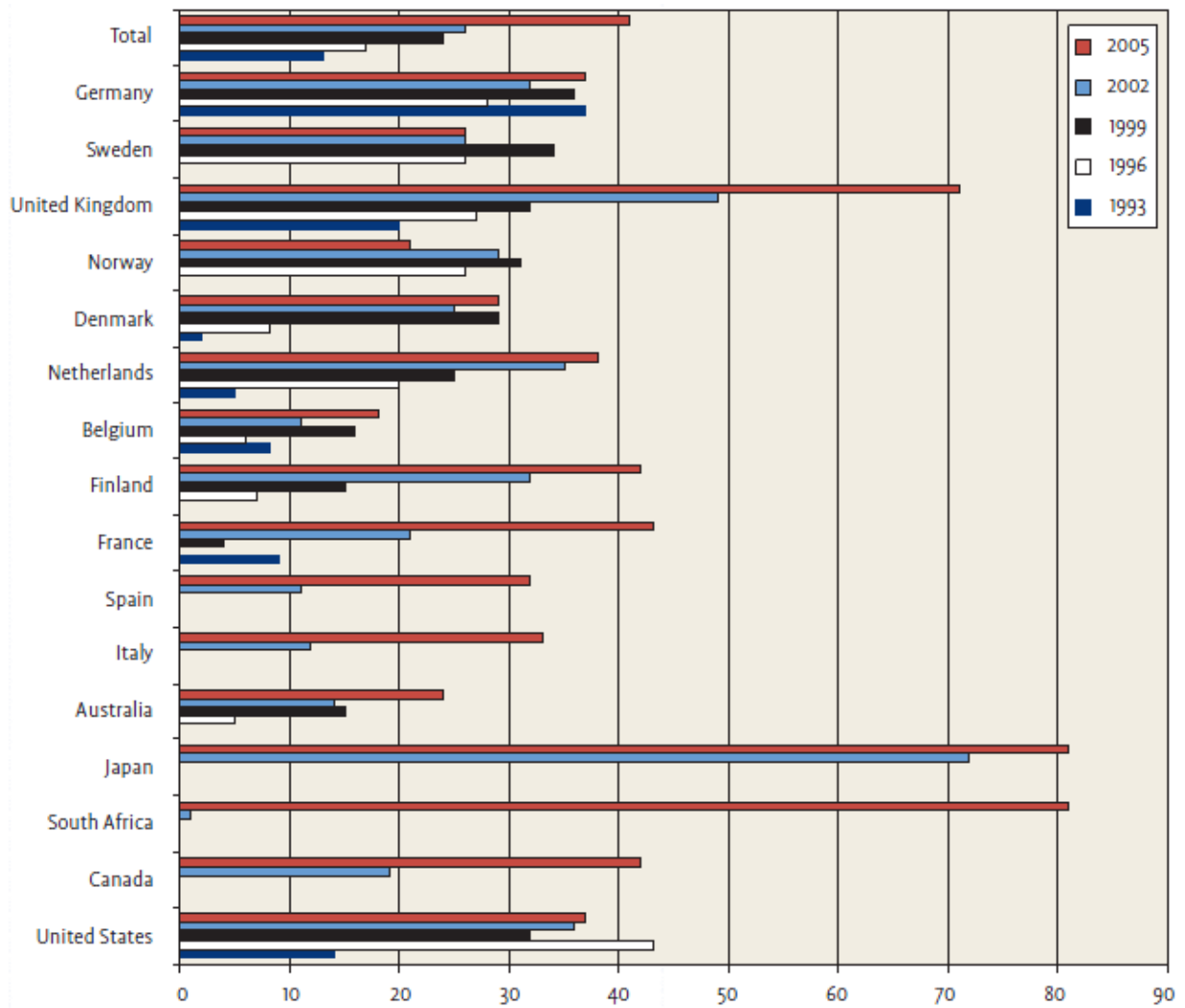


Figure 3 - Sustainability reporting in various countries in 1993, 1996, 1999, 2002, 2005 (in %) [11].

2.5 Sustainability Reporting in Sweden

Publishing a corporate responsibility report is a common practice in Sweden. By 2008, 84% of the N70 companies have some kind of corporate responsibility report [13]. The reporting leaders are mining, utilities and automotive sectors which are resource intensive sectors (see Figure 4).

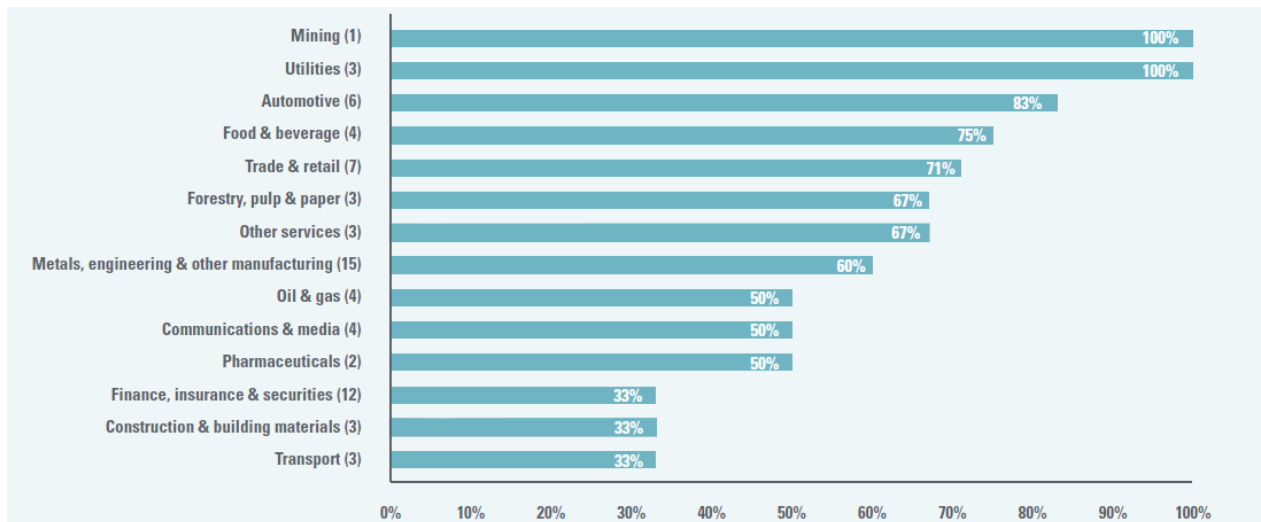


Figure 4 CR Reporting of N70 by sector in Sweden by 2008 [13]

In Sweden, the drivers of sustainability reporting are not different from any other country but the Swedish government has played an important role in the development of sustainability reporting. In 1990, the government legislated the reporting on environmental issues on site level. Then in 1999, reporting on environmental issues in the annual report became mandatory [11].

PricewaterhouseCoopers's annual survey with 172 companies including 43 state-owned companies, published in 2009, shows a continued development and diffusion of sustainability reporting practice in Sweden. The number of companies publishing extensive sustainability reports is increasing every year. This increase is partly because of the government's guidelines for external reporting which require that state-owned companies report according to the GRI Sustainability Reporting Framework and undertake an independent review of their sustainability reports. In 2009, the portion of companies publishing some form of sustainability information in their annual reports or in a sustainability report is nearly 9 out of 10 surveyed companies. Almost half of the companies publish separate sustainability reports as special chapters in their annual reports or in separate documents. Amongst the state-owned companies, this portion is 93% as a result of the government's requirement regarding sustainability reporting since 2008 [4].

In Sweden, the most popular reporting guideline is the Global Reporting Initiative (GRI). In 2008, these guidelines were applied by nearly four out of ten companies (38%) and this portion has increased to almost half of the companies (47%) in 2009 [4].

2.6 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a network-based organization that pioneered the world's most widely used sustainability reporting framework. The Boston-based non-profit CERES started a "Global Reporting Initiative" project division and GRI became the most popular and widely used guidelines for sustainability reporting [6].

In 2000, the first GRI guidelines (G1) were released and they were followed by the second guidelines (G2) in 2002. In a short time GRI became popular and by 2005, 750 companies released their sustainability reports based on GRI guidelines. After four years of development, the third version of GRI (G3) was released in 2006 [6]. In 2008, GRI became partners with The Ethical Globalization Initiative and UN Global Compact to develop better guidelines in the area of human rights. By 2010, version G3 for sustainability reporting is used by at least 1500 organizations worldwide, including 77 % of the Fortune Global 250 [3].

In 2011, G3.1 version was released, consisting mainly of enhancements to G3 in the areas of Community Impacts, Human Rights, and Gender issues. Besides these improvements, in 2011 sector supplements have also been added in the GRI guidelines. Currently, in GRI 3.1 there are 6 performance indicators categories namely environmental, economic, labor practices and decent work, human rights, society, and product responsibility [7].

The reporters who follow GRI guidelines during the formation of the sustainability report should declare an application level for their report. There are three different levels which are A, B and C, which are defined by the extent and the coverage of the GRI reporting framework. Figure.5 shows the application levels and the prerequisites for each of them. The organizations can get a plus (+) grading in every application level, if they get an external assurance from an auditing company [7].

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
	Disclosures on Management Approach	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
	Performance Indicators & Sector Supplement Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.***		Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	
		* Sector supplement in final version		** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines		*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines	

Figure 5 – Grading System for Sustainability Reports

There are various reasons to use guidelines for sustainability reporting. According to Hedberg and Malmberg [8] companies' main reason to use guidelines is to have an appealing and consistent design. More specifically, one of the main reasons for the emergence of the GRI project was the non-existence of any guideline for voluntary CSR reports that made it impossible to compare the different reports. Moreover, besides design, guidelines assist companies to improve their internal communication among their departments which usually lack it. Another main reason for using the GRI is that the companies want internationally accepted standards, for their sustainability report to be more credible. That is why the GRI has become very popular in a very short time. Furthermore, GRI helps companies to collect data and internal information which they did not need before, thus companies discover details that were not known before. To conclude, the companies recently believe that useful overview provided by GRI is the most important benefit of it besides transparency [8].

When all the advantages of sustainability report and GRI guidelines are considered, it becomes more of a necessity for Skånemejerier to have a sustainability report which is created with the help of GRI guidelines. The motivation for Skånemejerier's managers to have a sustainability report corresponds to with the advantages the GRI guidelines are offering to the companies. As a result, Skånemejerier should publish a sustainability report to improve external and internal communication, and to enhance the relations with consumers by following the GRI guidelines for its development.

CASE STUDY

SKÅNEMEJERIER

In order to understand Skanemejeriers' specific parts, this section of the thesis deals with overall information about the industry in which the company operates, company's organization, its performance and its general stance on sustainability and sustainability reporting.

3. Case Study - Skånemejerier¹

In this section, concise information about Skånemejerier and the company's understanding of sustainability is presented. This information will be very useful for readers to understand the proposed solution and other recommendations in the thesis.

3.1 Introduction

Skånemejerier is a dairy company established in 1963 with its headquarters in Malmö, Sweden. It offers a wide range of product comprising milk, yoghurt, juice, sour milk, cheese and butter, and cooking products. The company offers consumers high variety of dairy products which contribute to health and quality of life. Skånemejerier is competitive by using the flexibility and personal engagement of a small company throughout the value chain.

Skånemejerier currently operates through three main plants located in Malmö, Kristianstad and Hjö. Malmö dairy is the biggest dairy of the company with approximately 300 employees. It is where milk is refined and skimmed and the different types of yoghurt produced. In 2010, 240 million kilograms of milk was processed in the dairy. The second biggest dairy, Kristianstad with around 70 employees, is the plant where the cheese production takes place. The smallest dairy of Skånemejerier near Hjö is a complete organic dairy since September 2009 and Skånemejerier owns 91% of the shares. It has 9 employees and in 2010 the dairy managed to produce approximately 6 million kilograms of milk.

Recently, the performance of Skånemejerier has improved. In 2010, Skånemejerier managed to deliver more than 400 million kilograms of milk which accounts for 12.3% of the total milk delivered in whole Sweden. The company currently has 537 active suppliers and will need more suppliers in 2011 to reach the set target of 500 million kilograms of milk for the year. In addition to milk, the company is successful juice production. The company's juice brand "Bravo" is very successful on the market thus Skånemejerier accounts for 56% of the volume of chilled fruit beverages on the Swedish market. Besides Sweden, the company operates in a few markets abroad, selling milk to Dansk Supermarket since 1 May 2009 in Denmark and in Finland through Lindahls-Skånemejerier Oy since 2011. In 2010 the organization had 1696 MSEK worth of total assets, net turnover approaching 3305 MSEK, generated approximately 300 MSEK and employed 705 staff. For more economic figures and company's economic performance, the annual report may be consulted [19].

¹The information on the pages 23 and 24 is compiled from the source [19].

²A detailed theoretical background to the research philosophy and approach employed may be found in Appendix A1.

3.2 Sustainability Performance and Future Focus

Sweden's total food production is responsible for 25% of the country's total GHG emissions, and Skånemejerier is well aware of its contribution to this statistic, and also of other environmental responsibilities [19]. It was one of the first companies in Sweden to receive environmental and quality certifications in 1997 which reveals the company's serious attitude toward environmental issues. The company hence is ambitious on managing its environmental impact and has also announced new environmental targets. By 2020, Skånemejerier aims to achieve 50% reduction in CO₂ emissions from production and 30% reduction in GHG emissions from transportation compared to 2010 values. More and detailed information about environmental performance of the company can be found in its annual environmental report.

Concerned also with the social aspect of sustainability, Skånemejerier shows an interest in increasing employee satisfaction, and providing an improved working environment. According to the HR manager, Fredrik Heidenholm, Skånemejerier attempts to create an atmosphere that encourages good performance, and a healthy working environment. Moreover, the study conducted by the daily newspaper Sydsvenskan reveals that Skånemejerier is one of the most attractive employers in Skåne region [18].

Besides employees, Skånemejerier aims to manage other stakeholders' engagement, too. According to Skånemejerier's CEO, Björn Sederblad, one of the company's main strengths is its strong engagement to its local environment. In its region of origin, Skåne, the consumers' commitment to the company is very strong. The CEO explains that consumers like Skånemejerier because the company is very innovative. For instance, it launches 15 new products every year according to consumers' preferences and develops innovations like traceability which allows consumers to be informed about the origins of the milk they are drinking. In addition, the company conducts some other local community engagement projects. For instance, Calvin, the mascot of Skånemejerier is one way of managing local community engagement, and several social programs have been promoted through Calvin, namely, the "Kalvin Walk" and the "Kalvin Football Academy". In addition, "The Calvin Club", Skånemejerier's children's club, founded in 1998, is a success story of Skånemejerier which continues to develop successfully. The Calvin Club's main goal is to direct children to healthy eating habits with a particular focus on young children's recreational activities and physical activity involvement. Today, it has more than 30.000 members, amounting to almost 35% of all Skåne Region's children between six and ten years [10]. Skånemejerier always aspires to sustain and enhance its sustainability performance by conducting new, innovative social and environmental projects.

3.3 Motivation for Sustainability Reporting

Skånemejerier's objective for sustainability is to fulfill all the requirements and expectations of its stakeholders. The company is in compliance with all governmental regulations regarding the three aspects of sustainability. Furthermore, the organization works hard to fulfill the non-mandatory requirements of its stakeholders other than the government. However, the company still has many opportunities to enhance its sustainability performance; for instance, the company could publish sustainability report besides its annual environmental report. After the execution of a sustainability report, the company would be able to utilize all the internal and external advantages of publishing a sustainability report. The interviews we have done show that most senior managers in the company are content with its general sustainability performance. On the other hand, the interviews also revealed that they are not happy with the level of awareness about sustainability and the level of communication between the departments. For instance, according to marketing manager Caroline Olsson, low awareness about sustainability is present amongst employees and workers within Skånemejerier. She believes that the main challenge lies in information communication. In order to communicate company's sustainability performance with different stakeholders, first the internal communication regarding sustainability should be improved. The CEO, Björn Sederblad, stated that Skånemejerier always has to do new things for the consumers to sustain the strong consumer engagement. In his opinion, communication with consumers is more prioritized than environmental issues and he expects to improve consumer engagement by sustainability reporting. In general, the interviews show that Skånemejerier's main motivation for sustainability reporting is to improve the relationship with the consumers and to manage better communication internally and externally besides improving current sustainability practices.

METHODOLOGY

The following chapter provides detailed explanations of methods applied for information research and data collection for both its dual purposes, internal and external. Furthermore, the chapter explains the possible obstacles and challenges in data collection as well as the level of data relevance, validity, reliability and credibility based on our own opinion and judgement.

4. Introduction to Methodology²

The research is designed in order to collect relevant data and information necessary for investigation on procedures and processes for conducting sustainability reports. This section provides descriptive information about different types of conducted interviews and questionnaires, their different purposes, along with strengths and weaknesses of collected data against the criteria of credibility, relevance, reliability and validity.

In the conducted research both secondary and primary data were collected applying the following methods:

- Secondary data is collected through self-conducted research/literature review on information about Sustainability Reporting in general and the Global Reporting Initiative (GRI) in particular. This includes an extensive look at the guiding GRI principles as well as the indicator protocol set suggested. Articles available on the online university library as well as other online sources were used, while some secondary documentary written materials were made available by the management of Skånemejerier, in the form of internal reports and contracts. The secondary data also includes the company's website and other companies' annual and sustainability reports.
- Primary data is collected through different types of interviews and questionnaires where the focus was put on gathering both qualitative and some quantitative data. In order to collect data in an effective and organized way, we found a solution in sampling our research into two main categories which we address as internal and external investigations. The category of internal investigation includes research conducted on Skånemejerier's performance with respect to the GRI guidelines and principles, through interviews and questionnaires with managers considered relevant by us for the sustainability reporting process. The category of external investigation is more concerned with different companies' performance with respect to conducting sustainability reports and the opinion of an auditing company conducting sustainability reporting assurance. Accordingly, for this category, research was conducted through benchmarking and an e-mail questionnaire with the assurer.

²A detailed theoretical background to the research philosophy and approach employed may be found in Appendix A1.

4.1 Methodology Applied for Internal Investigation

In the subsequent parts of this section a detailed descriptions of methods applied in internal investigation are identified. Furthermore, the section is divided into three groups according to the type of collected data and its purposes, where for each group interview details are presented and the collected data is criticized.

4.1.1 Research within Skånemejerier

Research within Skånemejerier was based on the face-to-face interviews and short e-mail questionnaires. In total 9 interviews were conducted between the April 13th and 24th May, with the CEO and 8 senior managers. The research within Skånemejerier is divided into 3 groups according to their different purposes, each comprising different concepts and duration.

The first two groups belong to two types of interviews; closed-fixed response interviews based on GRI Checklists, and open-ended semi-structured interviews with managers responsible for producing the annual and environmental reports. The third group consists of short open-ended e-mail questionnaire used for the purpose of getting an insight to Skånemejerier's employees' needs and expectations.

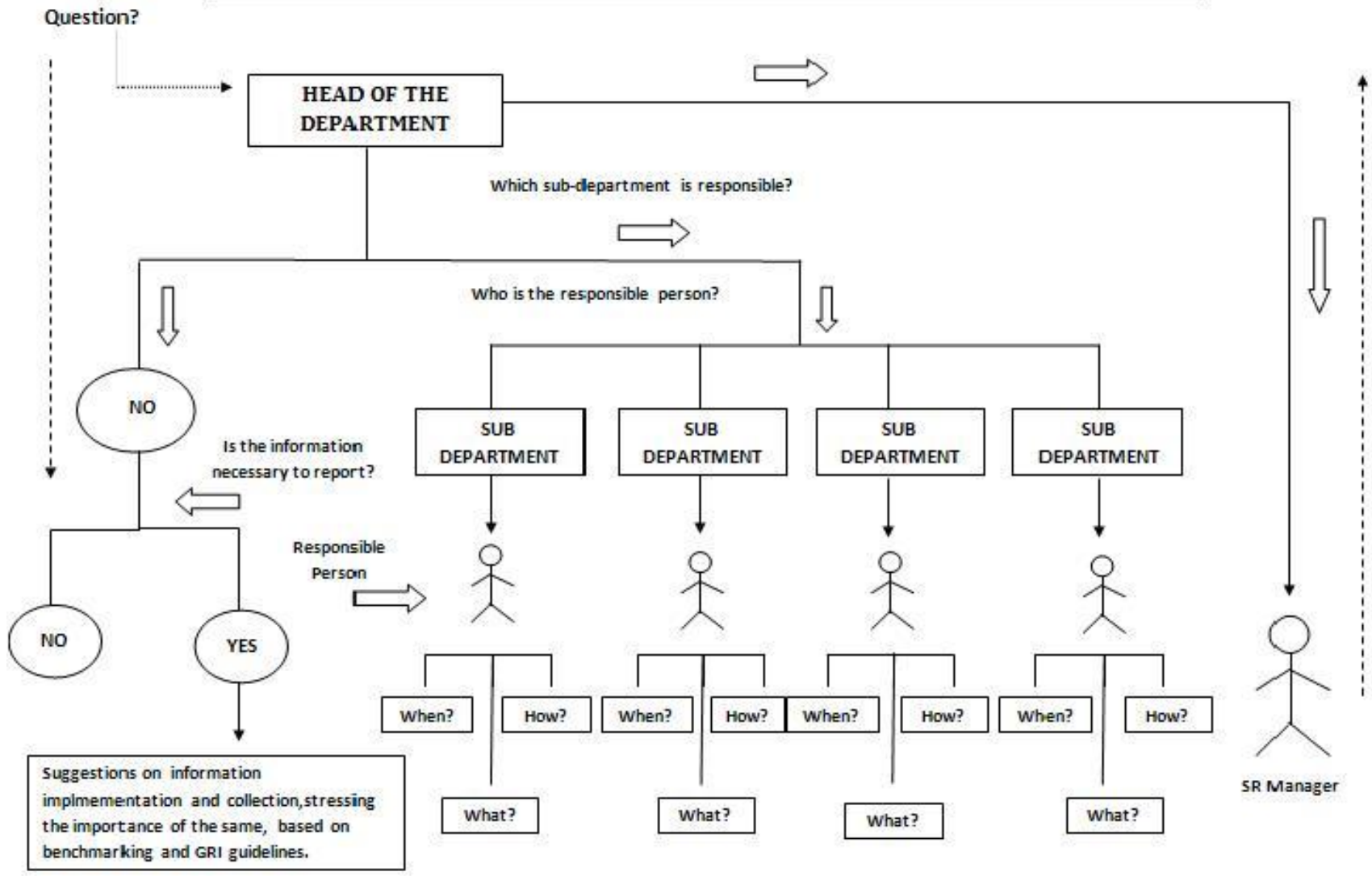
4.1.1.1 Group 1, GRI Checklists

The first group of research serves two purposes. The primary purpose was to collect both quantitative and qualitative data based on the GRI checklists developed. The aim of the interviews was to collect enough information to enable us to create a framework of information flow and processes that can be implemented within Skånemejerier. For this purpose, face-to-face interviews were conducted with the senior management. Embedded within these interviews were researcher-administered structured questionnaires in the form of checklists which helped identify

1. the availability of information,
2. the relevance of specific information (ranked from 0 to 2),
3. the frequency of information collection, and
4. a person responsible for specific information.

The data was collected and later analyzed according to the model that we developed, which follows:

Framework for Information Collection ---- Initial Model of Information Flow



Description of Framework for Information Collection

The framework presented above has two purposes. It serves as a tool for effective information collection and as a model for setting up information flow in a top-down process, starting from the head of the department and narrowing down to the responsible person.³

For the secondary purpose, of collecting managers' subjective opinion, within these interviews, an informal/conversational approach was employed. These may be classified as being semi-structured as a part of these interviews was non-standardized with varied relevance, order, and number of questions, for the exploratory study. The open ended questions hence provided the opportunity for exploring different subjects and opinions held by the interviewees

4.1.1.1 Interviews based on GRI Checklists

The interviews were conducted in the period between 13th April and 6th of May with the COO (Chief Operating Officer) of relevant departments. Since the GRI guidelines consist six sections, each with a number of key performance indicators, six corresponding checklists were developed and responsible departments were identified along with the relevant managers for the interviews. In total 6 interviews were conducted with managers we believed were most relevant for answering on the developed checklists. Since we already had the opportunity to conduct the interviews with the top management of Skånemejerier, we used this opportunity and devoted a certain time for informal-conversational interviews on the sustainability performance of Skånemejerier focusing on importance, challenges and benefits of sustainability reports from their perspective. Each interview was about two hours long of which the first hour and a half was devoted to collecting data required by GRI Checklists and the remaining half an hour to an informal conversation on sustainability reporting.

The conducted interviews are summarized in the following table with the total number of questions, KPIs, descriptions of the subjects investigated, the relevance for sustainability report, as well as the names of managers interviewed with dates of conducted interviews.

³ Detailed description of the frameworks can be found in Appendix A2 and A3.

The interviews were conducted with the following managers:

1. **Environmental Coordinator** - Fredrik Javensköld
2. **Chief Operating Officer of Administration Department** – Fredrik Heidenholm
3. **Chief Operating Officer of Marketing Department** – Caroline Olsson
4. **Financial Accounting Manager** – Annika Nilsson
5. **Head Officer of Purchase Department** – Thore Bengtsson
6. **Quality Manager** – Per Nilsson

For each manager the relevant checklist is identified and assigned in the following table.

No.	Checklist's Name	Number of Questions	Number of KPIs	Subject Description	Relevant for Sustainability Report	Relevant Manager for Interview	Date of the Interviews
1.	Environment (EN)	30	87	Compliance environmental regulation and protection and, measurement assessments.	Environmental Perspective	Fredrik Javensköld	13.04.2011
2.	Economic (EC)	9	34	Economic performance, market presence and indirect economic impact	Economic Perspective	Fredrik Heidenholm	15.04.2011
						Caroline Olsson	04.05.2011
						Annika Nilsson	05.05.2011
						Thore Bengtsson	06.05.2011
3.	Social (SO)	13	31	Impact assessments on local community, corruption and compliance with non- competitive behavior.	Social Perspective.	Fredrik Heidenholm	15.04.2011
						Caroline Olsson	04.05.2011
4.	Human Rights (HR)	11	38	Compliance with worldwide human rights declarations internally within organization and externally within suppliers and customers' network	Social Perspective	Fredrik Heidenholm	15.04.2011
						Thore Bengtsson	06.05.2011
5.	Labor Practices and Decent Work (LA)	15	47	Compliance with human rights declarations and labor regulations	Social Perspective	Fredrik Heidenholm	15.04.2011
6.	Product Responsibility (PR)	9	37	Customer health and safety, product and service labeling, marketing communication and customer privacy	Economic, Environmental and Social Perspective	Caroline Olsson	04.05.2011
						Per Nilsson	06.05.2011

Table No.1, GRI Checklists and Interviews with Top Management

4.1.1.1.2 Strengths and Weaknesses of Data Collected

The replies collected from conducted interviews are hard to evaluate and judge against the criteria of validity, relevance, reliability and credibility, majorly because the collected data is more qualitative than quantitative. This applies especially when discussing the validity of the data with respect to reliability and relevance. According to our opinion, the collected data is highly relevant as we managed to identify the most relevant managers for the purpose of our checklists capable of providing valid and relevant data for each subject.

The reliability and credibility however may be questionable, due to the existence of some exceptions that we came across during our research which violate these two criteria. These exceptions are related to cases where managers (due to the highly specific and detailed checklists) simply could not remember if they do or do not have access to particular data, or when they claimed that the required data was unavailable which was later discovered as available.

In addition, we believe that the reliability and credibility of data is in close correspondence with the level of managers' knowledge and awareness of the concepts and terms being investigated. During the research, we realized that the knowledge and awareness with respect to sustainability issues and concepts varied from manager to manager. Some managers were quite familiar with the terms and concepts which allowed us to communicate our purpose and requirements easily. In these cases collecting data was a smooth process. On the other hand the knowledge of some other managers was rudimentary which caused some difficulties in collecting required data as a certain amount of time had to be devoted first to explaining concepts and terms.

We also noticed that while some managers were very confident and comfortable with their tasks and responsibilities, they hardly knew what other managers within the organization had done or were doing with issues related to their particular departments and responsibilities. For example, the manager responsible for environmental issues is doing a reasonably good job with respect to these issues, but at the same time his interest and awareness of what marketing department (for example) had done or is doing regarding social issues is very low and vice versa. This gave us an impression that internal communication between different departments with respects to different aspects of sustainability concepts (environmental, social and economic) could be more efficient.

All in all, we cannot know how many exceptions as described above may exist with respect to our collected data or the level of the managers' understanding of the required information and due to the strict time constraint we were unable to further investigate the collected data with respect to the two criteria. Nevertheless, taking into account collected data as a whole, based on our judgment, we believe that our collected data is majorly credible and reliable and thus valid because our checklists are designed with straight-forward questions requiring specific answers, leaving no space for speculations and assumptions.

Half an hour of each interview was devoted to the secondary purpose of meetings of collecting qualitative data on manager's personal opinion on sustainability reporting and its importance and challenges, the summaries to which can be found in Appendix C. These were used to deepen our knowledge on challenges and obstacles in developing the model and processes for conducting sustainability report.

4.1.1.2 Group 2, Current Reporting Processes

The purpose of the second group of interviews was to gain knowledge about data organization and practices applied in conducting the annual and environmental reports. These interviews comprised 7 semi-structured and open ended questions related to processes, workflow of information, frequencies, responsibilities and potential challenges that can be identified in the process of developing such a report, as well as solutions and/or suggestions to overcome these challenges.

4.1.1.2.1 Annual and Environmental Report Interviews

Since Skånemejerier is already conducting annual and environmental reports for governmental or other purposes, we saw an opportunity in conducting interviews with managers responsible for collecting and compiling information into well-organized and well-presented reports. We conducted two interviews:

1. **Environmental Coordinator**, Fredrik Javensköld, who is responsible for collecting information from relevant departments and then compiling and organizing it for publishing an environmental report. The replies from the manager were very valuable and relevant for our further work. We managed to develop a chart of information flow and identify challenges that exist within the organization when conducting the environmental report.

2. **Public Relations Manager**, Birgitta Hultberg Olsson, who is responsible for conducting the annual report and was of even greater value to us, since the scope of information necessary for this type of reports is much wider than that for the environmental report. There were some difficulties in setting up the interview with the PR Manager due to her high workload and busy schedule, but since the processes and organization of data collection of the annual report would be of great value to our further investigation we were pretty consistent. Results from conducted interview are highly relevant to our processes especially when identifying potential obstacles and challenge within the organization. .

The conducted interviews provided information about the processes that already exist within the organization which assisted us when developing and creating a system for sustainability reporting processes.

4.1.1.3 Group3, Motivation for Sustainability Reporting

A third group of self-administered email questionnaires was used to gain knowledge about the personal opinion of the remaining top managers within organization, including CEO, about sustainability and sustainability reporting. The purpose of these questionnaires was to get an insight to organizational motivation for sustainability and to identify the drivers of sustainability reporting from different perspectives. The questions were related to the managers' personal opinion on what benefit do they see from conducting such reports and how these managers with their departments can contribute to increase the efficiency and quality of the report.

4.1.1.3.1 E-mail questionnaires

These questionnaires consisted of three very easy open-ended questions strictly related to the managers' personal opinion about asked topics. Ten responses were collected; eight of them through abovementioned interviews (section 4.1.1.1) and two through e-mail questionnaire. The collected answers were relevant to asked questions and we took them into consideration when developing a framework for data collection as well as for further recommendations.

4.2 Methodology Applied for External Investigation

The following section describes the methods applied for external investigation which is further organized into research conducted on benchmarking and an interview with an auditing company (assurer of several companies' sustainability reports). The section provides detailed information about conducted research along with identified obstacles and challenges faced with methods used for data collection.

4.2.1 Benchmarking

Benchmarking is based on self-administered open-ended e-mail questionnaires which were used for collecting information from other companies on their management practices applied in sustainability reporting processes, their experiences, the challenges faced, recommendations, and other insights they had to offer. Ten companies were contacted, and e-mail questionnaires sent consisting of 10 to 15 open-ended questions, from which four replies were received.

4.2.1.1 Obstacles and Challenges

In our external research we faced many obstacles and challenges. The initial plan for benchmarking was to conduct interviews with companies operating within the same or relevant industries. Part of the plan was to identify at least 10 companies located in Sweden and conduct (if possible) interviews with relevant managers responsible for conducting sustainability reports, but unfortunately, the plan had to be modified due to time constraints and other obstacles. The major change in the research plan hence was to merge our collected replies with ones collected last year by students working on the same subject [15], and then conduct analysis.

Our first obstacle was that only a few companies operating within the same or relevant industries that are conducting sustainability reports. The problem was either that most of the selected companies were in the same situation as Skånemejerier (conducting annual and environmental reports but not sustainability report) or that all available information was in Swedish language which we found very difficult to navigate ourselves, since none of us is familiar with the Swedish language. Consequently, we had to broaden our scope and first to identify companies that are producing sustainability reports regardless of industries, as we believed that procedures and processes with slight modifications would be applicable to different companies operating in different industries.

After changing the scope of our research, we identified the final sample of 10 companies producing sustainability reports regardless of their industry or size, but we still found it necessary to keep the research's scope within Sweden. When contacting companies we came across another obstacle of identifying responsible person for conducting the sustainability report, since it seemed that some of the companies themselves did not know who the responsible person was.

The final obstacle was the low number of replies received, for which we believe the main reason was the very demanding nature of questionnaires, to answer which a certain period of time and level of knowledge was required. However we saw no different approach in conducting those questionnaires since the needed information relevant to our research can be hardly put in closed, fixed-response questionnaires due to the broad and wide scope of required information necessary to satisfy the aim and purpose of research.

4.2.2 Interview with Auditing Company

A self-administered email questionnaire was sent to the assurer, PricewaterhouseCoopers, to obtain an opinion on the best practices and best structure for the sustainability report in order to get an assurance (plus rating) according to the GRI, and to seek other recommendations.

The initial plan was to conduct a face-to-face interview with the representative of PricewaterhouseCoopers (PwC) auditing company Fredrik Ljungdahl, but due to the time constraint from both sides we decided to conduct an e-mail questionnaire consisting of 7 open-ended questions for which we received a highly relevant, qualitative and detailed reply.

4.3 Criticism of Methodology Employed

As explained above, during our research process, we came across many obstacles and challenges in both internal and external investigations. Due to the very broad scope of research and thus data collected, we found it more practical to evaluate data against validity, reliability, credibility and relevance for each research separately which have been explained in the previous sections. However, here we want to summarize the quality of all data collected against the criteria of reliability, generalizability and ethical consideration, stressing the challenges in data collection and the solutions applied to overcome those challenges supported by the relevant theories.

- Reliability: The open-ended questions in the interviews with the senior management may be subject to participant bias, as their knowledge of sustainability was limited, and as pointed out by Saunders [17] that sometimes interviewees may be saying what their bosses want them to say. As a result the qualitative non-standardized research is not intended to be repeatable. Some interviewer bias with respect to the analysis of their opinions may also exist, although for most of the interviews there were three interviewers as part of the team. An attempt was made to ensure that the questions were phrased clearly, so that the interviewee could understand them and a neutral tone of voice was used. The interviews were not recorded but notes were taken during the interview by at least two observers to ensure a comparison of the answers in order to reduce interviewer bias.

For email questionnaires to other companies and the assurer, although the response rate was not as high as some other research methods, but the likelihood of contamination or distortion of respondent's answer was very low, which improved the reliability of the questionnaire.

- Generalizability: The purpose of the study is not to produce a theory that is generalizable to all population, since it is a case study of just one dairy company. We believe however that the framework developed through our research and our recommendations may be constructively used as guidelines in companies of similar size and structure within any industry to reap some benefits when it comes to designing processes for sustainability reporting for the first time.
- Ethical Considerations: Research ethics guide the research methodology to ensure its design to be morally defensible. The participants (interviewees) were pre-informed about the topic of discussion and sometimes the questions for the interviews were sent beforehand. Their informed consent led to successful interviews, while all through the process no harm to their privacy was intended. No personal data was inquired which needed to be legally protected.

Nevertheless, taking into the consideration all factors in data collection from both internal and external purposes, we believe that data is as reliable and valid as possible, which is considered to be enough to conduct further necessary analysis and make conclusions, which are enclosed in the following chapter.

ANALYSIS

The following chapter provides a thorough analysis on collected data from both internal and external investigations. Further on, the chapter discusses the main findings from data analysis and how they have contributed to the solution of the case study.

5. Analysis

This chapter provides a graphical and descriptive analysis of data collected through both internal and external research. The analysis is accordingly presented, first for internal research (for each group of data collection method) and later for conducted benchmarking. Furthermore, the main findings are summarized for each category individually along with their contributions and benefits for the proposed solution.

5.1 Analysis of the GRI Checklists for Skånemejerier⁴

The research was designed to examine the level of available information within Skånemejerier relevant to sustainability related issues required by the GRI Guidelines to be included in sustainability reports. The main aim of this research was to determine:

- the relevant departments,
- the total number of employees to be involved,
- the frequency of data collection, internally within departments, and
- externally to the sustainability manager(s), and
- the definition of responsibilities.

After determining the above a solution for procedures, processes and data collection for the purpose of conducting sustainability report was aimed to be delivered.

The second purpose of the conducted research was to identify already existing processes within Skånemejerier, their challenges and obstacles as well as to gain knowledge how they can be useful for setting up the final framework for sustainability report. We conclude our chapter by providing analysis on benchmarking aiming to improve and make the framework as efficient and effective as it can be.

⁴ GRI checklists with detailed answers can be found in Appendix B

5.1.1 Indicator Protocol Set, Environment (EN)

The environmental checklist consisted of 30 questions with 87 key performance indicators related to environmental issues.

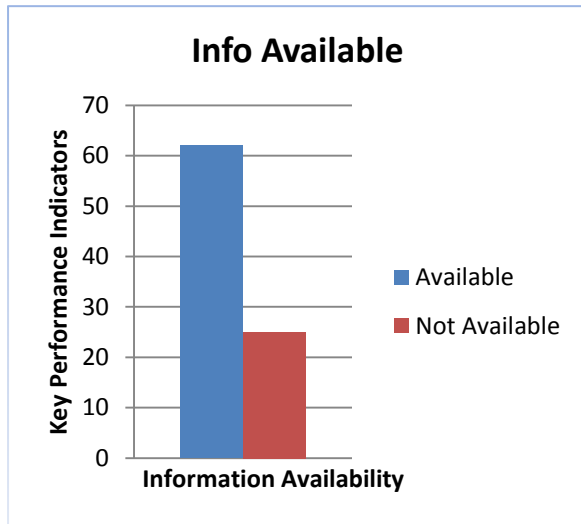


Chart No. 1.1

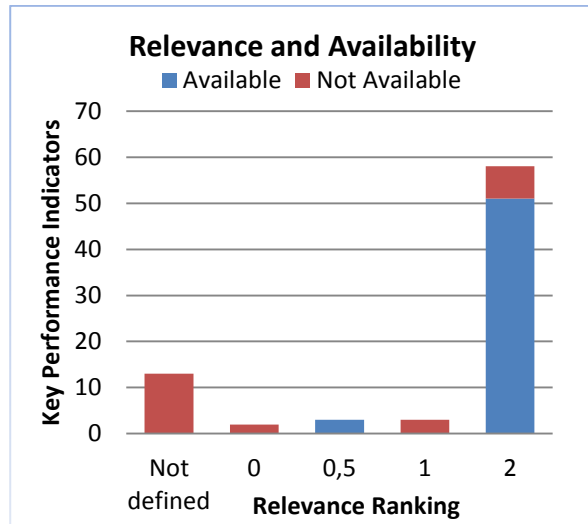


Chart No. 2.1

Chart No.1.1 named as “Info Available” represents the availability of information of the 87 indicators from the environmental checklist, where the x-axis represent the number of available or non-available indicators while y-axis represent the total number of indicators. Out of 87 indicators, 62 are considered available which make 71.26 % of total required information by the GRI Key Performance Indicators of both core and additional values. On the other hand, 25 out of the 87 are considered as unavailable in terms of required information creating 28,74% of unavailable data. The reason for unavailable data was either its low relevance to the company, as defined by the interviewed manager, or Skånemejerier’s inability to produce and collect that data.

Chart No.2.1 named as “Relevance and Availability” is a graphical presentation of two parameters integrated together. Since availability and the level of relevance based on manager’s personal knowledge and opinion are closely related, we decided to merge these two parameters together. This way it is easier to identify the level of relevance of unavailable information hence indicating its importance for sustainability report by particular manager. The X-axis represents the ranking values from 0 to 2, where 0 represents the least relevant indicators while 2 represents the highly relevant indicators. The y-axis represents the total number of indicators. A high portion of information according to Environmental Coordinator is considered to be highly relevant (ranked as 2) as can be observed from the chart presented above. In the category of

highly relevant data, 51 indicators are considered as available while 7 are considered as unavailable amounting in total to 66,67% of highly rated indicators. The next biggest portion of indicators is not ranked because the manager himself is hardly familiar with certain topics, like biodiversity thus, he considers himself as unqualified to rank relevance and importance. The third group of indicators is ranked as 1 amounting to 12, 64 % of the total indicators where information on 7 of them is available while 3 are unknown. Fourth and fifth group of indicators are considered as zero relevance for which data do not exist and for one ranked as 0.5 relevance available data exists.

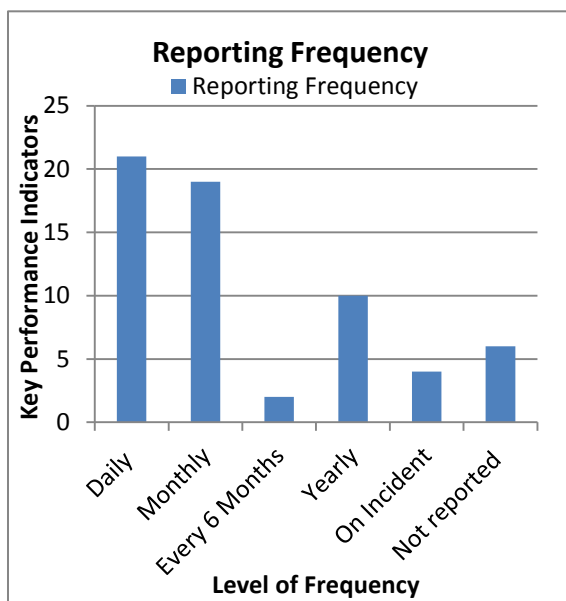
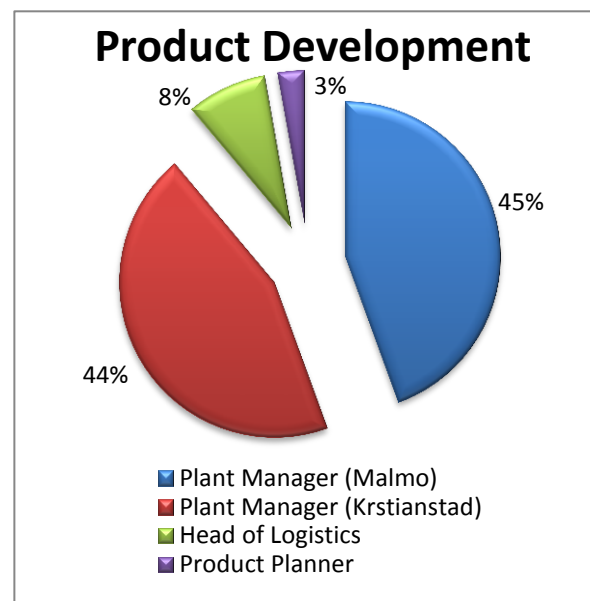


Chart No. 3.1



Pie Diagram No. 1.1

Chart No.3.1 represents the frequency of reported information on available indicators, where it can be observed that most of information are generated and stored on daily basis, followed by monthly and yearly frequencies. A very few of them are reported every 6 months, followed by the last two categories referring to data that is available within the company but has never been requested, labeled on the chart as “Not reported” and data generated when a certain incidence happens, labeled as “On incident”.

The responsible department for all key performance indicators from the environmental checklist is considered to be the product development department. As the pie diagram No.1.1 shows, within the product development department certain sub-departments are relevant for generating the data required by the specific indicators, Plant Managers from Malmo and Kristianstad are considered responsible for 45% of total information, while for 8% of required data the head of the Logistics Department is considered responsible and the remaining 3% falls

under the responsibility of the Product Planner. In total there should be 7 managers responsible for conducting, collecting and forwarding environmental related information within the department.

5.1.2 Indicator Protocol Set, Economic (EC)

The economic checklist consisted of 9 questions covering data on 34 key performance indicators relevant to sustainability reporting from an economic perspective.

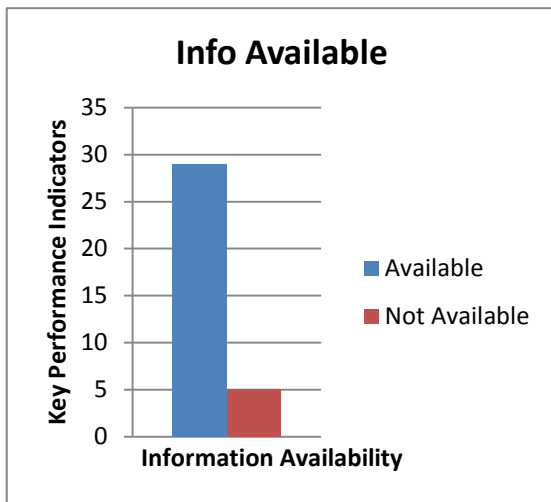


Chart No 1.2

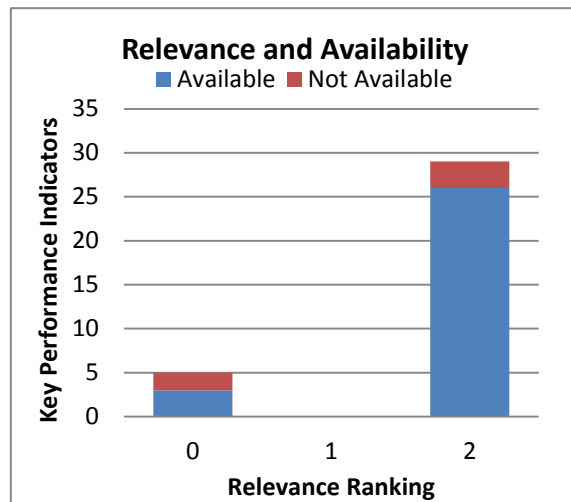


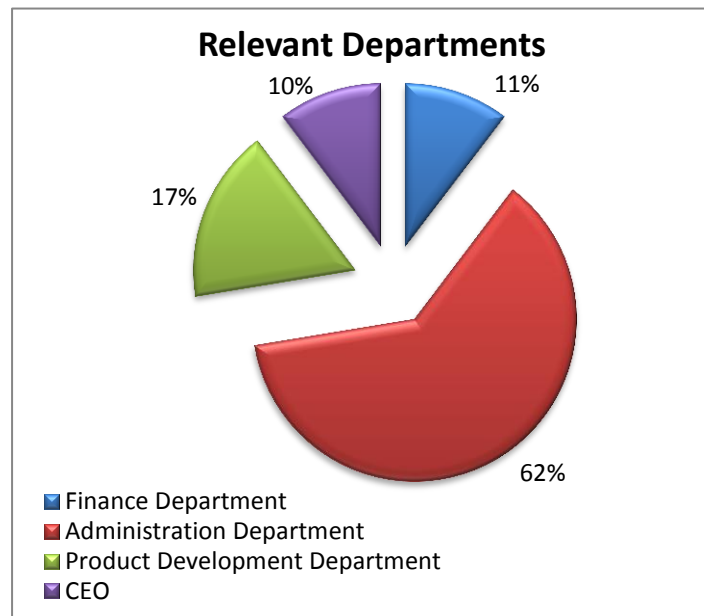
Chart No 2.2

As it can be observed from the chart on the left, most of the data required by the economic checklist is considered to be available amounting to 85,29%, while only 14,71% is considered as unavailable. When evaluating our data against relevance, we can see on Chart No.2.2 that all of the data is categorized either as least or highly relevant where the percentage of available data is equal to 85,29 % with 3 unavailable indicators. Second category of the non-relevant data takes 14,71%, with information available on 3 indicators.

In this case the reporting frequency is quite simple. It is collected either annually or occasionally, where 16 out of 29 indicators are reported annually for the purpose of annual report while the remaining 13 are reported if considered necessary.

The responsible departments for generating and collecting data from economic checklist are considered to be the finance department from which 11% of data is generated for future use, then the administration department from which 62% of data is generated. The product development department is considered to be responsible for 17% while the remaining 10% of data collected from the economic checklist should come directly from the CEO. As the pie diagram below shows, the data on key performance indicators is far more spread out as

compared to that from the environmental checklists. The total number of managers to be involved in data collection process is equal to 10 all from different levels and from different departments.



Pie Diagram No. 1.2

5.1.3 Indicator Protocol Set, Society (SO)

The society checklist comprised 13 questions inquiring on 31 indicators for the social perspective of sustainability reporting.

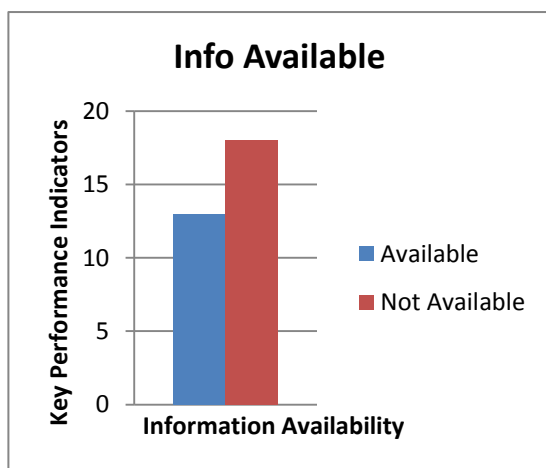


Chart No.1.3

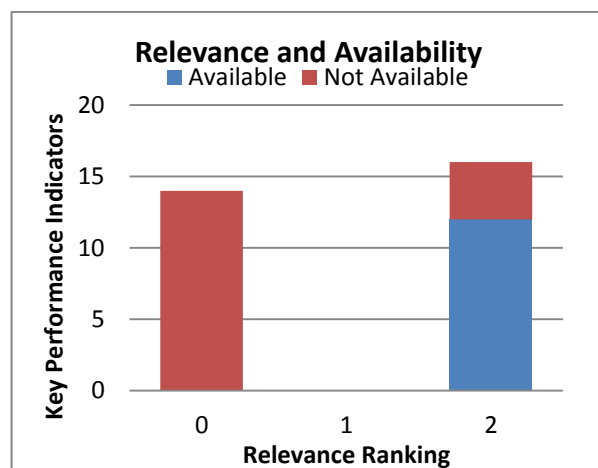


Chart No. 2.3

Contrary to other checklists, we can see that the data on social related KPIs is largely missing. The 58,06 % of data is considered as unavailable while 41,93% is considered available. The main reasons of highly missing data as compared to other checklists as we identified, are the managers and organizations ethics and cultural beliefs. For example, research on corruption related KPIs is considered to be irrelevant by the company’s management and thus unnecessary to be investigated. This can be also considered as reason for the findings when the two parameters of availability and relevance are compared, where a high amount of unavailable data is also considered irrelevant. Worth mentioning is also the result that only 22 % of total missing data is considered relevant according to the interviewed manager.

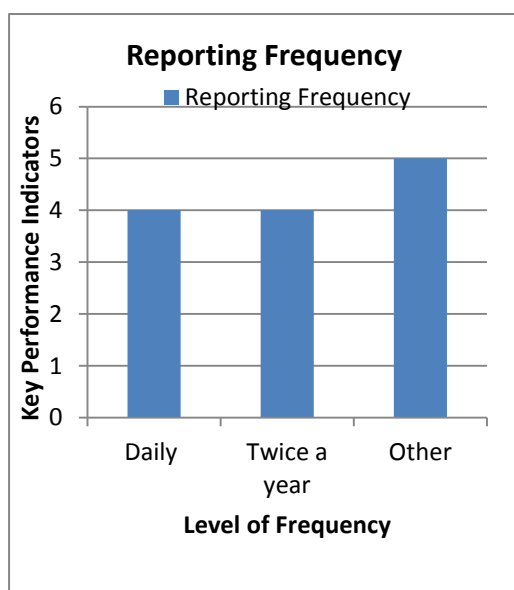
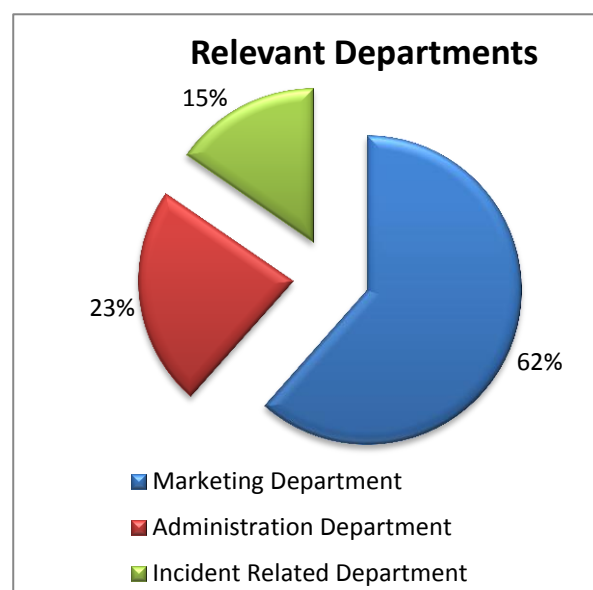


Chart No. 3.2



Pie Diagram No. 1.3

As the Chart No.3.2 shows, most of the data is generated and prepared for future use either on daily basis or twice a year. This data is mostly related to information on consumers’ feedback through websites or phone calls or to information generated from impact assessments and/or engagement in public policy making. The remaining data is generated either when particular incident happen or when program for social community engagement is developed, labeled on the chart as “Other”.

The responsible departments for generating information on KPIs from the social checklist are considered to be the marketing department from which 62% of data is generated, collected and prepared for future use, the administration department from which 23% of data is generated and the category of “Incident Related Department” includes 15% of data for which a certain event has to occur first (complain, violation and etc.) in order to identify the responsible

department. The total number of managers to be involved in data processes is 8, coming from different levels within different departments.

5.1.4 Indicator Protocol Set, Human Rights (HR)

The human rights checklist consisted of 11 questions with a total number of 38 indicators relevant to human rights declaration, internally with organization, and externally with the organization’s supplier and customer network.

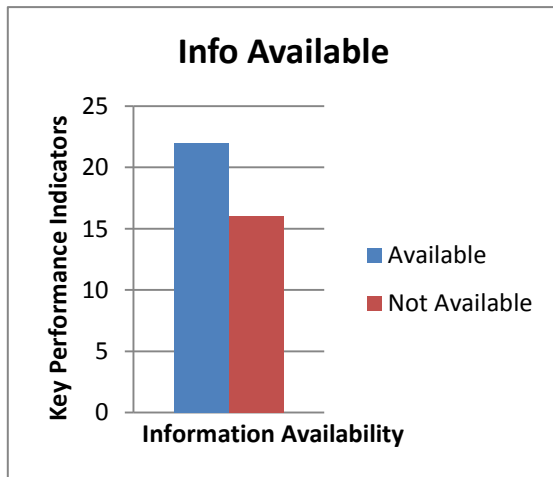
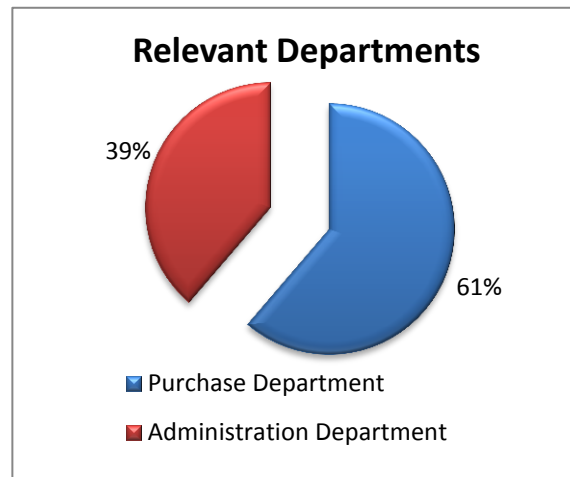


Chart No. 1.4



Pie Diagram No. 1.4

As it can be observed from the Chart No.1.4 (on the left) the amount of available and unavailable data is 57,89% and 42,10% of the total data respectively. As far as data relevance is considered, we concluded that our two parameters of availability and relevance are in close correspondence. All of available data is considered highly relevant while all of unavailable data is considered as irrelevant, which implies that unavailable data in this case is also considered as unnecessary from the company’s point of view.

All indicators in this checklist are related, as its name suggests, to compliance with human rights policies internally within the company and externally with its supplier and customer network. The frequency of the data generated is fairly simple. All the indicators belong to three timeframes, where 19 of them (86.36%) are generated either every third year (depending on importance of particular supplier or a level of necessity) or every time when new supplier is contracted. A similar frequency holds for the remaining 9 indicators which are estimated internally within the company (when particular incident occurs) and externally within the company’s network (every third year or for a new supplier).

Two departments are responsible for generating information on KPIs from the human rights checklist. As can be seen from the pie diagram No.1.4 (on the right) 61% of the data is produced

by the purchase department while 39% of data is generated, collected and prepared for future use from the administration department. The total number of managers to be involved in data process is 4 all coming from different levels and from different departments.

5.1.5 Indicator Protocol Set, Labor Practices and Decent Work (LA)

The labor practices and decent work checklist is composed of 15 questions with a total number of 57 indicators relevant to compliance with human rights declarations and labor regulations.

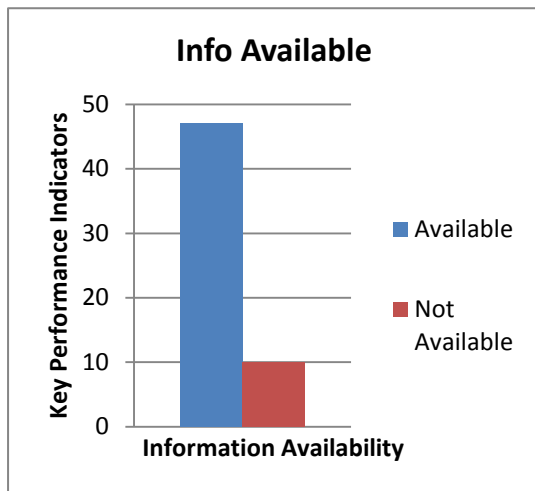


Chart No. 1.5

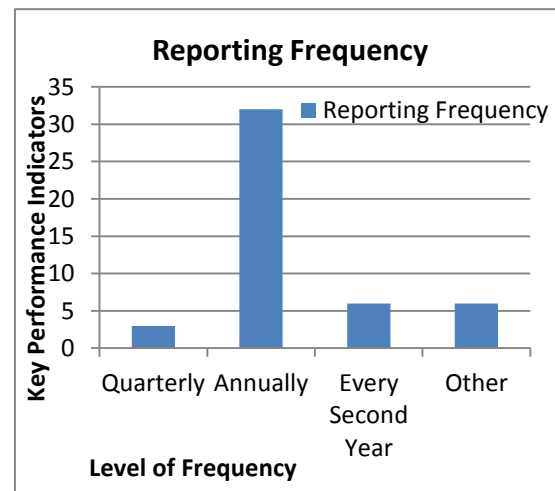


Chart No.3.3.

As it can be observed from the chart above on “Info Available”, information on 47 out of 57 required KPIs by the labor practices and decent work checklist is available within the company which gives 82,45 % availability of data with only 17, 54 % of unavailable data. By now, this checklist gives the best result in terms of data availability, mostly due to the already existing regulatory requirements by the government which all companies need to follow and keep data. The relation between availability and relevance is similar to the case described in the human rights checklist where these two parameters again correspond and the available data is considered highly relevant while the unavailable data is ranked either as 0 or 1 for relevance.

When it comes to frequency by which data is generated for future use, it can be concluded as depicted in the chart above (on the right), that most of the data is produced annually (68,08%), while 8,51 % is conducted quarterly, 12,76 % every second year and the same percentage holds for the data produced when particular incident occurs (violation of Human Rights Declaration or other) or when considered necessary which is labeled on chart as “Other”.

Since the entire checklist is devoted to compliance with Human Rights Declaration and Workers’ Rights and Unions, all available data is generated and produced by the administration

department. The responsible manager in this case is considered to be the HR Manager who should report to the COO of the administration department, where in this case both job positions belong to the same manager, hence the total number of responsible managers is one.

5.1.6 Indicator Protocol Set, Product Responsibility (PR)

The product responsibility checklist consists of 9 questions with a total number of 34 indicators, relevant to customer health and safety, product and service labeling, marketing communication and customer privacy.



Chart No. 1.6

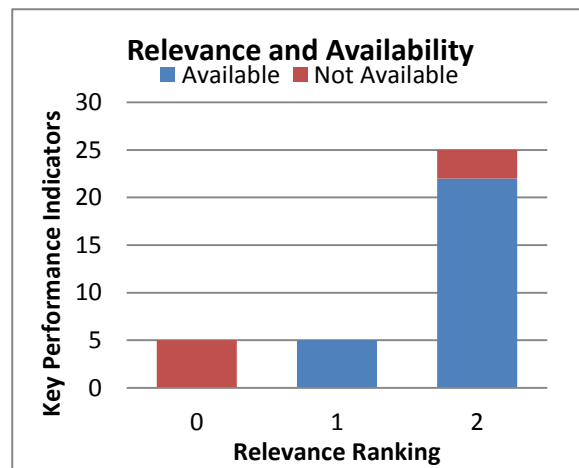


Chart No. 2.4

An analysis of the product responsibilities checklist shows that, 79,41% of all data is available either from the product development or marketing department, while the remaining 20,58% is considered unavailable and is ranked as zero or one on the relevance-to-report scale. From all the data ranked as 2 for relevance, 81,48 % of data is considered available while the rest is considered unavailable but still relevant and necessary to be generated.

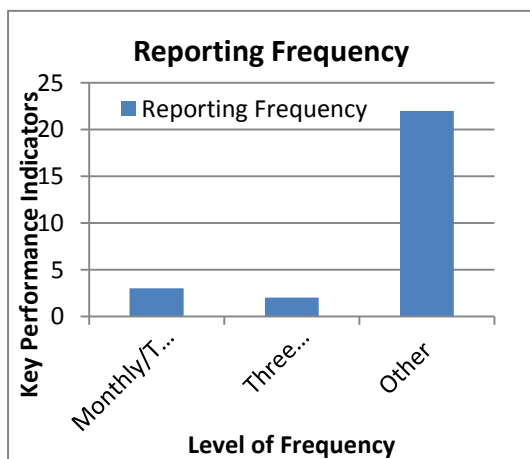
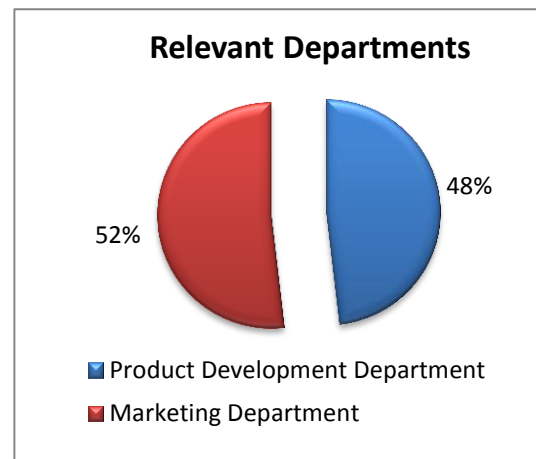


Chart No. 3.4



Pie Diagram No. 1.5

Since this checklist deals mostly with compliance with certain regulations and declarations when developing a certain product, most of the data is generated on incident or when considered necessary. The remaining data is either generated three times a year or for the same set of indicators monthly and more thoroughly twice a year.

The responsible departments in this case are considered to be the product development department. The indicators related to the product development processes amount to 48%, while the marketing department holds 52% of the total responsibility, for communicating information on product packages and relevant issues. The total number of managers to be involved in data processes is 4, from different levels and from these two departments.

5.1.7 Summary of Checklists' Analysis

In the research conducted on the GRI Checklists, 87 questions were investigated. The conducted research collected data on 281 KPIs with respect to availability, relevance, frequency and responsibilities for each KPI. The outcomes of collected data have been successfully used in identifying the relevant departments for the sustainability reporting process, the total number of employees to be involved, the level of available data, its reporting frequency, and relevance as identified by each interviewed manager.

The analysis has revealed that 6 departments are relevant for the reporting process and within each department the specific managers and employees to be involved in the process are identified, amounting to a total of 22 employees. Out of the 281 KPIs investigated, 199 have available data, resulting in 72,99% of total availability of required data. Finally a summary of data relevance and frequency is enclosed in the following tables.

No.	Relevance	Available	Unavailable
1.	Not Defined	0	13
2.	0	3	47
3.	0.5	3	0
4.	1	13	5
5.	2	180	17
TOTAL:		199	82

Table No. 2 Data Relevance

Based on the above table, 90,45 % of all available data is considered to be highly relevant for the company's sustainability report. On the other hand 73,17% of all unavailable data is considered irrelevant. We can see that these two parameters are in positive correspondence which implies that as long as the company considers particular KPIs relevant, the data will be generated and

collected, otherwise it would not. From these findings a clear conclusion can be made that data availability is strongly dependent on data relevance identified by company’s managers and thus by the company itself. Other figures in the table are not so significant for this discussion; they are further used for re-evaluating data relevance for each KPI separately.

No.	Frequency	KPIs	No.	Frequency	KPIs
1.	Daily	25	6.	Annually	58
2.	Monthly	22	7.	Every Second Year	6
3.	Quarterly	3	8.	On Incident	4
4.	3 Times a Year	2	9.	Other	74
5.	Twice a Year	9	10.	Not Reported	6

Table No.3, Data Frequency

This table shows all the frequency of investigated KPIs within the departments. The highest frequency refers to the category “Other” which consists of the KPIs for which a certain incident needs to occur for data to be generated or those for which data is generated when considered necessary. For such data, the frequency cannot be known or estimated. Most data is collected annually, for the annual report, followed by collection on daily basis for regular measurements of primarily environmental indicators.

Combining all findings together we managed to develop a framework for processes and procedures of data collection for sustainability reporting with all its necessary elements. As a result of the conducted analysis the required information flow for sustainability reporting is identified (from the least to the most responsible person), along with relevant data and reporting frequency within departments and to the sustainability manager(s).

Detailed description and graphical presentation of developed framework follows in the next chapter.

5.2 Current Reporting Processes

This section discusses currently existing environmental and annual reporting processes within Skånemejerier, with an aim to highlight their weaknesses, and to provide us with an overview of potential obstacles to building a framework for sustainability reporting. From the conducted interviews with relevant managers we realized that the preparation of both annual and environmental reports faces many challenges and requires certain resources in terms of time, data collection and responsible personnel.

5.2.1 Environmental Reporting Processes

For the environmental report, Fredrik Javensköld, the Environmental Coordinator, is the responsible employee. Currently Skånemejerier produces two environmental reports, one each for Kristianstad and Malmo dairy plants. These are produced biannually for internal use, and are externally submitted to the Swedish governmental authorities once every year. Different personnel communicate the relevant information mostly on a regular basis to the environmental coordinator. No central database for this collection currently exists, thus this communication is done majorly via email in the form of Microsoft Excel spreadsheets.

Apart from the two reports an Environmental Brochure is also printed (first time in 2011) with the aim to communicate internally the environmental efforts put in by the company. This brochure is written using layman terms and is more descriptive and readable than quantitative, and explains the environmental vision of the company, environmental efforts put in each step of the dairy process, the targets achieved, new targets, climate certifications and awards received. It is an effort by the Environmental Coordinator to increase environmental awareness among the employees. For the environmental reports explained above we have developed the possible framework for information collection and flow including all parameters identified from the conducted interview (see Appendix J).

5.2.2 Annual Reporting Processes

The Public Relations Manager, Birgitta Hultberg Olsson, and two other colleagues are responsible for the annual report. They conduct interviews or phone calls with relevant employees to get information which can be shared in the annual report. Basically, the employees decide the material of the report because they provide the raw information, while the PR Manager is the person who shapes that information to share in the report. The interviews and other preparations take approximately six months to complete. The possible framework for information collection is presented in Appendix I.

From the conducted interview with PR Manager many challenges in the process of creating the annual report have been discovered. First of all, most employees are not aware of the importance of an annual report, thus they do not give high quality information for the report. Moreover, the employees, especially the ones in marketing department, are not willing to share detailed information because they do not want their rivals to know too much about their performance. In addition, most employees are either not interested in writing or have poor writing skills. However, some employees are good in writing and they are able to write well to communicate their information.

Another important issue is the employees who are responsible for the annual report do not have the same interest when they are asking questions to employees. For instance, the PR Manager in this case Mrs. Hultberg Olsson, is more interested in figures more than general information while her colleagues may not share the same interest.

Based on the conducted interviews we learn that many obstacles and challenges already exist within the processes of conducting the above mentioned reports. We have considered the developed frameworks of both reports as useful for developing and creating the procedures and processes for conducting sustainability reports and have also tried to incorporate already existing processes for data collection and flow into our framework.

We have identified many challenges related to employees' writing skills, interests, awareness, and communication which are all issues worth considering when conducting sustainability reports.

As a result, the work flow, weaknesses and strengths of these two reports must be investigated and necessary lessons be extracted from them.

5.3 Benchmarking⁵

The research is designed to investigate challenges, processes, organization of data, and benefits related to the sustainability reporting process from different companies. Due to the challenges and obstacles in our research, which restricted us from conducting a full investigation through benchmarking, we decided to combine our study with the research done on benchmarking last year by students working on the same subject of Sustainability Reporting [16].

Last year's research was conducted in the period between March to May 2010 on 21 companies of which 10 were Western European and American, and 11 were Nordic, all with different sizes, locations and business sectors. The methods for research were a combination of online, phone and personal interviews where 14 were online surveys, 6 phone interviews and 1 in-person interview. In our case we have conducted 4 online surveys with companies located in Sweden of different sizes and business sectors. In total the following analysis is based on combined research conducted on 24 different companies.⁶

⁵The data used for analysis of benchmarking is partly taken from Sustainability Reporting Masters Thesis from the same program last year (2010) [16]

⁶ The total number of investigated companies should be 25, but as both researches (last and this year's) included H&M, to avoid unnecessary overlapping, we have excluded last year's reply from H&M.

5.3.1 Main Challenges in Sustainability Reporting

One of the aims of our research was to identify challenges related to conducted sustainability reports faced by the companies. All of the participants were asked about the challenges they faced when they issued a sustainability report for the first time. Based on the collected data and information we discovered that the most common challenges are as presented in the following chart.

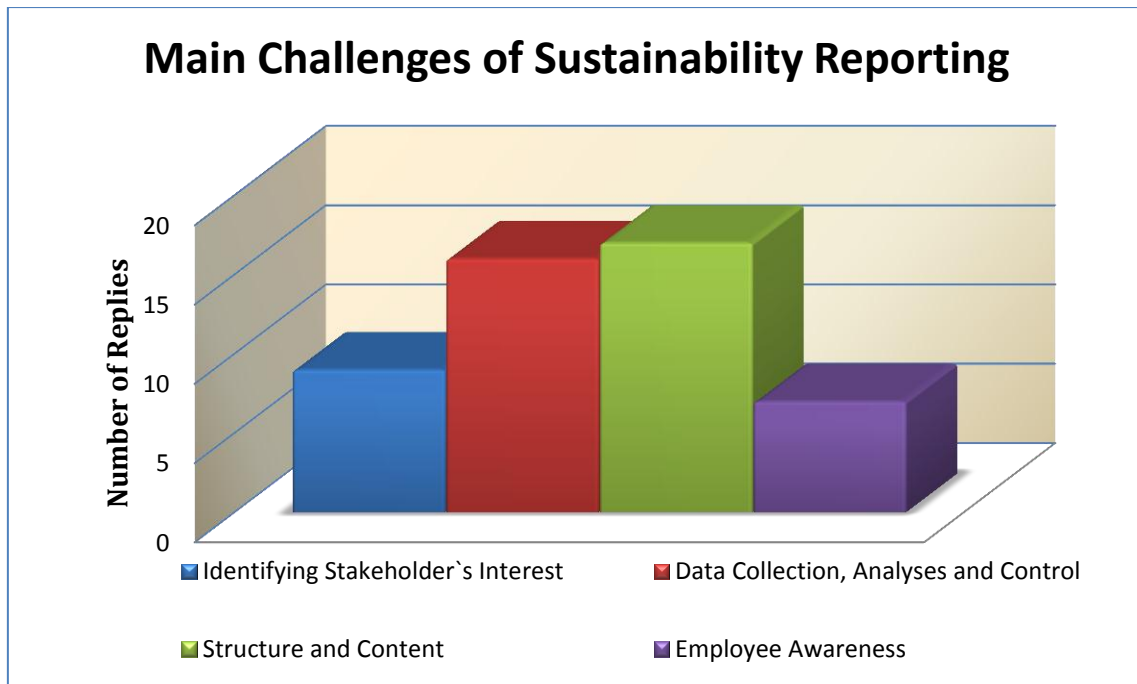


Chart No. 4

Through our research and collected replies from both (last [16] and this year's) investigations, four main challenges are identified. As can be observed from the chart above, the most common challenges faced by companies when conducting their first sustainability report, and even after, are the development and creation of the structure of the report, and identification of the content of information to be included in the sustainability report. 17 out of 23 investigated companies stated that the most common challenge lies in deciding on the relevance of data. More specifically, the respondents from both last and this year's research indicated difficulties in balancing the report by selecting both data and structure that would allow them to create a consistent, credible and comprehensive report meeting the needs of all stakeholders.

The next major challenge refers to data collection and its further analysis for sustainability reports. From the replies received, we realize that this is one of the most persistent challenges in conducting sustainability reports. In addition, previous analysis concluded that in spite of all differences between participated companies, the problem of data collection, analysis and

particularly the quality assurance of collected data takes place in all investigated companies, most probably due to the continuous changes in information required on environmental issues or the companies' ambitions.

The third category of identified challenges belongs to the difficulty in meeting the needs and expectations of all stakeholders. Interesting in this category is that all of the 9 companies that have pointed out stakeholders' needs and expectation as a challenge also are facing the problem of defining the report content despite the fact that they have been conducting the sustainability reports for quite some time. Since last year's finding was not credible and reliable enough to draw any conclusion and our sample is too narrow for analysis, this category will remain open for individual interpretation.

The last discovered challenge was faced by 7 companies and is related to the employees' awareness about sustainability related concepts, terms and issues. The respondent's indicated that when conducting the first sustainability report a major challenge they faced was related to employees' limited knowledge about and awareness of sustainability principles and concepts. More specifically, they indicated that not only did they face difficulties in tracing and collecting data from their employees, but that they initially had to explain to their employees the content, which made the process more complex and time-consuming. Some of the respondents also added that an increased awareness and knowledge of employees about the abovementioned issues led to a better quality of report, which brings us to the conclusion that even though employee awareness is considered the least commonly-faced challenge, it could have a significant influence on the quality of sustainability reporting.

5.3.2 Reporting Organization

The organization of data collection, workflow and the number of involved employees is somewhat unique for every company depending on the company's available resources, previous experience, size, organizational structures and ambitions. Driven by our own study and supported by the previous year's, we believe that there is no single pattern or procedure universally implemented and followed by companies. In fact each company has developed and identified its own approach to producing sustainability reports which is most efficient and effective for the company's already existing conditions.

Some companies like SCA and H&M, have established a separate department that deals with sustainability related issues within the company, including the development of sustainability reports and management of all its features and challenges. On the other hand, some other companies consider establishing departments for sustainability related issues as unnecessary

stating on the contrary that for credible and quality sustainability reports all employees should be involved in its development. Referring to this, throughout our research, we found it difficult to identify the number of employees involved in the process. The reason for that is the company's inability to evaluate such information or simply their lack of information on the subject. It can be concluded that the number of employees involved in the process is directly dependant on the company's size and the number of divisions.

Despite the differences in the size, business sector or reporting experience, all companies have one full-time manger (environmental or CSR manager) or a group of managers responsible for the entire report process. These employees' primary responsibility is to collect necessary data from different business units and aggregate it for the final report. In addition, most companies have stated that they have at least one person within each business unit responsible for the purpose of data collection, storage and preparation of sustainability reports.

5.3.3 Other Findings

From the other investigated questions related to internal reporting frequencies, IT systems employed, guidelines followed and benefits obtained from sustainability reports, we have discovered that the frequency of data being generated and reported to the sustainability reporting manager(s) is highly different and dependent on company's' industry and size. The same can be identified for IT systems and software applications employed by companies. In our research we tried to identify the most commonly used application software and/or IT systems employed by the companies for processing, collecting and organizing data necessary for sustainability reports, and discovered that different organization use different software applications relevant to their specific needs, where some of the organizations use Web-Based Databases for storing and collecting data, while others use RMS for environmental and social data or ABS for financial data, and some of them use no specific system or software application at all.

All of the investigated companies indicated that they follow GRI Guidelines in conducting sustainability reports due to its widely accepted standards, and throughout the existence of sustainability reporting, history has shown that GRI are the most used Guidelines by companies conducting sustainability reports. Another reasons for following GRI Guidelines stated by our respondents lies in its well organized structure, clearness and easy to follow guidelines on what and how to report, as well as how to structure and deal with reporting related issues.

On investigating how the sustainability reports contribute value to companies, the following most common benefits have been identified:

- Strengthens reputation and promotes brand,
- Improves transparency and accountability,
- Helps to manage sustainability related issues,
- Enhances stakeholders' relationships,
- Improves company performance and expands business opportunities,
- Helps to attract and maintain employees.

The main purpose of the research conducted was to identify best practices applied in the process of sustainability reporting. The conducted analysis has shown that most of the necessary elements for sustainability reporting processes to be successful are different for each company. Our study has revealed that frequency of data reported, IT systems and applications, and even to some extent the flow and procedures of data collection are all different and specific for every investigated company. Due to the different findings, we were unable to identify the one best implemented solution for conducting sustainability reports and realized that only the company itself can develop the solution that is most suitable for its structure and meets its specific needs. However, the common challenges and benefits identified have been of great value when identifying potential future obstacles within Skånemejerier, when providing recommendations to overcome those obstacles, and when communicating benefits of sustainability reports to our client.

After the conducted analysis of both internal and external investigation, the final framework has been proposed incorporating all necessary elements for sustainability reporting processes to be conducted and for which graphical presentations and detailed explanations are enclosed in the following chapter.

PROPOSED SOLUTION

This chapter presents the developed framework for data collection, acquiring all its necessary parameters for a sustainability report to be conducted. Later in this chapter, the framework is divided for individual departments accompanied by graphical presentations and necessary explanations. The chapter is concluded by identifying challenges and obstacles that might arise in the process of conducting the sustainability report for which further recommendations are proposed in the next chapter.

6. Solution for Conducting Sustainability Reporting

After analyzing all collected data, based on the revealed findings, the final framework is developed for information flow, procedures and processes that need to take place in order for sustainability report to be conducted. Moreover, this chapter provides the graphical presentation of the framework followed by the descriptions on each parameter involved. Later in this chapter, detailed explanations of each involved department may be found along with identified all critical parameters for each department separately. Chapter is concluded by provided sections on data relevance defined by us and on challenges and obstacles that might arise in the process of conducting sustainability reporting for which further recommendations are proposed in the following chapter.

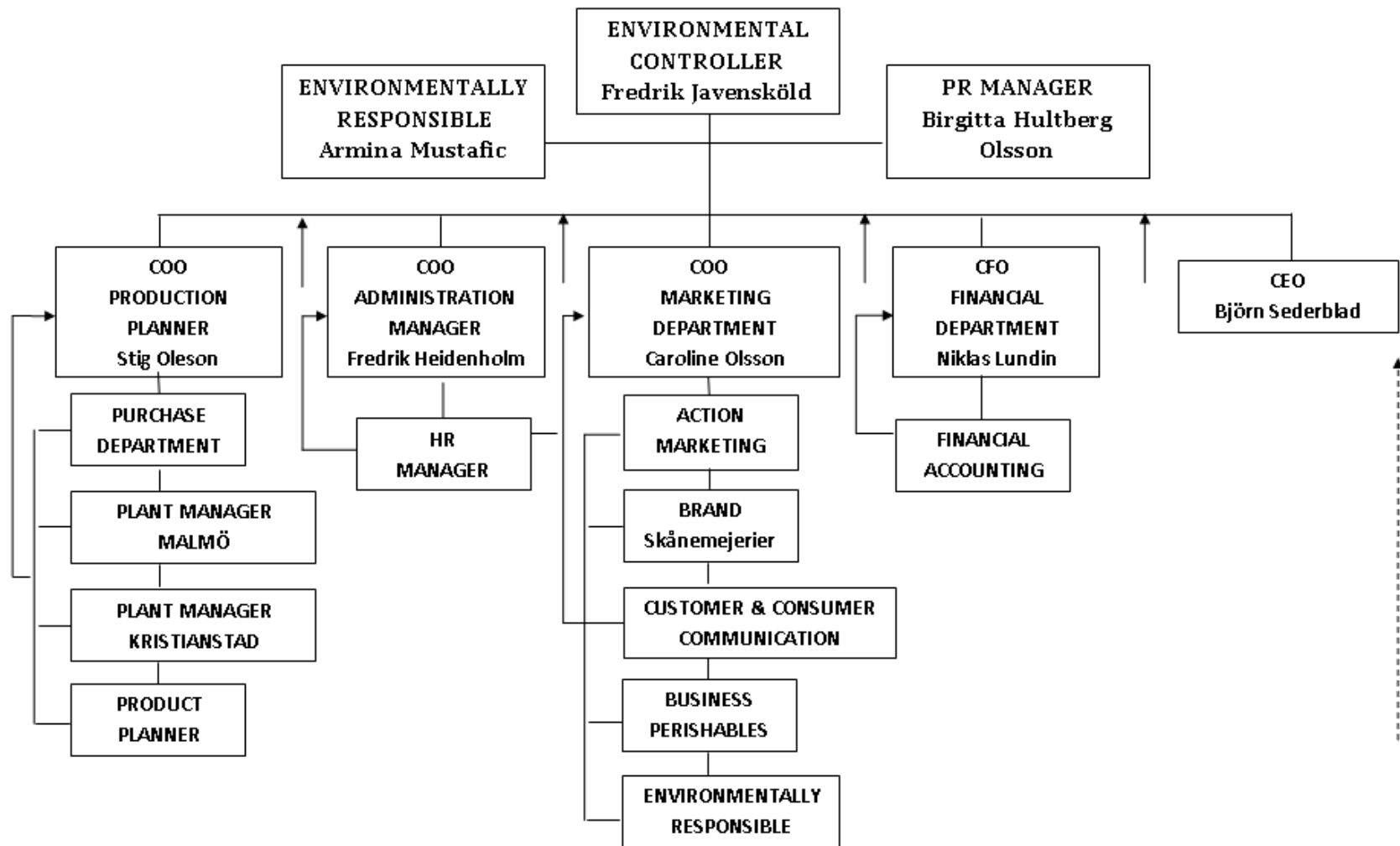
6.1 Final Framework

Processes and Procedures for Information Flow and Collection

The following is the final framework merging all departments together aiming to present an overall diagram of information flow, processes and procedures across entire organization of Skånemejerier.

Final Framework

Information Flow, Processes and Procedures



The framework presented above is created on the level of available information extracted from the analysis of GRI Checklists as well as on resources currently available within Skånemejerier. Based on the conducted research, both internal and external, we have concluded that for conducting a sustainability report certain conditions need to be met in terms of division of responsibilities.

Taking into the consideration the non-existing experience in Skånemejerier with respect to sustainability reporting, we realized that either one manager needs to be employed full-time only for this purpose or a group of managers need to be identified, for which conducting sustainability reports would be an additional responsibility. In our case study, we realized that the best currently available managers for conducting sustainability reports are as presented in the Framework above. Two of the identified managers are already responsible for conducting the environmental and annual reports; precisely the reason we have chosen them. The third manager is environmentally responsible and since the environmental perspective of sustainability reports is quite broad, we consider that the assistance of the manager relevant to that field will be of great value for conducting a sustainability report. Also worth mentioning is the fact where the presented framework is created with close dependence on the already existing structure implemented within the organization, hence our focus was to develop framework that will best suit and fit the already embedded structure.

According to data collected and analyzed, the total number of managers and key employees considered necessary for the sustainability reporting process is 22, consisting of different job positions and titles from the CEO through COO to the regular employees spread within different departments. The path/flow of information can be easily traced from the model above, and it can be clearly noticed (if arrows are followed carefully) what, when and to whom particular sub-departments need to report specific information. These sub-departments are responsible for generating, collecting and describing the data which afterwards should be forwarded (compiled from with both qualitative and quantitative data) to their head-department officers who are further supposed to be responsible for editing data against defined criteria described in the following section and forwarding the final document to the sustainability reporting manager for compiling.

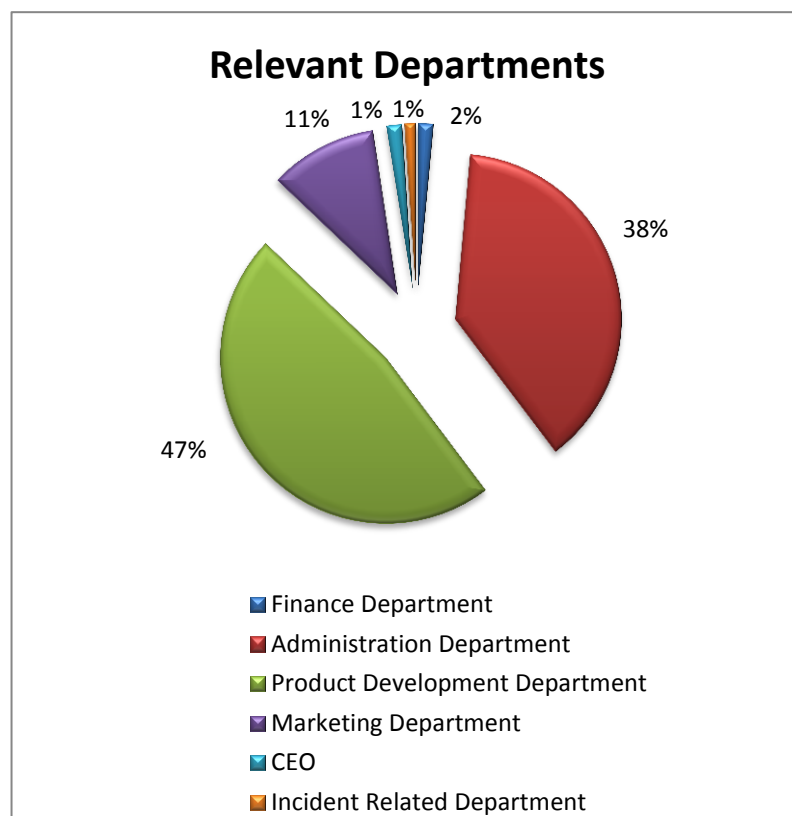
The frequency of generating, collecting and reporting data internally, as explained in our analysis under sections 5.1 vary from department to department. But external frequency to Sustainability Reporting managers is in close dependence to the frequency of conducting this report in general. Based on the conducted interviews with top management of Skånemejerier and led by the management perspective on feasibility and capability of the company to conduct

sustainability report combined with our own judgment, we think that our client should be able to produce sustainability reports every second year. Therefore, the frequency of necessary data should be reported to the sustainability manager(s) at least annually.

The relevant departments involved in the process of sustainability reporting are as follows (total available information is derived from all 6 checklists, expressed in percentages):

1. **Finance Department** – responsible for 2% of all required data for Sustainability Report,
2. **Administration Department** – 38 % of all required data,
3. **Product Development Department** – 47% of all required data,
4. **Marketing Department** – 11% of all required data,
5. **CEO** – 1% of all required data,
6. **Cause Relevant Department** – 1% of all data.

and which is illustrated in the pie diagram below.



Pie Diagram No. 2

6.1.1 Sustainability Manager(s) Responsibilities

Based on our research, the GRI Guidelines, and our judgment several tasks need to be accomplished in order to fulfill the requirements of a standardized sustainability report. These must be the Sustainability Reporting Manger's responsibility, and are listed as follows:

1. The Sustainability Manager is responsible for collecting information from the most senior decision maker (CEO or equivalent) and the senior management of each division to report according to the Standard Disclosures as follows:
 - a. Strategy and Analysis
 - i. Statement from the CEO
 - ii. Description of key impacts, risks, and opportunities
 1. Effect on stakeholders
 2. Prioritization of key sustainability topics
 - iii. Organizational Profile
 - iv. Report Parameters
 - v. Report Scope and Boundary
 - vi. Assurance
 - vii. Governance
 - viii. Commitments to External Initiatives
 - ix. Stakeholder Engagement
 - x. Management Approach and Performance Indicators
2. Promote and report on internal and external stakeholder engagement primarily including:
 - a. Civil society
 - b. Customers
 - c. Employees, other workers and their trade unions
 - d. Local communities
 - e. Shareholders and providers of capital
 - f. Suppliers
3. Conduct research on external and internal stakeholders' opinion on the process of sustainability and a ranking to determine the importance of the indicators for each division. This would help in determining what to and what not to report on.
4. Develop statements of mission or values, codes of conduct and principles relevant to economic environmental and social performance and the status of their implementation.
5. Report on trends and targets.
6. Decide on the importance and practice of external assurance of the report.

6.1.2 Application Level for Skånemejerier

Skånemejerier is currently generating, collecting and storing 72,99% of all necessary data and information required by the Key Performance Indicators identified in the GRI guideline. Based on our experience with interviewed managers, we believe that Skånemejerier is capable of generating even more than 72,99 % of necessary data but due to the strict circumstances unfortunately we could not manage to verify our suspicions. Even though, the percentage of available data is quite high (Chart No.4), it needs to be well-communicated and well-presented Taking this into consideration and the conducted analysis on KPIs, we believe that Skånemejerier is currently capable of publishing a sustainability report with an application level 'B' according to the GRI standards.

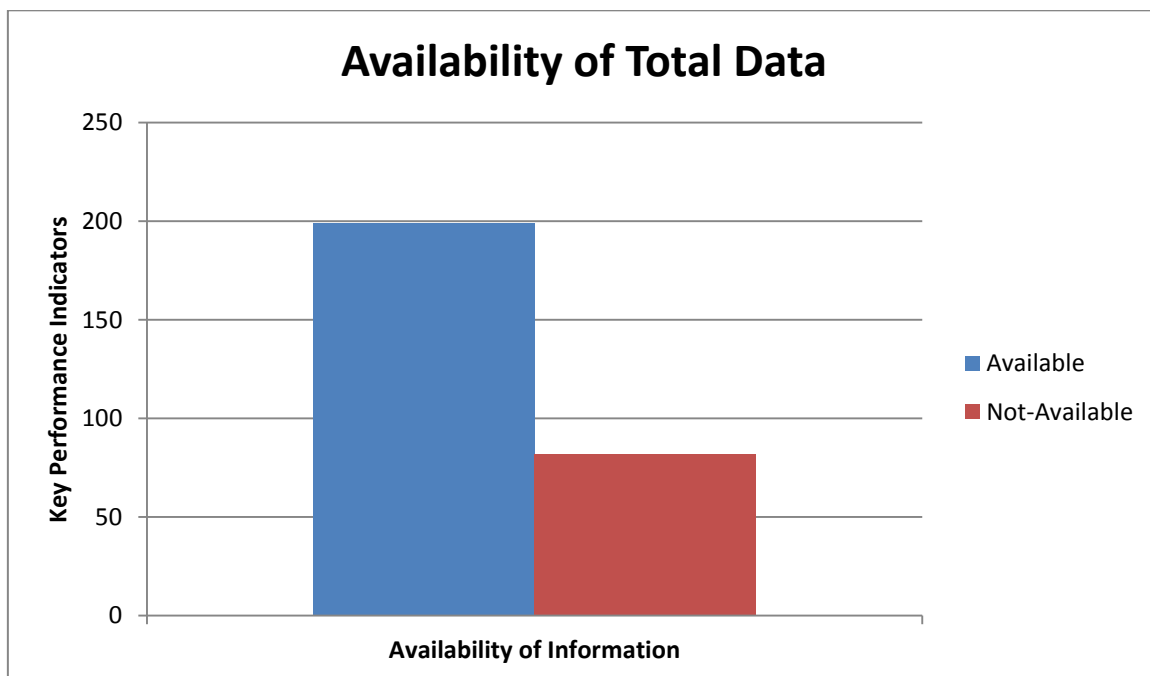


Chart No. 4

6.2 Description of Individual Frameworks

The general framework for information collection has been described before. In this section detailed description of individual department follows each accompanied with corresponding individual frameworks.

On analysis of Skånemejerier the information collection have been divided into 4 departments, namely

- Administration
- Finance

- Marketing, and
- Product Development.

The individual frameworks designed for each of the departments follow the explanations.

6.2.1 Description of the Departments

The departments listed in the following table should be responsible for information on the relevant GRI indicators identified. For each of these the availability and the current reporting frequency are depicted in the framework diagrams. Moreover, the indicators are divided according to the protocol set they belong to and their reporting frequency with respect to the person responsible for calculating that information. The unavailable indicators are listed in brackets.

1. ADMINISTRATION DEPARTMENT			
Responsible	Employee Name	Protocol Set	Indicator
HR Manager	Fredrik Heidenholm	Economic	EC3, EC5, EC7
		Human Rights	HR4, HR5, HR6, HR7 (HR3, HR 8, HR9, HR11)
		Labor Practices and Decent Work	LA1-9 , LA11,LA12, LA14 (LA10, LA13)
		Society	S05 (S02, S03, S04, S06, S07, S08)
2. FINANCIAL DEPARTMENT			
Responsible	Employee Name	Protocol Set	Indicator
Business Administration Manager	Annika Nilsson	Economic	EC1, EC4
3. MARKETING DEPARTMENT			
Responsible	Employee Name	Protocol Set	Indicator

Brand Skånemejerier	Marie Tiljander	Society	SO1 (2.2)
CBM – Ecology (Business Perishables)	Henrik Lundgren	Society	SO1 (2.3)a
Environmentally Responsible	Armina Mustafic and Fredrik Javensköld	Society	SO1 (2.3)b
Action Marketing	Anna Rådelius	Society	SO1 (2.1)
Webmaster (Customer and Consumer Communication)	Johan Aberg	Society	SO9
Consumer Contact (Customer and Consumer Communication)	Charlotta Nilsson	Product Responsibility	PR5
COO – Marketing	Caroline Olsson	Product Responsibility	PR6, PR7
4. PRODUCT DEVELOPMENT DEPARTMENT			
Responsible	Employee Name	Protocol Set	Indicator
Head of Logistics (Plant Manager Malmö)	Boije Olofsson (Kaj Grenrud)	Environment	EN29
Technical – UH (Plant Manager Malmö)	Thomas Åkesson (Kaj Grenrud)	Environment	EN3, EN4, EN5, EN6, EN7, EN8, EN16, EN19, EN20, EN21, EN 22, EN23, EN 24, EN30

		Product Responsibility	PR1, PR2, PR4, PR9
Technical – UH (Plant Manager Kristianstad)	Henrik Johansson (Henrik Johansson)	Environment	EN3, EN4, EN5, EN6, EN7, EN8, EN16, EN19, EN20, EN21, EN 22, EN23, EN 24, EN30
		Product Responsibility	PR1, PR2, PR4, PR9
Product Planner	Claes Boy	Environment	EN1
Supplies Purchases (Purchase Department)	Claes Hansson (Thore Bengtsson)	Human Rights	HR1, HR2, HR5, HR6, HR7, HR10
Finished Products (Purchase Department)	Gunilla Hogberg (Thore Bengtsson)	Economics	EC6
		Human Rights	HR1, HR2, HR5, HR6, HR7, HR10

Table No. 4 Departments, Personnel and Relevant KPIs

Each of the responsible personnel identified in table as *Responsible* after conducting the research must write an explanation to the data provided. This would include information about the performance based on these indicators, if they meet the previously set targets or not, if not why, any trends observed and reasons for any unfavorable results.

This data with the explaining text is to be passed on by the identified managers in the first column to the COO of departments specified in each framework graphically presented in the following section. We need to clarify that in case of administration department the responsible manager and the COO happens to be Fredrik Heidenholm himself (an exceptional case). However we must describe the framework with respect to the job titles and not the real people involved as the job role may be switched or redefined any time in the future.

So COOs of every department must judge the information provided to him by the responsible manager according to the principles of

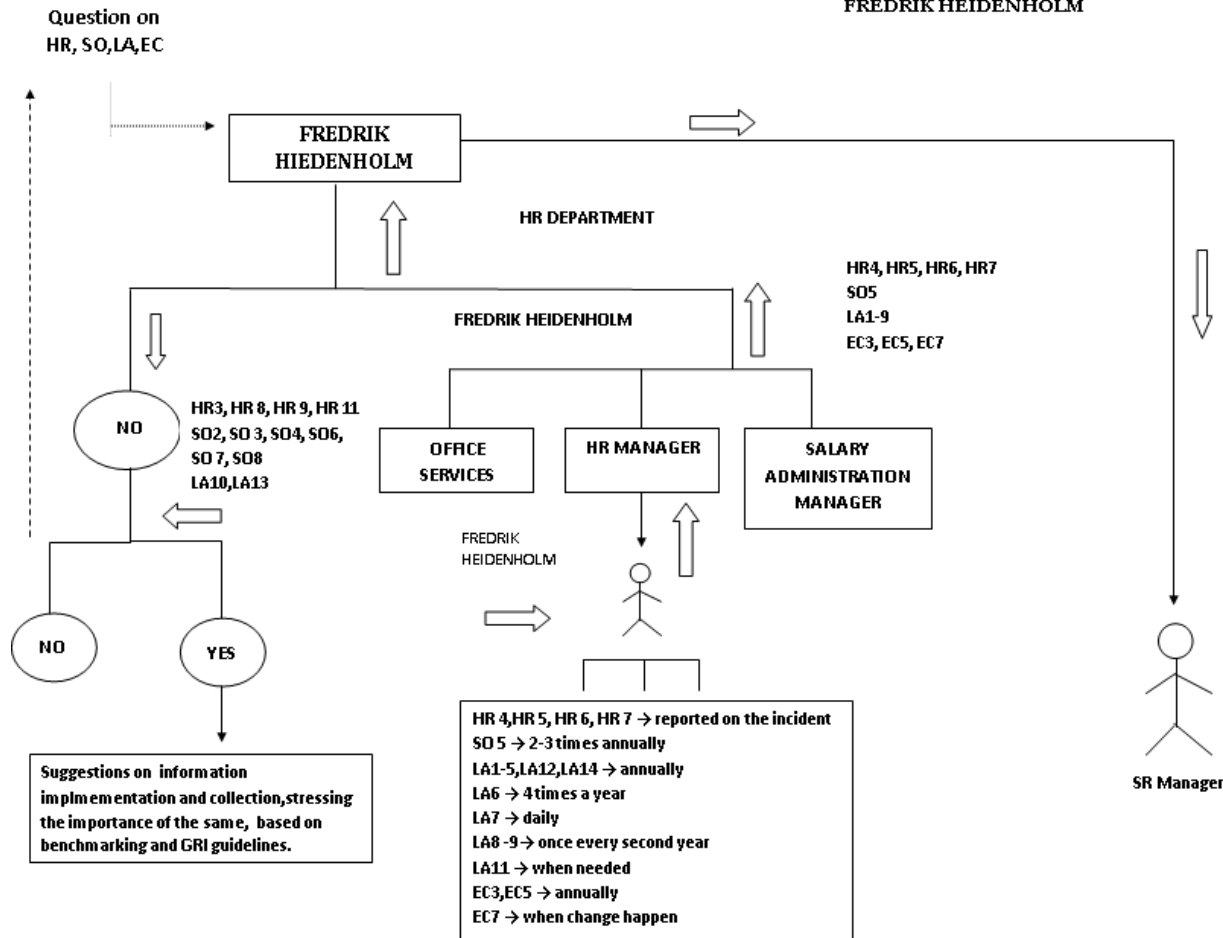
- a. Balance,
- b. Comparability,
- c. Accuracy,
- d. Timelines,
- e. Clarity, and
- f. Reliability.

Along with judging the information provided, the COO must comment on the performance of the indicators himself and answer to what steps are being taken to improve their performance. He must also write about the importance of the indicators to the department. Together this information is to be sent by the COO to the Sustainability Manager, in a readable and comprehensible form which may be easily incorporated into the Sustainability Report.

6.2.2 Graphical Presentation of Identified Departments

The graphical presentation of each department individually is as follow:

Initial Model of Information Flow
ADMINISTRATION DEPARTMENT
 FREDRIK HEIDENHOLM



QUESTIONS DESCRIPTION

HUMAN RIGHTS (HR)

KEY PERFORMANCE INDICATORS

- ✓ AVAILABLE INFORMATION:
HR4, HR5, HR6, HR7
- * NOT AVAILABLE INFORMATION:
HR3, HR 8, HR9, HR11

SOCIETY (SO)

KEY PERFORMANCE INDICATORS

- ✓ AVAILABLE INFORMATION:
SO5
- * NOT AVAILABLE INFORMATION:
SO2, SO3, SO4, SO6, SO7, SO8

LABOR PRACTICES AND DECENT WORK (LA)

KEY PERFORMANCE INDICATORS

- ✓ AVAILABLE INFORMATION:
LA1-9, LA11, LA12, LA14
- * NOT AVAILABLE INFORMATION:
LA10, LA13

ECONOMIC (EC)

KEY PERFORMANCE INDICATORS

- ✓ AVAILABLE INFORMATION:
EC3, EC5, EC7

Initial Model of Information Flow

FINANCE DEPARTMENT

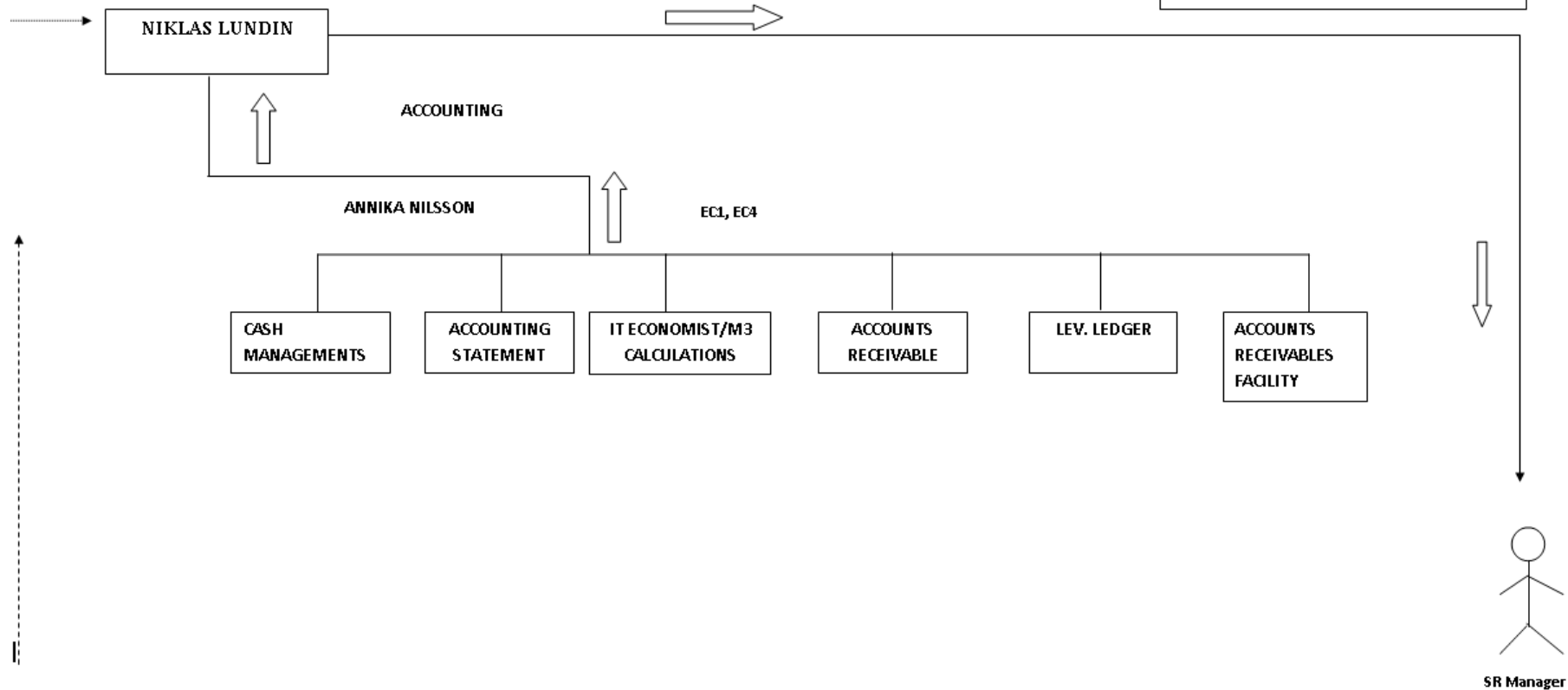
NIKLAS LUNDIN

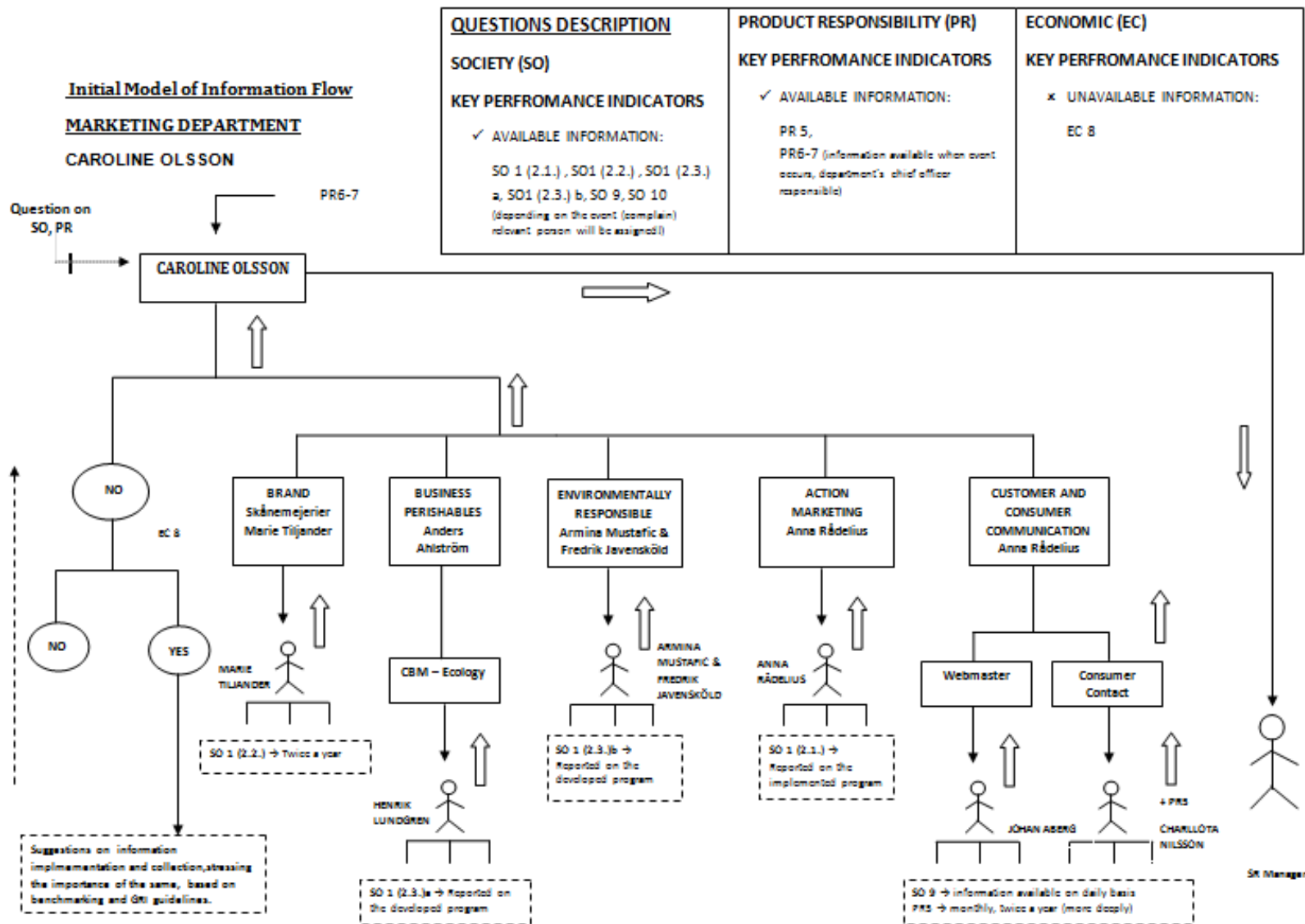
QUESTIONS DESCRIPTION

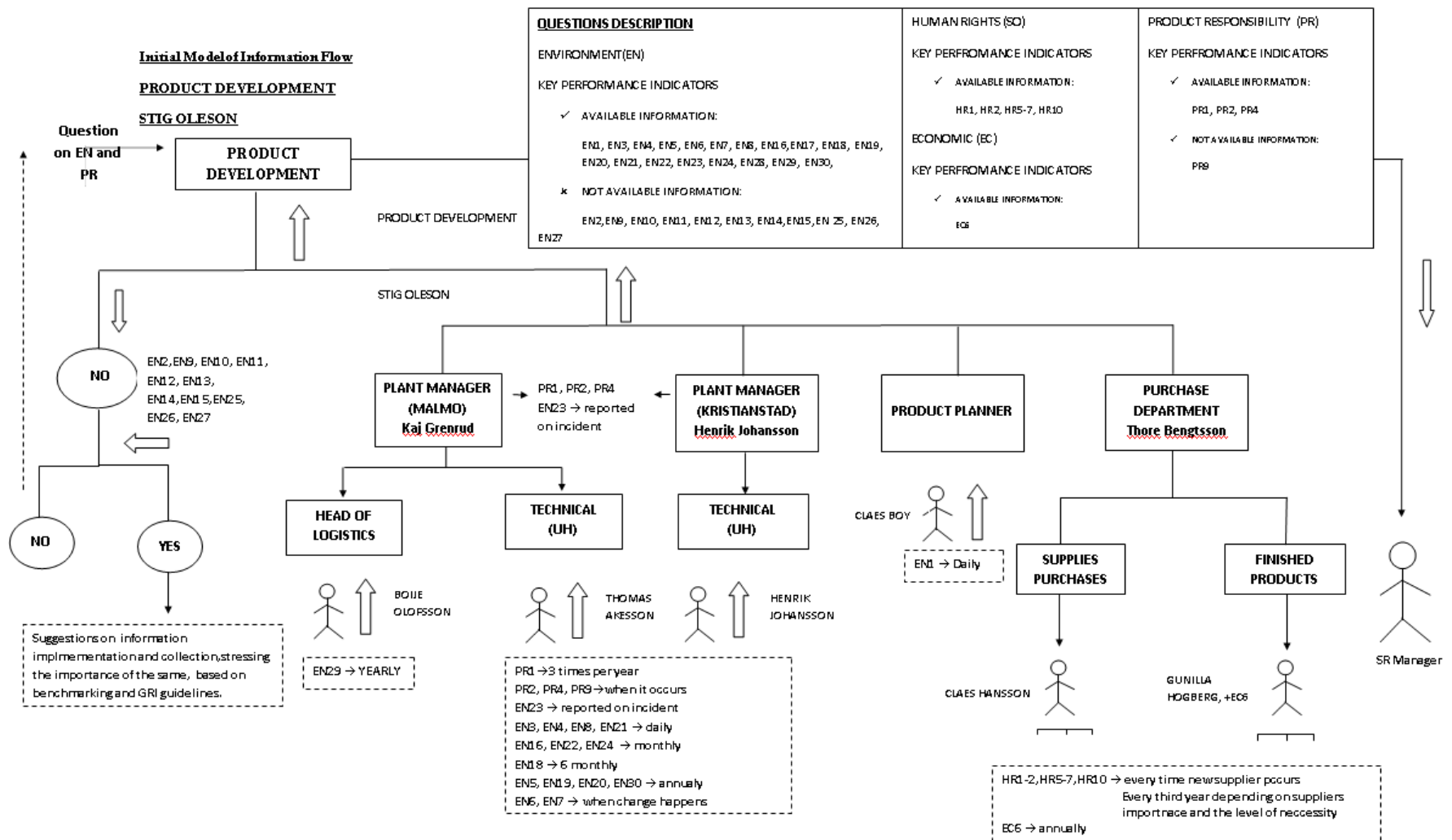
ECONOMIC (EC)

KEY PERFORMACE INDICATORS

✓ AVAILABLE INFORMATION:
EC1, EC4







In summary, we believe that the sections provided above clearly enclose all necessary parameters supplemented with graphical presentation and descriptive explanations. Based on our extensive and detailed analysis from both internal and external investigations we consider the proposed solution, along with identified parameters with respect to availability, relevance, frequency and responsibility, as relevant to be implemented in conducting sustainability report for our client. The main aim of proposed solution was to be realistic for implementation and practical for utilization; therefore in its development we have considered all critical factors that have enabled us to achieve our aim. Moreover, the proposed solution is based on currently available information and resources within Skånemejerier. Special attention is devoted on developing a framework which will be suitable for the existing hierarchical structure of the company, the purpose of which was to match the already established information flows in order to achieve easier and more effective communication channels for the proposed framework.

6.3 Data Relevance and Challenges

In the following section we will try to determine the relevance level of unavailable data based on our personal judgment and derived from our knowledge gained from conducted research and analysis. The section is concluded by identifying existing and potential challenges that might need to be faced during the process of conducting a sustainability report.

6.3.1 The Relevance of Unavailable Data

In this section unavailable indicators are identified and their relevance determined according to our own judgment. After our analysis, we concluded that relevance of data is one of the biggest challenges faced by companies conducting sustainability reports, and based on the conducted benchmarking we realized that the best approach to face this challenge is through internal and external investigation (more detailed description in the next chapter “Other Recommendation”). However, since these investigations require a certain amount of resources to be employed, which we are not sure if our client is currently able or willing to devote, we will identify according to our own opinion which indicators (out of the unavailable) should be included in sustainability report.

Throughout our analysis we have identified missing data on the following indicators⁷. Further on, we provide below (Table No. 5) the reasoning for including or excluding these indicators’ in the sustainability report.

⁷ Detailed description of all indicators presented in the Table No. 5 may be found in GRI checklists -Appendix B

No.	KPIs	Relevance for Sustainability Report			Justification/Explanation
		Yes	No	Not Identified	
Key Performance Indicators Environment (EN)					
1.	EN2 & EN27		•		Skånemejerier does not use recycle input material nor re-use their product to close product cycle.
2.	EN9-15 EN 25			•	We could not identify the level of relevance, because neither are we or environmental coordinator familiar with the subject.
3.	EN26	•			They should keep track of their environmental impact only than they would be able to correctly measure if their mitigation efforts are of any use, because of which reasons they should conduct information on this indicator.
Key Performance Indicators Human Rights (HR)					
4.	HR3	•			Skånemejerier should report on this indicator, because of potential increase in knowledge and awareness amongst their employees making sure that they are supporting human rights policies and avoiding possible risk of non-compliance with the same.
5.	HR8		•		Skånemejerier does not employ security personnel.
6.	HR9		•		Skånemejerier does not keep data on indigenous people due to the labor laws.
7.	HR11	•			They should have effective grievance mechanism to cater any violations of human rights policies within organization, thus they should report on this indicator.
Key Performance Indicators Society (SO)					
9.	S02-4	•			Based on our research, we realized that investigation on corruption is relevant for sustainability report, and even thou the interviewed manager see no relevance of those indicators, we believe that Skånemejerier should conduct internal research in order to investigate this subject.
10.	S06		•		For all three of them we think that relevance is very low since they are not participating in political parties nor have been subject to laws' violations or regulations.
11.	S07		•		

12.	S08		•		
Key Performance Indicators Economic (EC)					
13.	EC2	•			Since climate change has become an important issue worldwide, Skånemejerier should assess the implications of climate change and report them to explain how the company manages climate change.
14	EC8		•		Since all the social benefits for the public are provided by the government, we see no need for Skånemejerier to invest money on transport links or sports centers, thus according to us this indicator is irrelevant to report on. But if any infrastructure investment is made, then it should be reported in sustainability report
15.	EC9			•	We are not sure if this indicator is relevant to report or not. Skånemejerier should conduct a research to assess its indirect economic impacts in order to decide whether or not to report on.
16. Key Performance Indicators Labor Practices and Decent Work (LA)					
16.	LA10	•			Skånemejerier should have trainings for the employees and keep the record of these trainings to report them in sustainability report in order to communicate the value of employees to the company.
17.	LA13	•			Skånemejerier should report on this indicator to show the diversity of its employees.
Key Performance Indicators Product Responsibility (PR)					
18.	PR8			•	Irrelevant for Skånemejerier, we believe PR8 is more related to the companies which have confidential relations with their customers, while PR9 have never been an issue for Skånemejerier. *However, in future, if any kind of complaint or fine is given to the company because of the reasons described by indicator PR9, then both of these indicator, should be reported in sustainability report.
19.	PR9			•	

Table No. 5 Relevance of Unavailable KPIs

6.4 The Identified Challenges

Through our research we have realized that besides the absence of sustainability report procedures and processes, additional challenges exist within Skånemejerier, all of which are related to conducting the sustainability report. We categorized these challenges as below for which some recommendations follow in the next chapter.

- Relevance of data and information for sustainability report
- Absence of Code of Conduct
- Low awareness and knowledge of employees about sustainability related concepts
- Lack of effective internal communication
- Low level of skillful employees in writing and organizing data and information
- Low internal and external transparency.

Based on the revealed findings, the final framework has been developed encompassing all necessary parameters for conducting a sustainability report. All involved personnel down to their specific job titles (Appendix H) and names have been identified along with their different responsibilities. Considering all facts and possible challenges we believe that the proposed solution is realistic and feasible for our client, and thus ready for immediate implementation. In the last section of this chapter current and potential challenges regarding the quality of sustainability report were identified for which some recommendations follow in the next chapter.

OTHER RECOMMENDATIONS

This chapter provides recommendations on making the Sustainability Reporting process even more effective, beneficial, and sustainable by further addressing the challenges identified before.

7. Other Recommendations

The framework, developed and discussed above, is our major recommendation to Skånemejerier in particular considering their current status, organization, communication, and availability of data. However, this section further addresses the challenges identified before and provides recommendations on making the Sustainability Reporting process even more effective, beneficial, and sustainable. Starting from specific recommendations to more general ones, we move through the following sections.

- Recommendations by assurer
- Determining content of Sustainability Report
- Increasing sustainability awareness within Skånemejerier
- Code of conduct
- Balanced Scorecard incorporating sustainability
- Marketing the Sustainability Report

7.1 Recommendations by Assurer

On questioning PwC's Sustainable Business Director, Fredrik Ljungdahl, about sustainability reporting, an insightful reply was received identifying several obstacles and some solutions. His insight presented the following challenges and recommendations when implementing the GRI reporting process for the first time:

- a) Making internal preparations and deciding on what sustainability issues are important to the company,
- b) Connecting with stakeholders to gauge their views,
- c) Making a decision (in top management) what, how, when to report,
- d) Putting in place appropriate monitoring systems to measure, collect and follow-up performance on the key issues,
- e) Taking the time to write and disseminate a useful and readable report.
- f) It is important to appoint a project manager and a dedicated team/working group with representatives from various parts of the company (various staff functions), preferably including senior management representatives.

This valuable insight would be much beneficial to Skånemejerier. Some of which are further explained in the following sections.

The most important issue is to make internal preparations for and decide on what sustainability topics are important to the company. As prescribed later in our recommendations this can be solved by conducting relevant research on the impact of sustainability issues and the internal and external stakeholder interest. Next, Mr. Ljungdahl addressed the importance of connecting with stakeholders to gauge their views. Again, similar to the previous recommendation surveys must be done to gain knowledge about stakeholder interest and awareness must be created within the stakeholders about these issues. Both the internal stakeholders and external primary stakeholder (consumers) are discussed. e) and f) on the other hand have been discussed before using our proposed solution with the help of the framework and sustainability workflow chart.

Two unanswered challenges from our main list remain:

- Determining content of the report
- Increasing sustainability awareness within Skånemejerier

These are addressed with the following recommendations respectively.

7.2 Determining Content of the Report

Most importantly Skånemejerier needs to define its sustainability interests. The currently available information according to the GRI indicator protocol sets has been identified in the previous sections. Its relevance as considered by the senior management has also been questioned. However, a proper analysis of that information requires further questioning the importance of this information, for which the GRI principles follow.

GRI Principles

The GRI provides a list of indicators to report on for sustainability. However, not all of these need be reported as their relevance to each organization may be questionable. Since there are many topics to consider when reporting on sustainability, the GRI provides principles on determining materiality and relevance of these to the company in question.

The GRI recommends a three step process for identifying, prioritizing and validating topics to be communicated in the sustainability report.

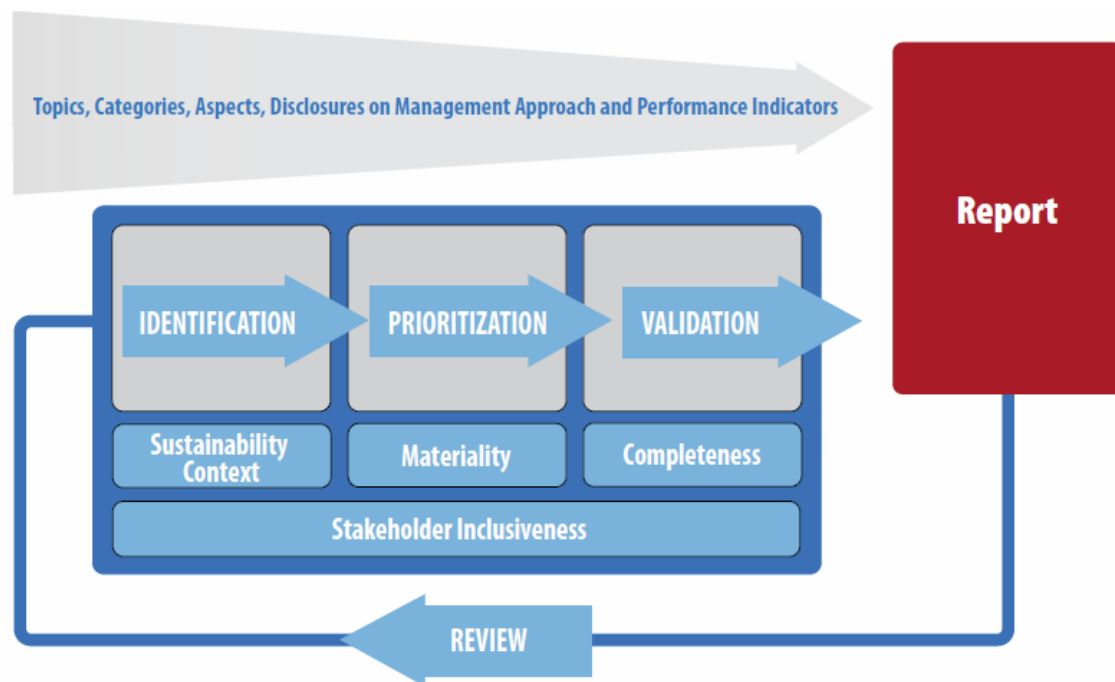


Figure 6 - Defining Report Content – The process [7]

This three-step process is governed by the four guiding principles namely

1. Sustainability context – “the necessity of considering actual impact on sustainability”
2. Materiality - “Material topics include those that reflect the organization’s significant economic, environmental and social impacts; and topics that would substantively influence the assessments and decisions of stakeholders.”
3. Completeness – “scope, boundary, and time”
4. Stakeholder inclusiveness – “The reporting organization should identify its stakeholders and explain in the report how it has responded to their reasonable expectations and interest”

The question of materiality and relative reporting priority are most important to Skånemejerier as they define the prioritization of information to be communicated to the stakeholders.

Materiality

Building on the above, it is believed that Skånemejerier currently needs to identify the most material issues. For this, the company needs to assess the significance of economic, environmental and social impacts of the issues and compare them to the concerns expressed by the stakeholders, as in fig. 2 below.

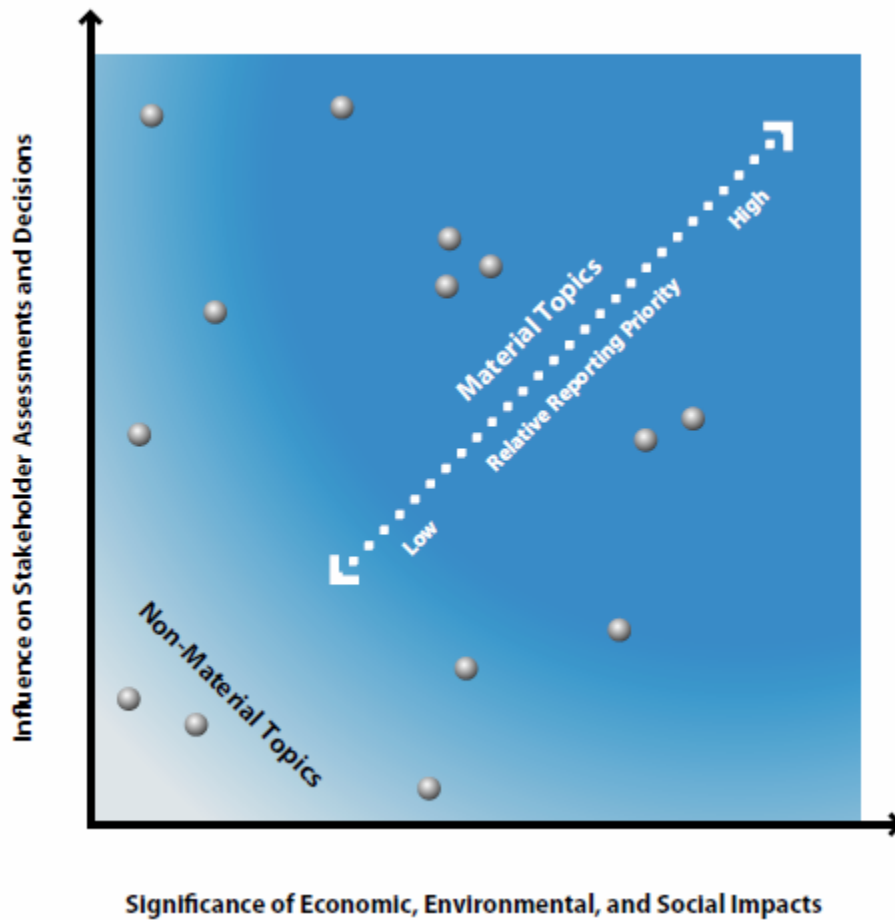


Figure 7 - Defining Materiality [7]

In our analysis we have attempted to determine the materiality of topics by questioning the managers about their opinion on the relevance of indicators prescribed by the GRI. In cases where information on indicators is unavailable we have also defined the materiality by providing our suggestions on reporting on some of these indicators. Still to complete the analysis, impact assessment of the issues must be done by the company, and surveys must be conducted to determine the stakeholders' interest in the issues.

Significance to Stakeholder and Significance to Organization

To determine the significance of issues to its stakeholders, the company first needs to identify its main stakeholders. As discussed with Caroline Olsson, COO Marketing, the primary stakeholders for Skånemejerier are its owners, which are the near 600 farmers who together own the company. As she pointed out, the farmers' engagement in this decision making process and their perception of significance of different issues would be the primary target and that is what would constitute the 'significance to organization' along with the employees' viewpoint on it. The biggest external stakeholders then are the consumers, customers and suppliers. In cases

of complicated indicators which are not being currently measured, information available on the importance of reporting these is inadequate. It is believed that especially in these cases Skånemejerier should conduct comprehensive surveys to determine both these significances to internal and external stakeholders to prioritize the level of coverage of issues after defining their materiality. (As depicted in Fig. 3 below)

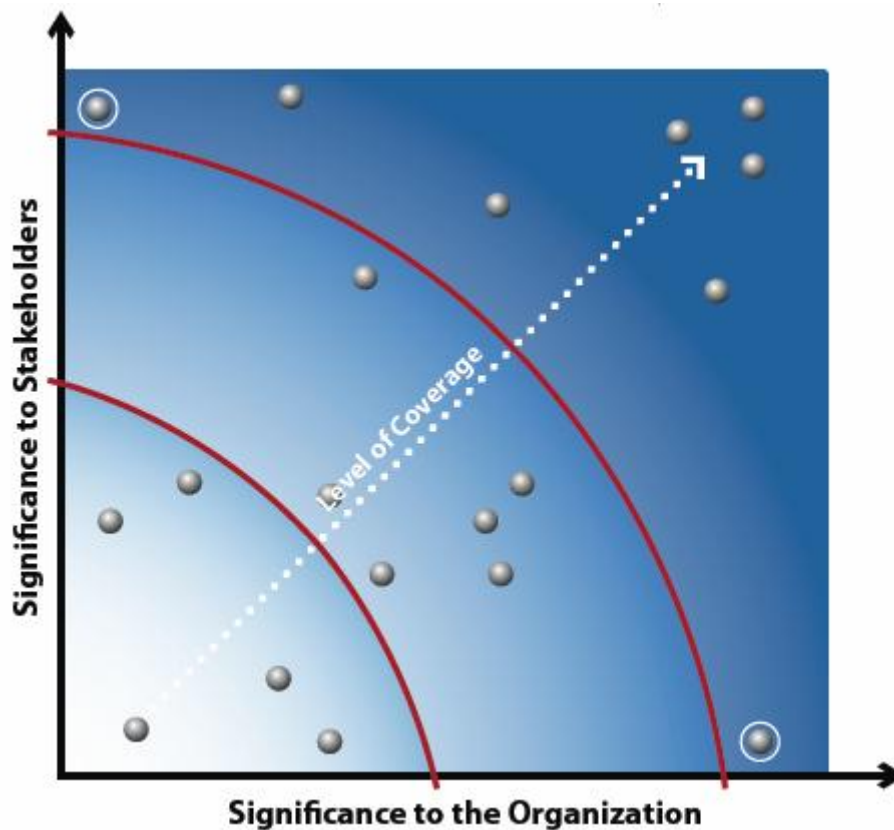


Figure 8 - Relative reporting priority [7]

7.3 Increasing Sustainability Awareness within Skånemejerier

Sustainability reporting is one step in the direction of promoting sustainability to its stakeholders. To achieve the transformation, as a whole, several steps must be taken. Firstly, Skånemejerier needs to work on increasing the awareness of sustainability internally. Yes, sustainability reporting is one way to do that, but our research shows that in the case of Skånemejerier there is very little awareness among its employees of sustainability, its importance, and the role it can play for the company. Sustainability reporting would be beneficial but it is not the first step. The starting point is the need for the executives to decide on a sustainability vision and to communicate it to all employees.

As proposed by Fiksel et al [5] the three steps to communicating sustainability internally are the following.

- First, define what sustainability means to the company and articulate a value proposition—how sustainability drives business value.
- Second, work with employees to interpret sustainability in terms of their job functions, and to frame a comprehensive communications strategy.
- Third, implement and continuously refine the strategy using various communication channels, including a sustainability report.

Interviews with the senior management show a lack of the first two, let alone the third (also pointed out by Marketing COO Caroline Olsson). It is essential to engage the company employees in the vision for sustainability before they can effectively contribute to the sustainability related activities such as sustainability reporting. The employees need to be made aware of the triple bottom line and its possible usefulness to the company and the community. As pointed out by John P. Kotter in 'Leading Change' [12] one of the errors in leading change efforts is under-communicating the vision. Greater communication, as much needed in the case of Skånemejerier, can be achieved through education, in the form of trainings and seminars, on sustainability for executives, and teaching them to use of all existing communication channels to broadcast the vision including:

- regular newsletters and emails about sustainability and Skånemejerier
- bringing sustainability up in routine discussions about a business problem and how proposed solutions fit (or don't fit) into the sustainability picture.
- talking about sustainability at performance reviews and so on.

Creating this awareness would open up the employees not only to the concept of sustainability but also would impress upon them the importance of the sustainability reporting process and make it something that they would understand and appreciate.

From Ms. Olsson's interview it was also noted that the owners of Skånemejerier, the near 600 farmers, are also not actively engaged in the awareness for sustainability. Getting them aboard is a very crucial step to creating a sustainability vision and implementing it all across the company. The farms themselves cause a significant environmental impact and therefore awareness among the farmers would increase the fruitfulness of the sustainable development process. For this we recommend communicating with agricultural universities to promote more sustainable practices in animal rearing and farming.

7.4 Developing a Code of Conduct

Referring to the above, as discussed with Fredrik Javensköld, Skånemejerier currently lacks a sustainability vision. We recommended him on designing this vision statement with the senior management and executives, and realizing this he also pointed out the valid need of a code of conduct which would incorporate sustainability as one of the business' pillars.

As defined by the International Federation of Accountants the code of conduct encompasses

Principles, values, standards, or rules of behavior that guide the decisions, procedures and systems of an organization in a way that (a) contributes to the welfare of its key stakeholders, and (b) respects the rights of all constituents affected by its operations.

The code of conduct hence provides the guidelines to employee ethics. Incorporating sustainability into the code of conduct is an essential step to guide employee behavior and to raise their interest and concern about sustainability. Further guidelines to developing a code of conduct are provided in Appendix G.

7.5 Balanced Scorecard for Sustainability

When inquired about assessment tools for sustainability indicators, Gert Paulsson, Managerial Accounting instructor for our program at Lund University, replied by saying that the Balance Scorecard may be such a structure, no matter whether there is a special sustainability perspective, or sustainability oriented indicators are included in the traditional perspectives.

The traditional balance scorecard is a management control tool which aims to be used for modeling the strategy of the company and to internally monitor the company's progress. It is often divided into the standard four perspectives, namely Financial, Customer, Internal Business Processes, and Learning & Growth. The central vision of the company is then broken down according to the perspectives, and specific strategic goals, critical success factors, and measures for monitoring are established.

When incorporating sustainability into the balanced-scorecard two opinions prevail. The first is the introduction of a fifth perspective to the balanced-scorecard. This however is not as effective as we believe it treats sustainability as a separate perspective when it should be a part of all the existing perspectives. This brings us to the second opinion of adding sustainability strategies, goals, and measures to each of the original four perspectives as this gives sustainability a more coherent stand as well as emphasizes sustainability to be a part of all business operations, not separate from them.

The Balanced Scorecard has gained a respectable reputation in the world of theoretical frameworks for developing and monitoring organizational strategy and performance management. Emerging in the early 1990s as a new management concept, it was immediately embraced by the academics and the corporate world, including a Harvard Business Review consideration that the Balanced Scorecard was one of the most influential ideas of the twentieth century; with over half the Global 1000 companies employing it for performance management.

Wetter et al., in their book 'Performance Drivers' [21] provide well researched steps in building of a balanced-scorecard for strategic and monitoring uses, as follows. We believe that the suggested steps, procedures, and suggested timeline would stand for the sustainability balanced-scorecard for Skånemejerier as the process is essentially the same.

Step	Description	Procedure	Suggested Time
1	Define the industry, describe its development and the role of the company	Interviews with as many people as possible. Should be done if possible by an outside party to obtain the most objective picture. Research on industry situation and trends.	1-2 months
2	Establish/Confirm the company's vision	Joint seminar attended by top management and opinion leaders	1-2 meetings of 1.5 days each
3	Establish the perspectives	Seminar attended by top management, the project group, and someone having previous experience with balanced-scorecard projects	1-2 days
4	Break the vision down according to each perspective and formulate overall strategic goals	Joint seminar with the same group as in Step 2	See below
5	Identify critical factors for success	At the seminar above	Total including Step 4: 2-3 days
6	Develop measures, identify causes and effects and establish a balance	At the seminar above if possible. However a certain interval is often beneficial.	Included above. Otherwise 1-2 days
7	Establish the top-level scorecard	Final determination by top management and the project group. Preferably, though,	1-2 days

		with the participation of someone having previous experience with balanced-scorecard projects	
8	Breakdown of the scorecard and measures by organizational unit	Suitable for a project divided up into appropriate organizational units under the leadership of the project group. Preferably all personnel involved should take part in the project work of each unit; a suitable form for the work would be a seminar. Progress reports and ongoing coordination with top management. Help from an experienced balanced-scorecard architect is especially important in aligning success factors and measures	Total of 2 months and upward. For each local seminar at least 0.5-1 day
9	Formulate goals	Proposals by each unit project leader. Final approval of goals by top management	No estimate
10	Develop an action plan	Prepared by each project group	No estimate
11	Implementing the scorecard	Ensured by ongoing monitoring under the overall responsibility of top management	No estimate

Table No. 6 Balanced Scorecard development procedures

7.6 Sustainability Report – A Marketing Challenge

As pointed out by the Marketing COO, Caroline Olsson, one big hurdle in reporting sustainability is engaging different stakeholders and getting the message across in the most effective way possible. Effectively communicating sustainability information is a marketing challenge by itself, and publishing a sustainability report is one major step in achieving this effective communication. In the case of Skånemejerier, communication with internal stakeholders has been described before, and we believe that a comprehensive sustainability report would suffice their customers. However, as spoken to the CEO, Björn Sederblad, the consumers are the top priority and not the customers (retailers), as customer behavior is also directed by consumer behavior. Skånemejerier already enjoys a loyal customer base within southern Sweden and is employing several ways to engage the society as part of their efforts of social responsibility, as well as other methods of creating awareness of their brand and receiving feedback from consumers. This includes their Facebook page with about 20, 000 members.

With the marketing trend of continuous increase in the productivity of online media, supported by Skånemejerier's fan-base online, it is suggested to report on sustainability through the internet. Putting up an electronic version of the standard published sustainability report is however not enough, as compiled text is not the best of visual methods to communicate the gist of the topic effectively. Companies today are using more and more creative ways of reporting their sustainability practices. As mostly the online community prefers interactive ways of communication, it is important that these methods used be interactive and where possible should engage the consumer with their feedback, suggestions and concerns on sustainability. The purpose of this online communication hence is to communicate effectively highlighting all the basic information about the sustainability practices of Skånemejerier, while the detailed, statistical knowledge remains available separately for further reading if desired by the consumer.

An example of this includes video clips by McDonald's campaign 'The Road to Sustainability', which provide an overview to the sustainability practices of the company. For the lay man these are a very easy way to learn about the company and its efforts.

Starbucks similarly has a very interactive website reporting their economic, environmental, and social responsibilities. They also provide easy to read scorecards for assessing their performance according to different sustainability targets set over time. A 'tweeting' section serves a similar purpose to the Facebook page for Skånemejerier, which should be employed to question the consumers about their concerns about sustainability and to highlight which initiatives proposed by the consumers were put into practice with reported results and achievements.

Danone, within the same industry as Skånemejerier, provides an excellent example of using an interactive animation to discuss the life cycle assessment of their products.

In all, keeping in mind the trends of online media being an increasingly effective way of marketing sustainability Skånemejerier must make the most of this communication method, and to increase awareness in consumers about sustainability and the company's practices.

CONCLUSION

8. Conclusion

Sustainability reporting is an important way for a company to communicate its current and future strategy on economic, environmental, and social aspects of its business practices to its different stakeholders [14]. One of the future focuses of our client, Skånemejerier, is to issue a sustainability report to communicate its strategy more effectively to its stakeholders and to gain all the advantages it has to offer. To achieve this, Skånemejerier must define principles and implementation for the development of a sustainability reporting process. This project hence is an attempt to provide an effective and efficient solution to sustainability reporting processes for Skånemejerier. The main aim of this project is to suggest Skånemejerier a framework which will be beneficial for the formation of a sustainability report. To complete this framework, several challenges had to be addressed properly with respect to identifying the

- relevant departments,
- number of employees involved and their responsibilities, and
- information availability, frequency and relevance

which are all considered to be critical elements of framework development. Furthermore, providing an assessment of current grading of the company based on the GRI guidelines and recommendations to make the sustainability reporting process more beneficial were the other purposes of the thesis.

In order to develop a viable framework, we started our project with an internal research within Skånemejerier to understand the current availability and flow of sustainability related information. The research conducted revealed information on the availability of KPI's from the GRI guidelines, their relevance to sustainability reporting, their internal collection frequency and the employees responsible for each KPI. Additionally, the results of conducted research on the existing reporting processes within the company formed the basis of the framework we have suggested, while the professional views of an assurer and the opinions of benchmarked companies helped achieve better/improved quality. The final framework suggested to Skånemejerier identifies the processes and procedures for information flow and data collection enclosed with a description of the specific departments, sub-departments and employees to be involved, all with delegated responsibilities.

The framework suggested is a practical tool for Skånemejerier since it is based on actual, currently available information within the company, and the existing organizational structure. There already exists a structure for information flow within the company and our framework utilizes it and adds further steps between the department managers and the sustainability

manager. Furthermore, all the employees involved in the framework are currently working in Skånemejerier hence there is no need to hire any new employees, and the framework can be implemented immediately. With the suggested framework, we have managed to achieve our main goal in this thesis and we hope that our suggestions when implemented bring great value to the company.

In addition to the main framework, other recommendations which we find very valuable for Skånemejerier to increase the efficiency of the framework are also offered. The internal research conducted revealed the existing challenges within Skånemejerier, while the external research based on benchmarking and conducted interview with auditing company helped us realize potential challenges in issuing a sustainability report that our client might face. Moreover, the additional benefits from external research assisted us in providing recommendations on identified challenges related to the content of the sustainability report, possible ways to increase sustainability awareness within Skånemejerier, format of the report for marketing purposes, and a management tool balanced scorecard for sustainability reporting.

Lastly, an application level 'B' which the company could declare with the publishing of the sustainability report is suggested based on the results of our assessment of the company according to the GRI Application Level Check. With the suggestion of an application level and recommendations given, we believe that we have managed to achieve all the goals that we set before we started our thesis.

We hope that Skånemejerier can issue an impressive sustainability report besides having improved internal communication within the company that will result in enhanced external communication with its stakeholders by implementing our main solution and other beneficial recommendations.

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APPENDICES

9. Appendices

Appendix A

Further explanation to Methodology

A1: Theoretical Background to Methodology

Saunders' [17] research 'onion' provided us with an excellent guide to forming the research methodology for the project.

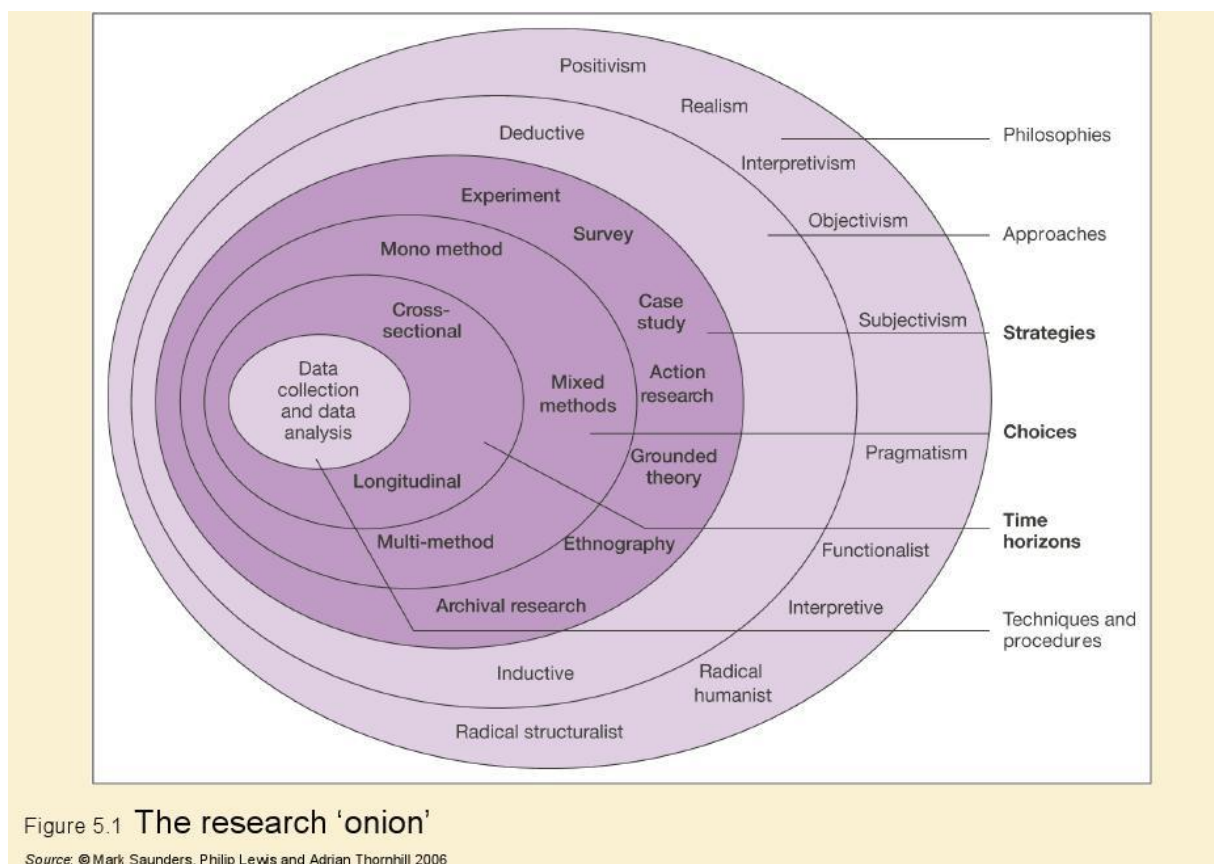


Figure.1 The Research 'Onion'

The first three layers define the basic belief system or world view that defines the investigation, not only in choices of method but ontologically and epistemologically fundamental ways. The first layer, the research philosophy, 'contains important assumptions about the way you view the world.' In part, the philosophy adopted is influenced by practical considerations.

Epistemology: Our research encompasses a mix of the positivist and interpretivist philosophies. The positivist philosophy to the research is indicated by the fact collection from the company based on an existing model of guidelines and building a recommended framework representative of it, while the interpretivist philosophy is visible in collecting the opinion of the senior management and also the experiences from other companies and the assurer. Since choosing between one position and the other is somewhat unrealistic in practice, Saunders [17] points out the pragmatist view which argues that the most important determinant of the research philosophy adopted is the research question. The positivist and interpretivist philosophies overlap each other in the case of our project, bringing the pragmatist philosophy to our study, which is further supported by Tashakkori and Teddlie [20], who propose that “you should study what interests you and is of value to you, study in different ways you deem appropriate, and use the result in ways that can bring about positive consequences within your value system”

Ontology: Again a mix of objectivism and subjectivism is used when using different data collection techniques. Viewing this through the four paradigms of the analysis of social theory developed by Burrell and Morgan [1], our research falls into the interpretive and functionalist paradigms. As described before in the Ontology, both objectivist and subjectivist were employed for different parts of the project. The project is also more based on regulation than radical change within the organization.

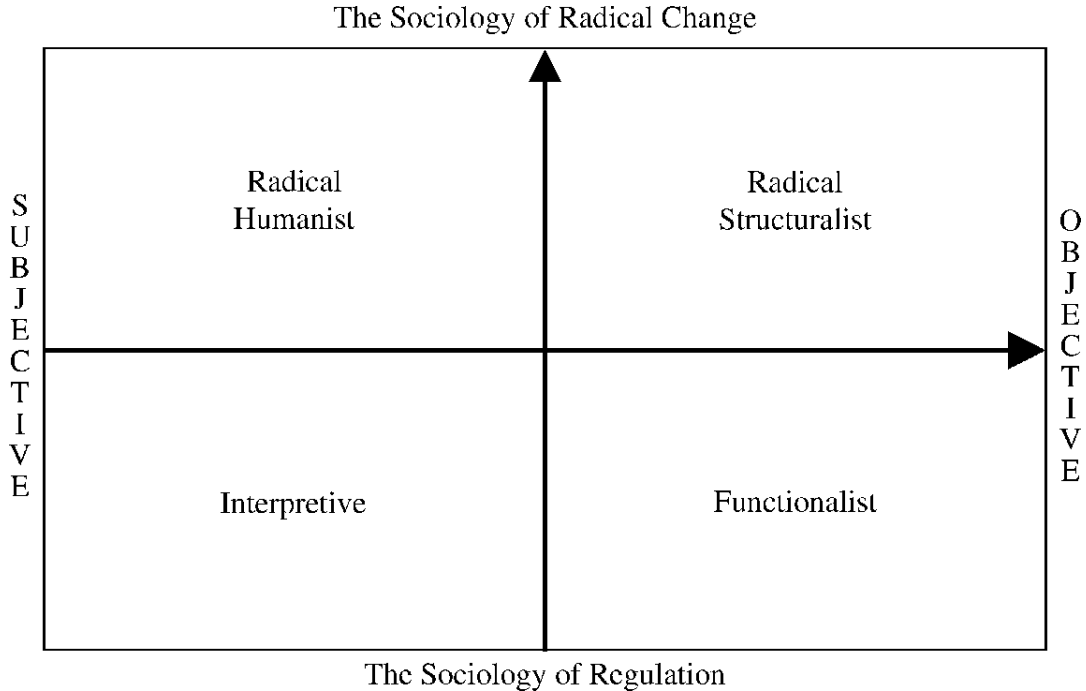


Figure 2 Four Paradigms for Analysis of Social Theory

The study is primarily inductive in approach and attempts to answer questions and providing recommendations based on observation and analysis.

Strategy: The research strategy used is a single case study. Working specifically for the company, the case of Skånemejerier is the main focus of the thesis and the research and recommendations have been drawn about it. As common for case studies, different data collection techniques were employed and some were used in combination.

Design: The research design is based on the multi-method qualitative study. The major advantage to this as pointed out by Tashakkori and Teddlie [20] is that different methods can be used for different purposes within the study, while questionnaires were used for the descriptive stage; interviews were used for the exploratory stage.

Time Horizon: The study is cross-sectional in view of the time horizon as it provides a snapshot of the organization at this point in time and does not study the changes in it over the length of a time period.

Data: Secondary data was collected through articles available on the online university library as well as other online sources. Some secondary documentary written materials were made available by some of the management of Skånemejerier, in the form of internal reports and contracts. The secondary data also includes the company's website.

For primary data, one-to-one face-to-face semi-structured interviews were conducted with Skånemejerier's senior management. These may be classified as being semi-structured as a part of these interviews was non-standardized with varied relevance, order, and number of questions, for the exploratory study. The open ended questions hence provided the opportunity for exploring different subjects and opinions held by the interviewees. However, embedded within these semi-structured interviews were also researcher-administered structured questionnaires in the form of a checklist which questioned the availability, perceived relevance, frequency, and communication channel for fixed indicators.

Self-administered internet-mediated open-ended questionnaires were used for collecting information from other companies including the insurer. These were used due to geographical limits, on meeting these representatives in person as they were based in other stations, and no financial resource implications whatsoever. Although the response rate for internet-mediated questionnaires is not as high as some other research methods, but the likelihood of

contamination or distortion of respondent's answer is very low, which improves the reliability of the questionnaire.

A2: Description of Framework for Information Collection

The framework presented in section 4.1.1.1 has two purposes. It can serve as a tool for effective information collection and the model for setting up information flow. For its first purpose it is applied when conducting the interviews with relevant departments within the organization. Relevant information is considered to be the one from the Environmental, Social and Economic Aspects in a top-down process, starting from the head of the department and narrowing down to the responsible person.

The framework is employed via separate interviews in terms of survey, each with questions relevant to the particular department.

Interviews are managed according to the following procedure, (sample questions presented):

1. Has Skånemejerier implemented/evaluated/developed/measured particular projects, programs or/and impacts of particular entity from certain aspect?
 - In the case of negative reply, the particular topic will be left for later evaluation in which the level of importance and necessity to sustainable report will be determined, based on research from benchmarking of companies operating, on GRI Guidelines and our personal judgments.
2. Which sub-department is responsible for relevant information?
3. Who is the responsible person within the sub-department?
4. What information the Responsible Person needs to provide? (Relevance determined based on GRI)
5. How information is collected? (Certain guidelines can be provided based on GRI)
6. When the information will be collected and forwarded?

A3: Description of Initial Model of Information Flow

The framework presented in section 4.1.1.1 is used as initial model for setting up the information flow within the different departments with the aim to collect relevant information needed for Sustainable Reporting.

The following is the initial procedure that the responsible person(s) and the head of department can follow in their data and information collection:

1. Responsible person within the sub-department will be assigned the responsibility to collect information with determined parameters (When, How and What), with descriptive information and send the document(s) to his/her head of department,
2. The Head of department will be responsible for:
 - 2.1. Defining the quality of collected document(s) with respect to:
 - a. Balance,
 - b. Comparability,
 - c. Accuracy,
 - d. Timelines,
 - e. Clarity,
 - f. Reliability.
 - 2.2. Identifying the level of importance of particular topic(s) for organization by providing a score report that will be sent to the sustainable manager,
 - 2.3. Defining the disclosure on management approach, goals performance, policy(s), training and awareness, monitoring and follow-up and if available additional contextual information,
 - 2.4. Forward the complete and final version of document(s) for sustainability reporting to the sustainable manager.

Appendix B

Original Checklist with Results

B1: GRI Checklist for Skånemejerier

Indicator Protocol Set

Economic (EC)

No.	Indicators		Info Available	Considered Relevant (0-2)	Reporting Frequency	Reported to the Relevant Manager by:
EC1	Component	Comment	✓	2	Annually	Finance Department Annika Nilsson
	Direct economic value generated					
	a) Revenues	Net sales plus revenues from financial investments and sales of assets				
	Economic value distributed					
	b) Operating costs	Payments to suppliers, non-strategic investments, royalties, and facilitation payments				
	c) Employee wages and benefits	Total monetary outflows for employees				
	d) Payments to providers of capital	All financial payments made to the providers of the organization's capital				
	e) Payments to government	Gross taxes				
	f) Community investments	Voluntary contributions and investment of funds in the broader community (includes donations)				
Economic value retained (calculated as Economic value generated less Economic values distributed)		Investments, equity release, etc.				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		×	2	-----	Top Management

	<p>2.1 Report whether the organization's senior governance body considered climate change and the risks and opportunities it presents to the organization.</p> <p>2.2 Report risks and/or opportunities posed by climate change that have potential financial implications for the organization, including:</p> <ul style="list-style-type: none"> • Risk due to physical change associated with climate change (e.g. heat-related illness, impacts of modified weather patterns, etc.) • Regulatory risks (e.g. cost of activities and systems to comply with new regulations) • Opportunities to provide new technologies, products, or services to address challenges related to climate change • Potential competitive advantages created for the organization by regulatory or other technology changes linked to climate change. <p>2.3 Report whether management has quantitatively estimated the financial implications (e.g., cost of insurance and carbon credits) of climate change for the organization. Where possible, quantification would be beneficial. If quantified, disclose financial implications and the tools used to quantify.</p>				
EC3	<p>Coverage of the organization's defined benefit plan obligations.</p> <p>2.1 Identify whether the structure of retirement plans offered to employees are based on:</p> <ul style="list-style-type: none"> • Defined benefits plan • Other types of benefits <p>2.2 For defined benefit plans, are employer's obligations to pay pensions under the plan to be met directly by the organization's general resources or through a fund held and maintained separately from the resources of the organization?</p> <p>2.3 Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities.</p> <p>2.4 Where a separate fund exists to pay the plan's pension liabilities, report:</p> <ul style="list-style-type: none"> • The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them; • The basis on which that estimate has been arrived at; and • When that estimate was made. <p>2.5 Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>2.6 Report the percentage of salary contributed by employee or employer.</p> <p>2.7 Report the level of participation in retirement plans (e.g., participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact).</p> <p>2.8 Different jurisdictions (e.g., countries) have varying interpretations and guidance</p>	✓	2	Annually	Administration Department Fredrik Heidenholm

	regarding calculations used to determine plan coverage. Calculate in accordance with the regulations and methods for relevant jurisdictions, and report aggregated totals. Consolidation techniques should be the same as those applied in preparing the financial accounts of the organization. Note that benefit pension plans are part of the International Accounting Standard (IAS) 19; however, IAS 19 covers more issues.				
EC4	<p>Significant financial assistance received from government.</p> <p>2.1 Report significant estimated aggregate financial value for the following:</p> <ul style="list-style-type: none"> • Tax relief/credits • Subsidies • Investment grants, research and development grants and other grants • Awards • Royalty Holidays • Financial Assistance from Export Credit Agencies • Financial Incentives • Other financial benefits received from the government <p>2.2 Is government present in the shareholder structure?</p>	✓	2		Finance Department Annika Nilsson
EC5	<p>Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.</p> <p>2.1 Identify whether a significant proportion of the workforce is compensated based on wages subject to minimum wage rules.</p> <p>2.2 In percentage terms, compare local minimum wage to the reporting organization's entry level wage by gender at significant locations of operation.</p> <p>2.3 Identify the variation in the ratios across significant locations of operation.</p> <p>2.4 Report the distribution of the ratio of the entry level wage by gender to the minimum wage.</p> <p>2.5 Report the definition used for 'significant locations'.</p> <p>2.6 For organizations that only offer salaried employment, the salary should be converted into an hourly estimate.</p> <p>2.7 Indicate whether a local minimum wage is absent or variable in significant locations of operation, by gender. In circumstances in which different minimums could be used as a reference, explain which minimum wage is being used.</p>	✓	2	Annually	Administration Department Fredrik Heidenholm
EC6	<p>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</p> <p>2.1 Report the organization's geographic definition of "local".</p> <p>2.2 For the following calculations note that percentages should be based on invoices or</p>	✓	2	Annually	Purchase Department Thore Bengtsson / Gunilla Högberg

	<p>commitments made during the reporting period (i.e., accruals accounting).</p> <p>2.3 Report whether the organization has a policy or common practices for preferring locally based suppliers either organization-wide or for specific locations.</p> <p>2.4 If so, state the percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (e.g., % of goods and supplies purchased locally). Local purchases can be made either from a budget managed at the location of operation or at the organization's headquarters.</p> <p>2.5 Indicate the factors that influence supplier selection (e.g., costs, environmental and social performance) in addition to their geographic location.</p>				
EC7	<p>Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.</p> <p>2.1 Report whether the organization has a global policy or common practices for granting preference to local residents when hiring in significant locations of operation.</p> <p>2.2 If so, report the proportion of senior management in significant locations of operation from the local community. Use data on full-time employees to calculate this percentage.</p> <p>2.3 Report the definition of 'senior management' used.</p>	✓	0	Annually	Administration Department Fredrik Heidenholm
EC8	<p>Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.</p> <p>2.1 Explain the extent of development (e.g. size, cost, duration) of significant investments and support, and the current or expected impacts on communities and local economies (transport links, community social facilities, sport centers, health and welfare centers...)</p> <p>2.2 Report whether the organization conducted a community needs assessment to determine infrastructure and other services needed. If so, briefly explain the results of the assessment.</p>	×	0		Action Marketing Anna Rådelius
EC9	<p>Understanding and describing significant indirect economic impacts, including the extent of impacts.</p> <p>2.1 Any work undertaken to understand the indirect impacts of the organization has at national, regional or local level.</p> <p>2.2 Report examples of indirect economic impacts, both positive and negative, such as:</p> <ul style="list-style-type: none"> • Changing the productivity of organizations, sectors, or the whole economy (e.g., through greater adoption or distribution of information technology) • Economic development in areas of high poverty (e.g., number of dependents supported through income from one job) • Economic impact of improving or deteriorating social or environmental conditions (e.g., changing job market in an area converted from small family farms to large plantations or the economic impacts of pollution); • Availability of products and services for those on low incomes (e.g., preferential pricing of pharmaceuticals contributes to a healthier population that can 	No/Maybe	2		Head of The Board (CEO)/ Svensk mjölk

	<p>participate more fully in the economy; pricing structures that exceed the economic capacity of those on low incomes);</p> <ul style="list-style-type: none"> • Enhancing skills and knowledge amongst a professional community or in a geographical region (e.g., need for a supplier base creates magnet for companies with skilled workers, which in turn engenders new learning institutes); • Jobs supported in the supply chain or distribution chain (e.g., assessing the impacts of growth or contraction of the organization on its suppliers) • Stimulating, enabling, or limiting foreign direct investment (e.g., expansion or closure of an infrastructure service in a developing country can lead to increased or reduced foreign direct investment); • Economic impact of change in location of operations or activities (e.g., outsourcing of jobs to an overseas location) • Economic impact of the use of products and services (e.g., linkage between economic growth patterns and use of particular products and services). <p>2.3 Report the significance of the impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas</p>				
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B2: GRI Checklist for Skånemejerier
Indicator Protocol Set
Environment (EN)

No.	Indicators		Info Available	Considered Relevant (0-2)	Reporting Frequency	Reported to the Relevant Manager by:
1	EN1	Quantity of direct materials (materials present in the final product) used - Total weight or volume	✓	2	Daily calculated. Weekly Reported to SM	Claes Boy – Product Planner in Malmö
2		Quantity of non-renewable materials used - Total weight or volume	✓	2	As above	As above
3	EN3	Primary energy sources <ul style="list-style-type: none"> • Coal • Crude Oil • Gasoline • Diesel • Fuel Oil 	✓	2	Monthly Bill Daily Internal measurements made through flow meters	Chief of Maintenance, Technical (UH) in Malmo and Kristianstad

		<ul style="list-style-type: none"> Natural Gas Electricity Biofuels Ethanol Hydrogen 			daily. Weekly Reported to SM.	
4		Quantity of total energy consumption	✓	2	As above	Technical
5	EN4	Quantity of indirect energy consumption <ul style="list-style-type: none"> Electricity Heating and Cooling Steam Nuclear Energy Solar Wind Geothermal Hydro energy Biomass based Hydrogen based Others 	<div style="border: 1px dashed black; padding: 5px; display: inline-block;"> 100% Hydroelectric Provider: Energy Sweden </div>	2	Daily	Technical
6	EN5	Quantity of energy saved due to <ul style="list-style-type: none"> Process redesign Conversion and retrofitting of equipment Changes in personal behavior 	✓ ✓ ✗	1	Yearly In Annual Report	Technical/SM
7	EN6	Initiatives to reduce energy requirements	✓	1		SM
8		Reduction in quantity in energy requirements	✓	1		Technical
9	EN7	Initiatives to reduce energy consumption in <ul style="list-style-type: none"> Use of energy-intensive materials Subcontracted production Business-related travel Employee commuting 	✓	1		Technical/SM
10	EN8	Total volume of water withdrawn (cubic meters/year) for any use <ul style="list-style-type: none"> Surface water Ground water Rainwater Waste water from another organization Municipal water supplies 	<div style="border: 1px dashed black; padding: 5px; display: inline-block;"> Main source: Municipal Water Supplies </div>	2	Daily	Technical
11	EN9	Impact assessment of water sources affected by water withdrawal	✗	0		

12	EN10	Quantity of water recycled and re-used (%age and total volume)		x	0		
13	EN21	Volume of water discharge (cubic meter/year) <ul style="list-style-type: none"> • Destination • Treatment Method • Used by other organization 	Goes to the biggest treatment plant in Sweden - Sjolundaverket	✓	0.5	Daily	Technical
14	EN16	Quantity of Greenhouse Gas emissions (in tons of CO2 equivalent) With sources		✓	2	Monthly	Technical and SM
15	EN18	Initiatives to reduce Greenhouse gas emissions	Process Optimizer	✓	2	About every 6 Months	Technical and SM
16		Quantity of reduction of GHG achieved		✓	2	6 Monthly	Technical
17	EN19	Quantity of Ozone-depleting substances emissions (CFC, HCFC, halons, methyl bromide)		✓	2	Yearly Specified in Environmental Report	External Company to Technical and SM
	EN20	NO2 emissions		✓			
		SO2 emissions		x			
		Other pollutants		x			
18	EN22	Quantity of total waste (by weight) <ul style="list-style-type: none"> • Hazardous • Non-hazardous • Relevant disposal method 		✓	2	Monthly from Carl F. Yearly reported by SM	External Company (Carl F) to Technical and SM
19	EN24	Total weight of hazardous waste <ul style="list-style-type: none"> • Transported • Imported • Exported • Treated 		✓	2	Monthly from Carl F. Yearly reported by SM	External Company (Carl F) to Technical and SM
20	EN23	Number and volume of significant spills of chemicals, oils, fuels, wastes.		✓	2	When incident occurs	Relevant department where spill occurs. Technical or Process
21	EN26	Impact assessment – mitigation of impacts of products and services <ul style="list-style-type: none"> • Material use • Water use • Emissions 		x x x	2	x	x
22	EN27	Packaging reclaimed at the end of their useful life within the reporting period (excluding rejects and recalls) <ul style="list-style-type: none"> • Recycling 	-Hope that consumers do. -We increase awareness.	x	1	x	x

		<ul style="list-style-type: none"> • Reuse 	x				
23	EN28	Non-compliance with environmental laws and regulations <ul style="list-style-type: none"> • Monetary value of significant fines • Number of non-monetary sanctions • Cases brought through dispute resolution mechanisms 	✓ ✓ ✓	2	When incident occurs	Plant Manager	
24	EN29	Measure of environmental impact of transportation of <ul style="list-style-type: none"> • Products • Materials • Members of the organization's workforce 	✓ ✓	2	Yearly By SM <hr/> Should be better, preferably Monthly	Head of Logistics Boije Olofsson	
25	EN30	Total environmental protection expenditures <ul style="list-style-type: none"> • Waste disposal • Emissions treatment • Remediation costs • Prevention • Environmental management 	✓ :S ✓ x ✓	2	Yearly Asked about by external company	Technical, Plant Manager to SM	
26	EN12	A measure of impact on biodiversity; through <ul style="list-style-type: none"> • Pollution • Introduction of invasive species, pests, pathogens • Reduction of species • Habitat conversion • Changes in ecological processes (e.g. salinity, groundwater level, etc.) • Report on Species affected • Areas impacted • Duration of impacts • Reversibility or irreversibility of impacts 	<div style="border: 1px dashed black; padding: 5px; display: inline-block;"> Groundwater used in Kristianstad. Measurements are taken to observe impact on nearby houses. </div>	x	?	Every other year	Per Nilsson in Kristianstad
27	EN11	Nearness to high biodiversity value areas	x	?	?	?	
28		Nearness to protected areas	x	?	?	?	
29	EN13	Habitats protected or restored	x	?	?	?	
30	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	x	?	?	?	

B3: GRI Checklist for Skånemejerier
Indicator Protocol Set

Labor Practices and Decent Work (LA)

No.	Indicators	Info Available	Considered Relevant (0-2)	Reporting Frequency	Reported to the Relevant Manager by:
LA1	<p>Total workforce by employment type, employment contract, and region, broken down by gender.</p> <p>2.1 Identify the total workforce (employees and supervised workers) broken down by gender working for the reporting organization at the end of the reporting period. Supply chain workers are not included in this Indicator.</p> <p>2.2 Identify the contract type and full-time and part time status of employees based on the definitions under the national laws of the country where they are based.</p> <p>2.3 Combine country statistics to calculate global statistics and disregard differences in legal definitions. Although the definitions of what constitutes types of contract and a full-time or part-time employment relationship may vary between countries, the global figure will still reflect the relationships under law.</p> <p>2.4 Report the total workforce broken down by employees and supervised workers, and by gender.</p> <p>2.5 If a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, this should be reported.</p> <p>2.6 Report the total number of employees broken down by employment contract and gender.</p> <p>2.7 Report the total number of permanent employees broken down by employment type and gender.</p> <p>2.8 Report the total workforce broken down by region and gender, based on the scale of the organization's operations.</p> <p>2.9 If applicable, explain any significant seasonal variations in employment numbers (e.g, in the tourism or agricultural industries).</p>	✓	2	Annually	Administration Department Fredrik Heidenholm
LA2	<p>Total number and rate of new employee hires and employee turnover by age group, gender, and region.</p> <p>2.1 Identify the total number of new employee hires during the reporting period, broken down by age group, gender and region.</p> <p>2.2 Identify the total number of new employee hires leaving employment during the reporting period, broken down by age group, gender and region.</p>	✓	2	Once a year	Administration Department Fredrik Heidenholm

	<p>2.3 Report the total number and rate of new employee hires entering and employees leaving employment during the reporting period, broken down by age group (e.g., <30;30-50;>50), gender and region. Rates should be calculated using the total employee numbers at the end of the reporting period.</p>				
LA3	<p>Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.</p> <p>2.1 Identify benefits offered to all employees.</p> <p>2.2 Report which of the following benefits are standard for full-time employees of the organization but are not provided to temporary or part-time employees, broken down by significant locations of operation:</p> <ul style="list-style-type: none"> • Life Insurance • Health Care • Disability/Invalidity Coverage • Parental Leave • Retirement Provision • Stock Ownership • Others <p>2.3 Standard benefits refer to those typically offered to at least the majority of full-time employees. This should not be interpreted as being offered to every single full-time employee of the organization. The intention of the Indicator is to disclose what fulltime employees can reasonably expect.</p>	✓	2	Annually	Administration Department Fredrik Heidenholm
LA15	<p>Return to work and retention rates after parental leave, by gender.</p> <p>2.1 Report the number of employees by gender that were entitled to parental leave.</p> <p>2.2 Report the number of employees by gender that took parental leaves.</p> <p>2.3 Report the number of employees who returned to work after parental leave ended, by gender.</p> <p>2.4 Report the number of employees who returned to work after parental leave ended who were still employed twelve months after their return to work, by gender.</p> <p>2.5 Report the return to work and retention rates of employees who returned to work after leave ended, by gender.</p>	✓	2	Annually	Administration Department Fredrik Heidenholm
LA4	<p>Percentage of employees covered by collective bargaining agreements.</p> <p>2.1 Use data from LA1 as the basis for calculating percentages for this Indicator.</p> <p>2.2 Binding collective bargaining agreements include those signed by the reporting organization itself or by employer organizations of which it is a member. These agreements can be at the sector, national, regional, organizational, or workplace level.</p> <p>2.3 Identify the total number of employees covered by collective bargaining agreements.</p> <p>2.4 Report the percentage of total employees covered by collective bargaining agreements.</p>	✓	2	Every year	Administration Department Fredrik Heidenholm

<p>LA5</p>	<p>Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.</p> <p>2.1 Report the minimum number of weeks' notice typically provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them.</p> <p>2.2 For organizations with collective bargaining agreements, report whether the notice period and/ or provisions for consultation and negotiation are specified in collective agreements.</p>	<p>✓</p>	<p>2</p>	<p>Annually</p>	<p>Administration Department Fredrik Heidenholm</p>
<p>LA6</p>	<p>Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advice on occupational health and safety programs.</p> <p>2.1 Identify formal health and safety committees that help monitor and advice on occupational safety programs at the facility level or higher with joint management/labor representation. 'Formal' refers to committees whose existence and function are integrated in the reporting organization's organizational and authority structure, and that operate according to certain agreed, written rules.</p> <p>2.2 Report the percentage of the total workforce represented in formal joint management-worker health and safety committees:</p> <ul style="list-style-type: none"> • None • Up to 25% • Between 25% and 50% • Between 50% and 75% • Over 75% <p>2.3 Report the level(s) at which the committee(s) typically operates (e.g., at facility level and/or at multi-facility, region, group, or company levels). This may either be a result of a formal policy, procedure, or informal practice within the organization.</p>	<p>✓</p>	<p>2</p>	<p>4 times a year</p>	<p>Administration Department Fredrik Heidenholm</p>
<p>LA7</p>	<p>Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.</p> <p>2.1 This Indicator should provide a regional breakdown for the following, by gender:</p> <ul style="list-style-type: none"> • The total workforce (i.e., total employees plus supervised workers); and • Independent contractors working on-site to whom the reporting organization is liable for the general safety of the working environment. <p>2.2 Since some reporting organizations include minor (first-aid level) injuries in their data, indicate whether such injuries are included or excluded.</p> <p>2.3 In calculating 'lost days' indicate:</p> <ul style="list-style-type: none"> • Whether 'days' means 'calendar days' or 'scheduled work days'; and • At what point the 'lost days' count begins (e.g., the day after the accident or 3 days after the accident). 	<p>✓</p>	<p>2</p>	<p>When they happen</p>	<p>Administration Department Fredrik Heidenholm</p>

	<p>2.4 Report regional breakdown and total of injury, occupational diseases, lost days, and absentee rates in the reporting period by gender, using the following formula:</p> <ul style="list-style-type: none"> Injury Rate (IR) (should capture fatalities) $IR = \frac{\text{Total number of injuries}}{\text{Total hours worked}} \times 200,000$ Occupational Diseases Rate (ODR) $ODR = \frac{\text{Total number of occupational diseases cases}}{\text{Total hours worked}} \times 200,000$ Lost Day Rate (LDR) $LDR = \frac{\text{Total number of lost days}}{\text{Total hours worked}} \times 200,000$ Absentee Rate (AR) $AR = \frac{\text{Total number of missed (absentee) days over the period}}{\text{Total number of work forced days worked for same period}} \times 200,000$ <p>2.5 Report fatalities in the reporting period by gender, using an absolute number, not a rate. 2.6 Report the system of rules applied in recording and reporting accident statistics. The 'ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases' was developed for the reporting, recording, and notification of workplace accidents. Where national law follows the ILO recommendations, it is sufficient to state that fact and that practice follows the law. In situations where national law does not comply, indicate which system of rules it applies and their relationship to the ILO code.</p>																																			
LA8	<p>Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.</p> <p>2.1 Report the programs related to assisting workforce members, their families, or community members regarding serious diseases using the table below:</p> <table border="1" data-bbox="300 1145 1397 1337"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Education/ Training</th> <th colspan="2">Counseling</th> <th colspan="2">Prevention/ Risk Control</th> <th>Treatment</th> </tr> <tr> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Program Recipients</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Workers</td> <td>x</td> <td></td> <td>x</td> <td></td> <td>x</td> <td></td> <td>x</td> </tr> </tbody> </table>		Education/ Training		Counseling		Prevention/ Risk Control		Treatment	Yes	No	Yes	No	Yes	No	No	Program Recipients								Workers	x		x		x		x	✓	2	Once every second year	Administration Department Fredrik Heidenholm
	Education/ Training		Counseling		Prevention/ Risk Control		Treatment																													
	Yes	No	Yes	No	Yes	No	No																													
Program Recipients																																				
Workers	x		x		x		x																													

	Workers' Families		x	x			x	x						
	Community Members		x				x	x						
	2.2 Report whether there are workers who are involved in occupational activities who have a high incidence or high risk of specific diseases.													
LA9	<p>Health and safety topics covered in formal agreements with trade unions</p> <p>2.1 Report whether formal agreements (either local or global) with trade unions cover health and safety. (Yes/No)</p> <p>2.2 If yes, report the extent to which various health and safety topics are covered by local and global agreements signed by the organization.</p> <p>Agreements at the local level typically address topics such as:</p> <ul style="list-style-type: none"> • Personal Protective Equipment • Joint management-employee health and safety committees • Participation of worker representatives in health and safety inspections, audits, and accident investigations • Training and education • Complaints mechanism • Right to refuse unsafe work • Periodic inspections <p>Agreements at global level typically address topics such as:</p> <ul style="list-style-type: none"> • Compliance with the ILO • Arrangements or structures for resolving problems <p>Commitments regarding target performance standards</p>													
							✓	2	Once every 2 years				Administration Department Fredrik Heidenholm	
LA10	<p>Average hours of training per year per employee, by gender, and by employee category.</p> <p>2.1 Identify the total number of employees, by gender in each employee category across the organization's operations at the end of the reporting year.</p> <p>2.2 Identify total hours devoted to training personnel within each employee category.</p> <p>2.3 Report the average number of hours of training per year per employee by employee category using the following formula:</p> $\frac{\text{Total number of hours per employee category}}{\text{Total number of employees per employee category}}$ <p>2.4 Identify total hours devoted to training personnel per gender.</p> <p>2.5 Report the average number of training per year per gender using the following formula:</p>													
							x	1	----				Administration Department Fredrik Heidenholm	

	<i>Total number of hours by gender</i>				
	<i>Total number of employees by gender</i>				
LA11	<p>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</p> <p>2.1 Do employee training or assistance programs to upgrade skills provide any of the following?</p> <ul style="list-style-type: none"> • Internal training courses • Funding support for external training or education • The provision of sabbatical periods with guaranteed return to employment <p>2.2 Do transition assistance programs to support employees who are retiring or who have been terminated provide any of the following:</p> <ul style="list-style-type: none"> • Pre-retirement planning for intended retirees • Retraining for those intending to continue working • Severance pay • If severance pay is provided, does it take into account employee age and years of service • Job placement services • Assistance (e.g. training, counseling) on transition to a non-working life 	✓	2	When it is needed	Administration Department Fredrik Heidenholm
LA12	<p>Percentage of employees receiving regular performance and career development reviews, by gender.</p> <p>2.1 Identify the total number of employees broken down by gender. The total number of employees should match that reported under LA1.</p> <p>2.2 Report the percentage of total employees by gender who received a formal performance appraisal and review during the reporting period.</p>	✓	2	Once a Year	Administration Department Fredrik Heidenholm
LA13	<p>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.</p> <p>2.1 Identify the diversity Indicators used by the reporting organization in its own monitoring and recording that may be relevant for reporting.</p> <p>2.2 Identify the total number of employees in each employee category. The total number of employees should match that reported in LA1.</p> <p>2.3 Report the percentage of employees per employee category in each of the following diversity categories: (% of employees)</p> <ul style="list-style-type: none"> • Gender • Minority groups • Age groups <p>2.4 Report the percentage of employees by gender for the minority and age groups identified in 2.3. The categories should be broken down by gender as per the diversity categories above.</p>	×	0	-----	Administration Department Fredrik Heidenholm

	<p>2.5 Report the percentage of individuals within the organization's governance bodies (e.g., the board of directors, management committee, or similar body for non-corporate reporting organizations) in each of the following diversity categories: (% of Individuals within Governance Bodies)</p> <ul style="list-style-type: none"> • Gender • Minority groups • Age groups: Under 30 years old, 30-50 years old, over 50 years old. 				
LA14	<p>Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.</p> <p>2.1 Identify the total number of employees in each employee category across the reporting organization's operations, broken down by gender using the information from LA13. Employee categories should be defined based on the reporting organization's own human resources system. The total number of employees should match that reported in LA1.</p> <p>2.2 Identify the basic salary for women and for men in each employee category.</p> <p>2.3 Identify the remuneration for women and men in each employee category.</p> <p>2.4 Report the ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.</p>	✓	2	Once a Year	Administration Department Fredrik Heidenholm

B4: GRI Checklist for Skånemejerier
Indicator Protocol Set

Product Responsibility (PR)

No.	Indicators	Info Available	Considered Relevant (0-2)	Reporting Frequency	Reported to the Relevant Manager by:												
PR1	<p>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.</p> <p>2.1 In each of the following life cycle stages, report whether the health and safety impacts of products and services are assessed for improvement:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Development of product concept</td> <td align="center">X</td> <td></td> </tr> <tr> <td>R&D</td> <td align="center">X</td> <td></td> </tr> <tr> <td>Certification</td> <td align="center">X</td> <td></td> </tr> </tbody> </table>		Yes	No	Development of product concept	X		R&D	X		Certification	X		✓	2	3 Times per year 2 internal, 1 external audit	Plant Managers Kay Grenrud and Henrik Johansson
	Yes	No															
Development of product concept	X																
R&D	X																
Certification	X																

	<table border="1"> <tr> <td>Manufacturing and Production</td> <td>X</td> <td></td> </tr> <tr> <td>Marketing and Promotion</td> <td>X</td> <td></td> </tr> <tr> <td>Storage Distribution and Supply</td> <td></td> <td>X</td> </tr> <tr> <td>Use and Service</td> <td></td> <td>X</td> </tr> <tr> <td>Disposal, Reuse or Recycling</td> <td>X</td> <td></td> </tr> </table> <p>2.2 Report the percentage of significant product or service categories that are covered by and assessed for compliance with such procedures.</p>	Manufacturing and Production	X		Marketing and Promotion	X		Storage Distribution and Supply		X	Use and Service		X	Disposal, Reuse or Recycling	X					
Manufacturing and Production	X																			
Marketing and Promotion	X																			
Storage Distribution and Supply		X																		
Use and Service		X																		
Disposal, Reuse or Recycling	X																			
PR2	<p>Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.</p> <p>2.1 This Indicator addresses the life cycle of the product or service once it is available for use and therefore subject to regulations concerning the health and safety of products and services.</p> <p>2.2 Where the reporting organization has not identified any non-compliance with regulations and voluntary codes, a brief statement to this fact is sufficient.</p> <p>2.3 Identify the total number of incidents of noncompliance with regulations and voluntary codes concerning the health and safety of products and services during the reporting period.</p> <p>2.4 This Indicator refers to incidents of non-compliance within the reporting period. If a substantial number of incidents relate to events in preceding years, this should be indicated.</p> <p>2.5 Incidents of non-compliance in which the organization was determined not to be at fault are not counted in this Indicator.</p> <p>2.6 Report the total number of incidents of noncompliance with the health and safety of products and services, broken down by:</p> <ul style="list-style-type: none"> o Incidents of non-compliance with regulations resulting in a fine or penalty; o Incidents of non-compliance with regulations resulting in a warning; and o Incidents of non-compliance with voluntary codes. 	✓	2	If it occurs	Plant Managers Kay Grenrud and Henrik Johansson															
PR3	<p>Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.</p> <p>2.1 Report whether the following product and service information is required by the organization's procedures for product and service information and labeling:</p> <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>The sourcing of components of the product or service</td> <td></td> <td></td> </tr> <tr> <td>Content, particularly with regard to substances that might produce an environmental or social impact</td> <td>X</td> <td></td> </tr> </tbody> </table>		Yes	No	The sourcing of components of the product or service			Content, particularly with regard to substances that might produce an environmental or social impact	X		✓	2	When it is needed	Marketing Department Caroline Olsson						
	Yes	No																		
The sourcing of components of the product or service																				
Content, particularly with regard to substances that might produce an environmental or social impact	X																			

	Safe use of the product or service	X					
	Disposal of the product and environmental/social impacts	X					
	Other (explain)						
	2.2 Report the percentage of significant product or service categories covered by and assessed for compliance with such procedures.						
PR4	<p>Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.</p> <p>2.1 This Indicator refers to incidents of noncompliance decided within the reporting period. If a substantial number of incidents relate to events in preceding years, this should be indicated.</p> <p>2.2 Where the reporting organization has not identified any non-compliance with regulations and voluntary codes, a brief statement to this fact is sufficient.</p> <p>2.3 Identify the total number of incidents of noncompliance with regulations and voluntary codes concerning product and service information and labeling during the reporting period.</p> <p>2.4 Incidents of non-compliance in which the organization was determined not to be at fault are not counted in this Indicator.</p> <p>2.5 Report the total number of incidents of noncompliance with regulations concerning product and service information and labeling, broken down by:</p> <ul style="list-style-type: none"> o Incidents of non-compliance with regulations resulting in a fine or penalty; o Incidents of non-compliance with regulations resulting in a warning; and o Incidents of non-compliance with voluntary codes. 			✓	2	When it occurs	Plant Managers Kay Grenrud and Henrik Johansson
PR5	<p>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</p> <p>2.1 Report on organization-wide practices in place to assess and maintain customer satisfaction, such as:</p> <ul style="list-style-type: none"> o Frequency of measuring customer satisfaction; o Standard requirements regarding methodologies of surveys; and o Mechanisms for customers to provide feedback. <p>2.2 Report the results or key conclusions of surveys (based on statistically relevant sample sizes) conducted in the reporting period that were related to information about:</p> <ul style="list-style-type: none"> o The organization as a whole; o A major product/service category; or o Significant locations of operation. <p>2.3 For any survey results reported, identify the product/service category or locations of operations to which they apply.</p>			✓	2	Brand Index every month/ Twice a year more deeply	Charlotte Nilsson
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing			✓	2	If it occurs	Marketing

	<p>communications, including advertising, promotion, and sponsorship.</p> <p>2.1 Report any codes or voluntary standards relating to marketing communications applied across the organization.</p> <p>2.2 Report the frequency with which the organization reviews its compliance with these standards or codes.</p> <p>2.3 Report whether the organization sells products that are:</p> <ul style="list-style-type: none"> o Banned in certain markets o The subject of stakeholder questions or public debate <p>2.4 Report how the organization has responded to questions or concerns regarding these products.</p>				Department Caroline Olsson
PR7	<p>Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.</p> <p>2.1 This Indicator refers to incidents of non-compliance within the reporting period. If a substantial number of incidents relate to events in preceding years, this should be indicated.</p> <p>2.2 Where the reporting organization has not identified any non-compliance with regulations and voluntary codes, a brief statement to this fact is sufficient.</p> <p>2.3 Identify the total number of incidents of noncompliance with regulations concerning marketing communications during the reporting period.</p> <p>2.4 Incidents of non-compliance in which the organization was determined not to be at fault are not counted in this Indicator.</p> <p>2.5 Report the total number of incidents of noncompliance with regulations concerning marketing communications, broken down by:</p> <ul style="list-style-type: none"> o Incidents of non-compliance with regulations resulting in a fine or penalty; o Incidents of non-compliance with regulations resulting in a warning; and o Incidents of non-compliance with voluntary codes. 	✓	1	When it happens	Marketing Department Caroline Olsson
PR8	<p>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</p> <p>2.1 Identify the total number of complaints regarding breaches of customer privacy during the reporting period.</p> <p>2.2 If a substantial number of these breaches relate to events in preceding years, this should be indicated.</p> <p>2.3 Report the total number of substantiated complaints received concerning breaches of customer privacy, categorized by:</p> <ul style="list-style-type: none"> o Complaints received from outside parties and substantiated by the organization; and o Complaints from regulatory bodies. <p>2.4 Report the total number of identified leaks, thefts, or losses of customer data.</p> <p>2.5 Where the reporting organization has not identified any substantiated complaints, a brief</p>	x	0	-----	-----

	statement to this fact is sufficient.				
PR9	<p>Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services</p> <p>2.1 Identify administrative or judicial sanctions levied against the organization for failure to comply with laws or regulations, including international declarations/conventions/ treaties, and national, sub-national, regional, and local regulations concerning the provision and use of the reporting organization's products and services. Relevant information for this Indicator includes but is not limited to data from PR2, PR4, and PR7.</p> <p>2.2 Report total monetary value of significant fines.</p> <p>2.3 Where the reporting organization has not identified any non-compliance with laws or regulations, a brief statement to this fact is sufficient.</p>	x	2	-----	-----

B5: GRI Checklist for Skånemejerier
Indicator Protocol Set
Human Rights (HR)

No.	Indicators	Info Available	Considered Relevant (0-2)	Reporting Frequency	Reported to the Relevant Manager by:
HR1	<p>The number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening</p> <p>2.1. Agreements and contracts that are significant in terms of size or strategic importance</p> <p>2.2. Total number of significant investment agreements and contracts during the reporting period</p> <p>2.3. Multiple investment agreements and contracts undertaken with same partner should reflect the number of separate projects undertaken or entities created</p> <p>2.4. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</p>	✓	2	Every time a new supplier occurs Every third year (depending on supplier importance or/and the level of necessity)	Purchase Department Thore Bengtsson Gunilla Hogberg Claes Hansson
HR2	<p>Significant suppliers, contractors and business partners that have undergone human rights screening, and action taken</p> <p>2.1.Total number of significant suppliers, contractors and business partners</p> <p>2.2.The percentage of significant suppliers, contractors and business partners that include clauses or screening on human rights</p>	✓	2	Every time a new supplier occurs Every third year (depending on supplier	Purchase Department Thore Bengtsson Gunilla Hogberg Claes Hansson

	2.3.The percentage of significant suppliers, contractors and business partners that were either declined or imposed performance conditions, or were subject to other actions as a result of human rights screening			importance or/and the level of necessity)	
HR3	<p>Have you undertaken any training programs of employees relevant to human rights policies and procedures relevant to operations</p> <p>2.1.Total number of hours devoted to employee training</p> <p>2.2. Identify the total number of employees</p> <p>2.3.Identify employees who have received formal training in organizations policies and procedures on human rights issues and their applicability on employee’s work</p> <p>2.4.Total number of hours devoted to training on policies and procedures concerning aspects of human rights that are relevant to operations</p> <p>2.5.Percentage of employees trained in policies and procedures concerning aspects of human rights that are relevant to operations</p>	x	0	-----	Administration Department Fredrik Heidenholm
HR4	<p>Incidents of discrimination and action taken</p> <p>2.1.Identify incidents on grounds of race, color, sex, religion, political opinion, national extraction, or social origin</p> <p>2.2.Total number of incidents</p> <p>2.3.Status of incident and action taken</p>	✓	2	Reported on the incident	Administration Department Fredrik Heidenholm
HR5	<p>Operations and significant suppliers in which the right to exercise freedom of association or collective bargaining may be violated or at risk</p> <p>2.1.Identify operations and significant suppliers in which the right to exercise freedom of association or collective bargaining may be violated or at risk</p> <p>2.2. Report operations and significant suppliers in which the right to exercise freedom of association or collective bargaining may be violated or at risk</p> <p>2.3.Measures taken by the organization to support rights to freedom of association or collective bargaining</p>	✓	2	Reported on the incident	Administration Department Fredrik Heidenholm
HR6	<p>Operations and significant suppliers that might have significant risk for incidents of child labor and measures taken to contribute to effective abolition of child labor</p> <p>2.1.Identify operations considered to have significant risk for incidents of child labor or young workers exposed to hazardous work</p> <p>2.2.Operations considered to have significant risk for incidents of child labor either in terms of types of operations, countries or geographical areas</p> <p>2.3.Measures undertaken to contribute to the elimination of child labor</p>	✓	2	Reported on the incident	Administration Department Fredrik Heidenholm
		✓	2	Every time a new supplier occurs Every third year (depending on	Purchase Department Thore Bengtsson Gunilla Hogberg

				supplier importance or/and the level of necessity)	Claes Hansson
HR7	Operations and significant suppliers that might have significant risk for incidents of forced or compulsory labor and measures taken to contribute to effective elimination of all forms of forced or compulsory labor 2.1. Identify operations considered to have significant risk for incidents of forced or compulsory labor 2.2. Operations considered to have significant risk for incidents of forced or compulsory labor either in terms of types of operations, countries or geographical areas 2.3. Measures undertaken to contribute to the elimination of all forms of forced or compulsory labor	✓	2	Reported on Incident	Administration Department Fredrik Heidenholm
		✓	2	Every time a new supplier occurs Every third year (depending on supplier importance or/and the level of necessity)	Purchase Department Thore Bengtsson Gunilla Hogberg Claes Hansson
HR8	Implemented programs for training security personnel in the organization's policies or procedures concerning aspects of human rights that are relevant to operations 2.1. Identify the total number of security personnel organization employs directly 2.2. Percentage of security personnel who have received formal training in organizations policies and procedures on human rights issues and their application to security. 2.3. Determine whether training requirements apply to third party organizations providing security personnel	x	0	-----	Administration Department Fredrik Heidenholm
HR9	Incidents involving violations of indigenous rights and action taken 2.1. Identify incidents involving indigenous rights among the organization's own employees, and in communities near existing operations that are likely to be affected 2.2. Total number of incidents 2.3. Status of the incidents and action taken	x	0	-----	Administration Department Fredrik Heidenholm
HR10	Operations that have been subject to human rights reviews and/or impact assessment 2.1. Identify countries in which organization operates 2.2. Total number of operations by country	✓	2	Every time a new supplier occurs	Purchase Department Thore

	2.3.Total number and percentage of operations that have undergone human rights reviews or human rights impact assessments by country			Every third year (depending on supplier importance or/and the level of necessity)	Bengtsson Gunilla Hogberg Claes Hansson
HR11	<p>Have you receive any grievances related to human rights filed?</p> <p>2.1.Identify existing formal organizational grievance mechanism</p> <p>2.2.Total number of grievances related to human rights filed through formal organizational grievance mechanism</p> <p>2.3.Total number of addressed grievances related to human rights filed, broken down by:</p> <ol style="list-style-type: none"> 1. Internal Stakeholders, 2. External Stakeholders, 3. Gender, minority group membership and other indicators of diversity <p>2.4.Total number of resolved grievances related to human rights filed, broken down by:</p> <ol style="list-style-type: none"> 4. Internal Stakeholders, 5. External Stakeholders, 6. Gender, minority group membership and other indicators of diversity <p>2.5.Total number of addressed and resolved grievances related to human rights filed, broken down by:</p> <ol style="list-style-type: none"> 7. Internal Stakeholders, 8. External Stakeholders, 9. Gender, minority group membership and other indicators of diversity 	x	0	-----	Administration Department Fredrik Heidenholm

B6: GRI Checklist for Skånemejerier

Indicator Protocol Set
Society (SO)

No.	Indicators	Info Available	Considered Relevant (0-2)	Reporting Frequency	Reported to the Relevant Manager by:
SO1	2.1. Do you have programs that involve local community engagement?	✓	2	Reported on the implemented program	Action Marketing Anna Rådelius
	2.2. Information or/and data on impact assessment?	✓	2	Twice a year	Brand Skånemejerier Marie Tiljander
	2.3. How many programs have you implemented?	✓	2	Reported on the implemented program	CBM- Ecology Henrik Lundgren
	2.3. Have you developed Community Development Programs?	✓	2	Reported on the developed program	Environmentally Responsible Armina Mustafic Fredrik Javensköld
SO9	<p>Operations with significant or potential negative impact on local community</p> <ul style="list-style-type: none"> • Internal source of impact <ul style="list-style-type: none"> 2.1 Identify internal sources of information about potential and actual negative impacts, including sources such as: Actual performance data; Internal investment plans and associated risk assessments; All data collected with GRI indicators (e.g., EC9, EN1, EN3, EN8, EN12, EN14-15, EN19-26, EN29, LA8, HR6-9, PR1-2) as relates to individual communities. 2.2 Identify significant potential negative impacts, including but not limited to consideration of: <ul style="list-style-type: none"> Vulnerability and risk to local communities from potential impacts due to factors such as: <ul style="list-style-type: none"> Degree of physical or economic isolation of the local 	✓	2		

	<p>community; Level of socio-economic development including the degree of gender equality within the community ; State of socio-economic infrastructure(health, education); Proximity to operations; Level of social organization; and Strength and quality of the governance of local and national institutions around local communities.</p> <p>2.3 Identify the exposure of the local community to operations due to higher than average use of/ impact on shared resources through: Use of hazardous substances that impact on the environment and human health in general, and specifically reproductive health; Volume and type of pollution released; Status as major employer in the local community; Land conversion and resettlement; and Natural resource consumption.</p> <p>2.4 Identify the significant potential and actual negative economic, social, cultural, and environmental impacts on local communities and their rights, considering: Intensity/severity of the impact; Likely duration of the impact; Reversibility of the impact; and Scale of the impact.</p>				
SO10	<p>In case of identifying operations with actual or potential negative impact on local community, what are the actions that are undertaken in order to prevent, mitigate or /and compensate negative impact ?</p> <p>2.1 Use the information on potential and actual negative impacts reported in S09.</p> <p>2.2 Report whether, for the significant potential and actual negative impacts reported in S09: Prevention and mitigation measures were implemented; Prevention and mitigation measures were implemented in order to: i. Remediate non-compliance with laws or regulations; ii. Maintain compliance with laws or regulations; iii. Achieve a standard beyond legal compliance; Prevention and mitigation objectives were achieved or not</p>	✓	2	Reported when negative impact happen	Relevant Manager

S02	Have you conducted any research on risk related to the corruption? 2.1 Identify business units analyzed for organizational risks related to corruption during the reporting period. This refers to either a formal risk assessment focused on corruption or the inclusion of corruption as a risk factor in overall risk assessments. 2.2 Report the total number and percentage of business units analyzed for risks related to corruption.	x	0	-----	Administration Department Fredrik Heidenholm
S03	Have you executed/implemented/conducted any programs dealing with training employees in organization's anti-corruption policies and procedures? 2.1.Total number of employees, distinguishing between management and non-management employees 2.2. Report the percentage separately	x	0	-----	Administration Department Fredrik Heidenholm
S04	What are the actions taken in response to incidents of corruption? 2.1.Total number of incidents in which employees were dismissed or disciplined for corruption 2.1.Total number of incidents in which contracts were not renewed due to the violation related to the corruption 2.2.Any concluded legal cases and their outcome during the reporting period	x	0	-----	Administration Department Fredrik Heidenholm
S05	Have you participated in public policy development and lobbying? 2.1.Prtpicipation taken 2.2.issues because of which organization has participated in public policy development and/or lobbying 2.3.core positions held on each of the issues	✓	2	2-3 times annually	Administration Department Fredrik Heidenholm
S06	Have you provided any financial or/and in - kind contributions to politicians, political parties and related institutions? 2.1.Total monetary value of financial and in-kind contribution 2.2. Calculate contribution in accordance with national accounting rules 2.3.Total monetary value broken down by country	x	0	-----	Administration Department Fredrik Heidenholm
S07	Have you been a subject to legal actions for anti-competitive behavior, anti-trust or monopoly practices? 2.1.,2.2.Identify legal action pending or completed 2.3.Total number of legal actions 2.4. Main outcome, including any decisions or judgments.	x	0	-----	Administration Department Fredrik Heidenholm
S08	Have you experienced any significant monetary sanctions for non-compliance with laws and regulations?	x	2		Administration Department

	<p>2.1. Identify administrative or judicial sanctions against the organization for failure to comply with laws or regulation</p> <p>2.2. Report significant fines and non-monetary sanctions</p> <p>2.3. Where the reporting organization has not identified any non-compliance with laws or regulations, a brief statement to this fact is sufficient.</p> <p>2.4. Organizations are encouraged to report fines and non-monetary sanctions in terms of the focus of laws.</p>				<p>Fredrik Heidenholm</p>
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Appendix C

Meeting Summaries with Senior Management at Skånemejerier

C1 Meeting with Birgitta Hultberg Olsson

(Annual Report Responsible)

Questions for Birgitta Hultberg Olsson

1. How do you decide on the sustainability report's content?
2. What is the workflow of Annual Reporting of X?
 1. How do you collect data? How frequently?
 2. From whom?
3. How many employees are involved in this process?
4. What are responsibilities of the employees involved? (Organizational chart with Employee roles and responsibilities)
5. Do you use special software for your annual reporting system? If so, why?
6. Which challenges/problems do you face in the process of annual reporting?
7. How do you solve those issues? (Do you solve them internally or hired professional consultants?)

Meeting Summary

The meeting with Birgitta Hultberg Olsson was about preparation of annual report, the general challenges she faces and responsibilities of different employees in the process of producing the annual report. The annual report and sustainability report are similar reports in a way and the information about the process of forming an annual report can be related to sustainability reporting in some extent.

According to her, the main aim of the annual report is to inform the owners (farmers) about the performance of SM during reporting year. Owners are always willing to know how well the company is doing. Except the financial part, Mrs. Hultberg and two other colleagues are

responsible for the annual report. They are meeting the relevant employees once a year to get relevant information which can be shared in annual report. They conduct interviews or phone calls to get the information. Basically, the employees are deciding what to say in the report because they are giving the raw information but Mrs. Hultberg is the person who shapes the information to share on the report. The interviews and other preparations take approximately six months to complete the report.

There are many challenges in the process of creating the annual report. First of all, according to Mrs. Hultberg, most of the employees are not aware of the importance of an annual report. Thus, they do not give high quality information for the report. Moreover, the employees, especially the ones in marketing department, are not willing to share detailed information because they do not want their rivals to know much about their performance. In addition, most of the employees are not interested in writing the information as they do not have any education on writing. However, some employees are good in writing and they are able to create good passages to communicate their information. According to her, another important issue is that people who are responsible for annual report do not have the same interest when they are asking questions to employees. For instance, Mrs. Hultberg is really interested in figures more than general information where her colleagues may not be interested in figures that much. So, she thinks that it would be better if you are working with colleagues who are thinking likely.

Besides challenges she also gave some suggestions to improve the annual report and its preparation process. First of all, she thinks that asking the right questions to employees is very important. After the question is asked, the reasons for asking this particular question should be communicated with the employee. They should know why this particular information is important for the report. She also thinks that it would be better if you say specifically what kind of data/information you want from the employees. Besides, she thinks that communicating only with a few people from every department could be more efficient way to collect the relevant information instead of interviewing many different employees. It would increase the speed and the efficiency. In addition, she believes that a workshop or any kind of education about the whole concept of reporting could be useful for the company. Another thing she shared with us was the importance of transparency. She wants to communicate with all stakeholders transparently and she thinks that the company should not hide any information.

Mrs. Hultberg's personal opinions and her contribution to our degree project are very important. The challenges she usually faces are possible challenges which can be faced during the preparation of sustainability report. Moreover, the suggestions she has given can be very

beneficial for us and her ideas should be taken into consideration when we suggest an appropriate workflow for sustainability reporting in SM.

C2 Meeting with Caroline Olsson

(Marketing Director)

According to Ms. Olsson, Skånemejerier is still more less at the basic level when it comes to integrating sustainability development within its business strategy, especially regarding the social perspective, which she considers the most important one. The reasons for this situation are several, starting from the fact that three years ago this department was not existing within Skånemejerier organizational structure which is a very short time for department development itself as well as for sustainability integration. This was the case mainly because of the shareholders' belief that need and investment for such department is unnecessary and to some extent luxury.

At the time when the marketing department was developed, main problem within SM was the clear existing line between SM business workflow and their farmers. SM business structure with all its departments was operating separately as an independent operating unit, where farmers were seen strictly through their role of suppliers of milk and other goods required for development of products. As Ms. Olsson stated „There was a wall between the 600 farmers and SM as a company “, hence the main challenge for marketing department above all was to break this wall and to unify farmers with their farms with Skånemejerier business.

Further on, the main idea of marketing is to create a connection between its consumers and farmers, where consumers would be given an opportunity to learn more about animals, milk, farmers work and farms in general. Basically, the idea is to educate consumers about farms and milk production. The difficulty, at the beginning was that farmers were not so open to step out and explain their work or to welcome visitors to their farms. However, by time they manage to execute activities were farmers were visiting the „stores“ and children were visiting farmers. In addition to that they created a cow figure named Calvin, that go out to public and educate children by promoting health, good food and exercises. They also developed a blog on their website and a Facebook group where consumers can read and see what farmers do, how milk is produced and be more educated on the process of milk production, as well as to communicate their concerns and desires.

The rationale behind the promotion of farmers is Swedish farmers survival, were they want farmers to be more exposed to outside world and to communicate their work with consumers, especially children and youth. Using the “face of farmers” they see their marketing strategy and

part of brand building with main aim to develop mutual „ positive feelings “ between consumers and their farmers while in the same time strengthening connection between SM and consumers.

As an additional challenge toward the implementation of its goals and for the sustainability development itself, according to Ms. Olsson is low awareness present amongst employees and workers within SM. She believes that the main challenge lies in information communication. Critical to goal accomplishment is effective communication and understanding, starting from clear understanding within organization and then moving to effectively presenting and communicating particular information with consumer, by providing clear explanations and reasons behind at level where their goal will be understood and meet their expectations. Further on, she believes that wall between farmers and SM personnel (staff) is not broke entirely, saying that there are still employees needed to be educated about farmers work and starting point could be more frequent farm visiting which unfortunately is not the case.

C3 Meeting with Fredrik Javensköld

(Environmental Coordinator, Environmental Report Responsible)

Fredrik Javensköld, the Environmental Coordinator, is responsible for the environmental reports. Currently Skånemejerier produces two environmental reports, one each for Kristianstad and Malmo dairy plants. These are produced biannually for internal use, and externally are submitted to the Swedish governmental authorities once every year.

The two reports incorporate data as depicted in the diagram above. Information on different indicators is the responsibility of different personnel within the company. They communicate this information mostly on a regular basis to the environmental coordinator. No central database for this collecting this currently exists, thus this communication is done majorly via email in the form of Microsoft Excel spreadsheets. The frequency as indicated above varies for different indicators, from only being reported on incident, to being reported daily.

Apart from the two reports an Environmental Brochure is also printed (first time in 2011) with the aim to communicate internally the environmental efforts put in by the company. This brochure is written using layman terms and is more descriptive and readable than quantitative, and explains the environmental vision of the company, environmental efforts put in each step of the dairy process, the targets achieved, new targets, climate certifications and awards received. It is an effort by the Environmental Coordinator to increase environmental awareness among the employees.

C4 Meeting with Per Nilsson

(Quality Coordinator)

Need for Sustainability Report

Approximately six months ago, Skånemejerier, more precisely Quality Manager, Per Nilsson and one of Environmentally Responsible Manager Armina Mustafic, has conducted a research based on GRI Guidelines. The aim of research was to verify how much information relevant to sustainability development is available within Skånemejerier and to determine the level of information required for conducting Sustainability Report and as well does Skånemejerier match that level. The research's conclusion is that Skånemejerier meet the basic requirements of information needed for Sustainability Report, but the problem is in its collection, since those information are spread through entire organization and thus make it difficult to trace and collect as well defining the responsibilities regarding the information execution.

From the Mr. Nilsson opinion, Skånemejerier should conduct Sustainability Report because of many reasons, but firstly because it should follow current trends and customer/consumers preferences. Further on, according to Mr. Nilsson the main incentive for Skånemejerier to conduct Sustainability report lies in meeting consumers and customers expectation what he consider very important for future business of Skånemejerier. He realizes that even though Skånemejerier is a small-size company it does not have to mean that it is not capable of conducting such report. Skånemejerier is from customer and consumer perspective expected to have SR which will strengthen their connection with consumer and improve customer network. And since they have enough information needed for SB report he sees no great obstacles in producing this report.

C5 Meeting with Thore Bengtsson

(Supply Manager)

The meeting with Thore Bengtsson provided us with two documents on purchasing requirements by Skånemejerier, which summarize the contractual obligations for their suppliers. These requirements apart from others include questions on social issues and how they are dealt with by the suppliers, such as human rights, labor practices, and on providing a healthy work environment. Checklists of these requirements are sent in to potential suppliers and their responses are scored on a scale of 0 - 30, where a score of 20 qualifies them for becoming a supplier.

Mr. Bengtsson, also pointed out that for Sustainability Reporting, the purchase departments often are not considered, even though they hold valuable information with respect to ensuring promotion of sustainable practices by suppliers. He went on to say that this information definitely needs to be incorporated in the sustainability report, to give the stakeholders the bigger picture of not only manufacturing, but also of the sustainability of the raw materials, semi-manufactured, and manufactured goods purchased.

Appendix D

RESPONSES TO GENERAL SUSTAINABILITY REPORTING QUESTIONS

by Senior Management

1. Why (if at all) do you think Skånemejerier should publish a Sustainability Report?
2. What benefits do you believe Sustainability Reporting would bring to Skånemejerier?
3. How (if at all) do you believe your role and responsibilities would be affected by implementing a Sustainability Reporting process?

NIKLAS LUNDIN

1. To maintain our position as a company focusing on environmental issues, however I think a cost/benefit analysis should be performed before initiating work on such an extensive report.
2. From a financial perspective: Increase understanding of our pricing of products.
3. Not very much.

FREDRIK HEIDENHOLM

1. It is important to show all our work in the area. Transparency and confidence
2. Transparency and confidence. Brand index and so on
3. Not that much to day but maybe in the future

Appendix E

Responses to Email Questionnaires – Other Companies

E1: Alfa Laval

David Ford

(CSR coordinator)

1. How long has Alfa Laval had a sustainability reporting system?

We started in 2004.

2. Why do you start following the GRI guidelines on reporting?

It has a reasonable structure and is an attempt to standardize what is reported. Thus we feel able to decline to complete other questionnaires that we get sent which takes resources (except students!).

3. How do you collect data and manage sustainability-related issues?

Generally using a web based database which all group companies have to complete. This is hosted outside the company with a specialist service provider. What is the workflow of sustainability reporting of Alfa Laval? Quite complicated and will vary from company to company depending on its size. Some data is reported quarterly, some monthly some annually depending on our view of how critical it is to the achievement of our goals. Centrally we monitor the data and follow up unusual inputs and compile trends etc. How frequently is the information collected? See above.

4. Do you have a special department which is responsible for sustainability issues?

No. We believe sustainability is when every employee is involved - it is not a "bolt-on" extra. So sustainability issues are the responsibility of the line management e.g. the purchasing manager is responsible for sustainability related to the suppliers. I am the only dedicated central resource. I report to the CEO and the Board. I write the overall reports that you see on the web. I train people internally and help line management develop reliable processes around these matters.

5. How many employees are involved in this process?

See the GRI report for the number of reporting entities. You can assume there are at least 2 people at each entity that have to be involved in the reporting. Many more are involved in the implementation, e.g. all new product development staff is involved to a greater or lesser extent in the environmental design of products. All purchasers in the selection and development of better sustainability issues at their suppliers etc.

6. What are responsibilities of the sustainability employees?

No organization, so not org chart!

7. Do you use special software in your sustainability reporting system? (if so, what are the criteria for choosing the one you use)

Yes: cost, flexibility, competence of external parties.

8. What were the challenges when it was your first time to issue sustainability report?

How to balance the reporting so we do not appear as if we are "too" good, yet not so humble that we attract criticism from the media etc. for issues that they may regard as unacceptable.

9. How did you solve those issues? (Also, did you solve them internally or hired professional consultants?)

Internally, through discussion and forming a communication strategy around for the subject. This strategy gave the guidelines for the tone of the reporting: More emphasis on transparency than telling just a "good" PR story. For example, we win some external recognition for our achievements but we do not publish this because we can see so many issues that still need to be improved. We believe sustainability issues are long, very long, term and to present to the World that we are "the best" is short term folly.

10. What benefits do you think Alfa Laval gets from sustainability reporting? (Specific research or assessment)

Good recognition from investors and now increasingly customers. Helps us to consider the dilemmas we face between financial and technical performance and our other social duties.

11. What kind of additional benefits (increased efficiency, better information flow, etc) do you obtain from the sustainability reporting system?

Probably helped us to reduce our energy costs - otherwise the benefits are more at strategic level as Q8 above.

12. Do you use external assurers to improve your grading on the GRI?

No, we do not see a compelling reason to do so. We are not in this to improve a GRI or any other type of grading. We are in this to improve our environmental, social and ethical performance. We are not interested in certificates to hang on the wall. To go through the whole GRI assurance process would consume a lot of resource. Many people who analyze our sustainability performance have a very narrow focus. It is easy for them to focus on things like certificates and sometimes this distracts them from the much bigger questions and dilemmas that face our society. For illustration: A company that makes luxury goods can have a great sustainability reporting record, win prizes etc. Does this make them a good sustainability company? Does society really need their products - i.e. if that company disappeared all its negative impacts would also disappear. Discuss :). Sustainability is not about winning prizes or grades for reporting (although it is nice when it happens) it is about making improvements so that we can meet our needs for today without jeopardizing the needs for those in the future. Also, GRI is a LOT of data reporting - much of the data is not really essential to the achievement of our goals, so why waste time refining the reporting of much data that is unimportant?

E2: H&M

About Sustainability Reporting:

1. How long has H&M had a sustainability reporting system?

We published our first CSR-Report in 2002. Internal reporting systems and reporting on occasion was in place depending on issue earlier, for example together with the formal start of our CSR work in the 90s.

About the Process:

1. What is the workflow of sustainability reporting of H&M? How frequently the information is collected?

Several KPIs are evaluated regularly for internal performance review purposes. Our public reporting is on annual basis.

2. How do you decide on the sustainability report's content?

The content is based on an analysis of what is material to our stakeholders and important drivers in our sustainability programme accompanied by case studies aiming to explain more clearly how certain improvements were achieved or what challenges we face. The framework delivers our sustainability strategy including seven defined commitments all our work is directed to fulfill.

3. How do you collect data and manage sustainability-related issues? How is your sustainability reporting system organized?

There are different IT-systems in place for different types of data, such as those concerning our employees or for example results from supplier audits.

4. Do you have special department which is responsible for sustainability issues?

Yes, we have over 90 full time employees working in our CSR organization. 76 of these work with our supply chain sustainability program and are based in our production offices around the world. We have made sustainability being the responsibility of each

department and business function with H&M. Our head office CSR Support department consists of 15 persons who support and train other functions, develop guidelines, define strategic targets and review the company's performance against these.

5. How many employees are involved in this process?

It's hard to provide a number, but the process involves our CSR-Support team as well as different functions contributing with their performance, data and case studies as well as supportive communications or IT resources.

6. What are responsibilities of the sustainability employees?

S.a.

7. Do you use special software in your sustainability reporting system? (if so, what were the criteria for choosing the one you used)

We use certain IT systems to manage data, but due to competitive reasons we can unfortunately not disclose which kinds of systems we use.

Challenges / Problems / Benefits:

1. Which challenges/problems do you face in the process of sustainability reporting?

With sustainability moving to be a responsibility of all different functions within the company, the number of persons involved increased, resulting in higher needs of training and education and improved systems to track the information. Also, more activities in different areas require a clearer focus on materiality of content and more sophisticated selection.

2. What were the challenges when it was your first time to issue sustainability report?

Personally, I have not been involved in this process, so I can't really answer this question.

3. How did you solve those issues? (Did you solve them internally or hired professional consultants?)

4. What benefit do you think H&M gets from sustainability reporting? Specific research or assessment.

Transparent and trustworthy sustainability reporting gives our diverse stakeholders as well as researchers a base to assess and benchmark H&Ms performance in a fair manner. Also, reporting is a driver for performance.

5. What kind of additional benefits (increased efficiency, better information flow, etc) do you obtain from the sustainability reporting system?

Reporting systems can improve internal performance evaluation and thus the performance.

6. Have you had any bad experience with external consultants when issuing your first sustainability report?

S.a.

3: SCA

About the process:

1. How do you decide on the sustainability report's content?

Through our various stakeholder dialogues, we have also identified three long-term sustainability targets in areas we think are crucial for the success of our company and most of the content are related to them.

2. How do you collect data and manage sustainability-related issues (how is your sustainability reporting system organized, How do you decide on the sustainability report's content, How frequently is the information collected?)

Our environmental data is collected through our resource management system, where we measure emissions to air, to water; waste etc. (see more information about RMS in our sustainability report). Social data is collected through the financial system ABS.

3. Do you have special department which is responsible for sustainability issues?

Yes

4. Do you have Corporate Responsibility department?

It is included in the sustainability department

5. How many employees are involved in this process?

Very difficult to say, many people are involved in different parts of the data collection.

6. What are responsibilities of the sustainability employees?

Not quite sure I understand the questions but the sustainability department is responsible for ensuring sustainability is integrated in SCA's strategy and operations and also drive the work itself forward, with environmental, social and economic perspectives.

7. Do you use special software in your sustainability reporting system? (if so, what were the criteria for choosing the one you used)

No

Challenges / Problems / Benefits:

1. Which challenges/problems do you face in the process of sustainability reporting?

- Quantifying the financial upside of sustainability initiatives.
- Identifying relevant KPI's and social targets.

2. What were the challenges when it was your first time to issue sustainability report?

It was already in 1998 so I can't answer that question.

3. How did you solve those issues (did you solve them internally or hired professional consultants)?

See above

4. What benefit do you think SCA gets from sustainability reporting? Specific research or assessment.

It is expected from a company of SCA's size to issue a sustainability report. It is a prerequisite for inclusion in sustainability indexes and serves as or Communication on Progress for the Global Compact. We see the report mainly as a tool towards professionals, such as SRI analysts and it is a helpful tool for them. It is also a driver for internal processes as you need to reflect on your activities.

5. What kind of additional benefits (increased efficiency, better information flow, etc.) do you obtain from the sustainability reporting system?

It's not different from any other reporting system, it is inefficient to report on excel sheets.

6. Have you had any bad experience with external consultants when issuing your first sustainability report?

You regularly have bad experiences with consultants but that can be for a lot of reasons and I don't think the first report was different from others. The core knowledge must always exist within the company itself.

Appendix F

Email questionnaire to Assurer

PricewaterhouseCoopers
by Fredrik Ljungdahl
(Sustainable Business Director)

What are

1. The common and crucial difficulties faced by organizations in initiating a sustainability reporting process?

Common difficulties and mistakes include:

- I. Not properly identifying and prioritizing the most material sustainability issues, which makes for a more complicated process and less readable report
- II. Not assigning appropriate people, time, resources to the project, resulting in a poorly developed report

- III. Not preparing and making key decisions on content, scope, measurement methods etc. in the management team
- IV. Not engaging with stakeholders to help ascertain what issues they consider important
- V. Misunderstanding the purpose of the GRI guidelines, focusing on being able to collect and report as many indicators as possible from part 2 of the guidelines, rather than properly applying the reporting principles in part 1 (which would result in a better report)
- VI. Viewing the sustainability report as a PR/communications tool, rather than a management tool for monitoring performance

2. Your recommendations to face the above difficulties and challenges.

My recommendation would be to properly apply the GRI reporting process, which involves

- g) making internal preparations and deciding on what sustainability issues are important to the company,
- h) connecting with stakeholders to gauge their views,
- i) making a decision (in top management) what, how, when to report,
- j) putting in place appropriate monitoring systems to measure, collect and follow-up performance on the key issues,
- k) taking the time to write and disseminate a useful and readable report.

3. The most effective ways of managing workflow for the reporting process (preferably with best practice examples from your experience)

See previous question. Also, it is important to appoint a project manager and a dedicated team/working group with representatives from various parts of the company (various staff functions), preferably including senior management representatives.

4. the most used software for managing information for sustainability reporting within organizations?

There is no "most used software". Instead, there are several providers of software, and frequently companies develop the software themselves. For beginners, Excel may work well. Depending on the financial reporting system in place, there may well be software that can be aligned with this system to better coordinate reporting. For instance, SAP has a special sustainability module that can be used with their system.

5. Your criteria for assessing the information for assuring sustainability reports

We apply the international standard ISAE3000 (in Sweden adapted by our auditors' organization far into a standard, RevR6 "Assurance on sustainability reports"). This standard sets out key considerations and methodology in the assurance process. Regarding criteria, we will frequently use the GRI guidelines to assess quality and content of sustainability reports.

Here are some of our assurance clients in Sweden (none of them reported for the first time in 2010):

E.ON

Samhall

SBAB

SCA

Stockholm County Police

Sveaskog

Teracom

Trelleborg

Öresundsbron

Appendix G

Code of Conduct Skånemejerier

I. Considerations For Writing A Code Of Ethics (Instructions) [15]

Most major corporations, and many smaller companies, now have Codes of Ethics, along with a range of other, issue-specific ethics documents. Such a document embodies the ethical commitments of your organization; it tells the world who you are, what you stand for, and what to expect when conducting business with you.

Two important characteristics of conduct are behavior and attitude. A code of conduct uses these characteristics as criteria for promoting a company or organization's values and mission. While creating a code of conduct is important in establishing ground rules and boundaries, to be effective it must reach the hands of all organization members. Distributing a code of conduct form and requiring a signature as agreement to abide by the code is an important step in developing a sense of trust and cooperation within an organization.

1. Tailor-make your code.

Ideally, a Code of Ethics should be custom-made for your organization. Ask yourself, what makes your Code specific to your organization? Is there anything that differentiates it from similar documents devised other firms in your field, or in other fields? If not, what makes it your Code, other than the fact that your logo is at the top?

2. Get employees involved.

The people who will be guided by the code should be actively involved in writing it. If your organization is too large to get everyone involved, consider selecting representatives from various departments or various business units. The document is bound to be more meaningful, and find higher levels of acceptance, if employees are part of the process.

3. Consult key stakeholders.

It's a good idea to consult key stakeholders – including, for example, customers, suppliers, and local community groups – as to what they think should be in your Code. This will help reveal what important external constituencies see as your key obligations, and will help make sure that the Code you write deals with the full range of issues that might confront your organization.

4. Outsource the job only carefully.

Hiring a consultant to help write your code can be useful – but don't let them take over. A consultant can bring a wealth of knowledge and experience, and can help you avoid a whole range of pitfalls, from lack of clarity through to the inclusion of too little – or too much – detail. But at the end of the day, this Code is still yours: it should reflect your organization's values, principles, and aspirations.

5. Seek out good examples.

If you're writing your own code, begin by looking at relevant examples. There are lots of good Codes out there (a quick internet search can be very revealing.) A code that is simply copied from another organization is unlikely to provide either effective guidance or inspiration – but there's also no point in reinventing the wheel.

6. Be clear about Scope.

Your Code should make clear who within your organization will be governed by it. Does it cover everyone from the mailroom through to the boardroom? Only senior managers? Who has to sign off on it? Keep in mind that lower-level employees may not take very seriously a document that senior managers either aren't bound by, or take lightly.

7. Be specific about implementation.

How will the Code be implemented? Once it's written, will it gather dust, or will it influence policy and practice? What procedures are in place to make sure that writing a Code is more than just organizational navel-gazing? An effective implementation scheme (perhaps as an appendix to the Code) will explain to all concerned how the values embodied in your Code will be put into practice.

8. Plan for education.

A key aspect of implementation has to be employee training and education. How will employees be educated about the Code? A Code can only be effective if your employees know about it. Will new employees receive training regarding the Code's requirements? Will current employees receive refresher courses? Especially for large organizations, the steps required to train employees on the requirements of a Code deserve special attention.

9. Be clear about enforcement.

How, if at all, will the Code be enforced? Are there specific penalties for violating the Code, or is the Code merely there to provide guidance? Who will decide when an employee has violated the Code – will that be up to the employees' immediate supervisor, or will that be the exclusive domain of senior managers?

10. Specify a sunset date.

When will the code be reviewed and updated? Times change, and new issues come to light, so consider specifying a date for revising and refreshing your Code.

II. The Key Principles in Defining and Developing a Code of Conduct

The key principles underlying widely accepted good practice are [9]:

A. The organization's overarching objective should be to develop a values-based organization and a values-driven code, to promote a culture that encourages employees to internalize the principle of integrity and practice it, and encourages employees to "do the right thing" by allowing them to make appropriate decisions.

B. A code of conduct reflects organizational context. The nature, title and content of an effective code will vary between organizations, as will the approach to its development.

C. Commitment from board of directors: Ultimately, ethical responsibility lies with the board of directors (or its equivalent), the body that has power to influence an organization's culture and behavior. Boards should specifically oversee the development of the code of conduct (and a wider initiative to achieve a values-based organization), and formally appoint a senior manager to supervise that development.

D. A multi-disciplinary and cross-functional group including international personnel should lead code development where organizational size permits. Groups of employees and other key stakeholders can help to identify risks to corporate culture and business conduct and consider potential vulnerabilities arising from these risks and can usefully assist in defining and reviewing code content.

E. Clearly identifying the established process for defining, developing and reviewing a code will promote understanding of, and agreement on, the key stages and activities.

F. A code of conduct should apply across all jurisdictions in which an organization operates, unless contrary to local laws and regulations.

G. Continuous awareness and promotion of the code and the wider approach to ethics and compliance is an important part of conveying management's commitment to their underlying principles. A continuous awareness program should sustain interest in and commitment to the code. Employees and others should be made aware of the consequences of not adhering to the code.

Appendix H

SKÅNEMEJERIER SENIOR MANAGEMENT

JOB TITLES

Claes Hansson	Supplier
Gunilla Hogberg	Supplier
Thore Bengtsson	Supply Manager
Boije Olofsson	Distribution Manager
Thomas Åkesson	Maintenance Manager
Kaj Grenrud	Dairy Manager, Malmö
Henrik Johansson	Dairy Manager, Kristianstad
Claes Boy	Planning, Manager
Stig Oleson	Coo – Supply and Production
Fredrik Javensköld	Environmental Coordinator
Fredrik Heidenholm	Coo - HR and Administration
Johan Aberg	Webb Master
Charlotta Nilsson	Consumer Contact
Henrik Lundgren	Category Business Manager

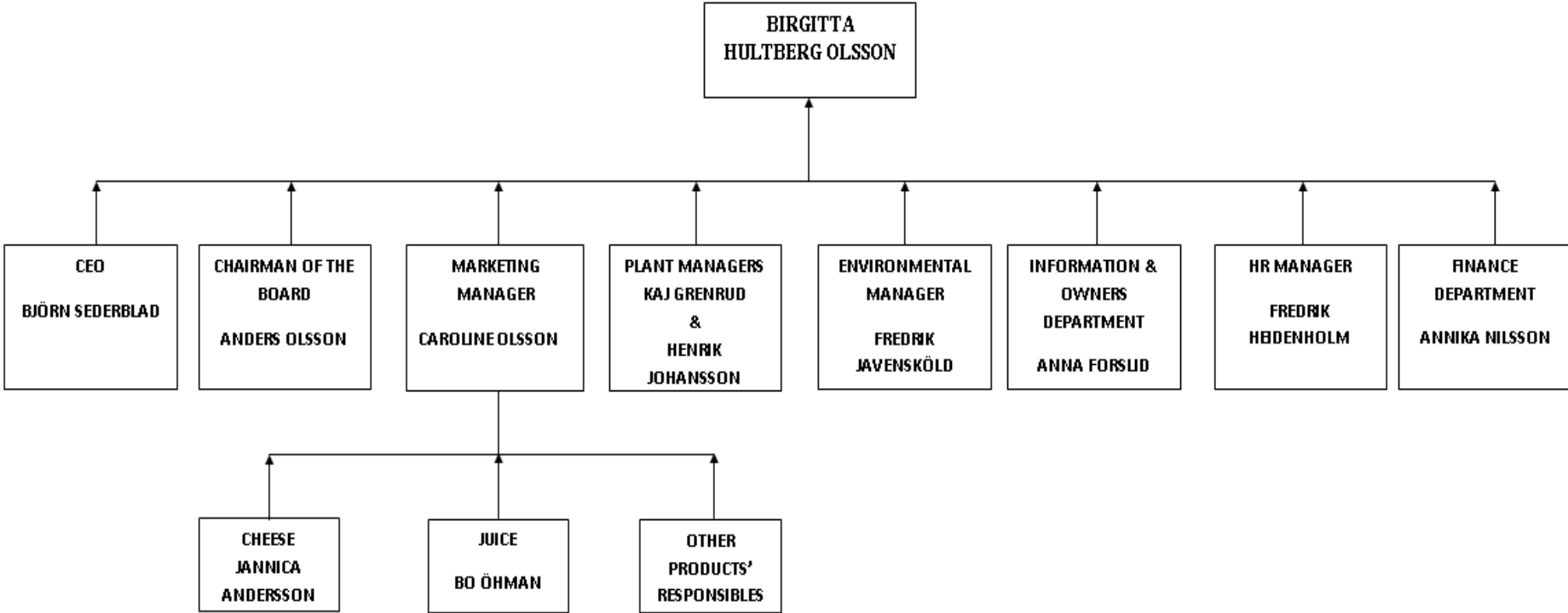
Anna Rådelius	Action Marketing Manager
Marie Tiljander	Category Business Manager
Anders Ahlstrom	Category Business Manager
Armina Mustafic	Environmental Manager
Caroline Olsson	Coo - Marketing
Birgitta Hultberg Olsson	Information
Annika Nilsson	Business administration manager
Niklas Lundin	CFO

Appendix I

Model of Information Flow for Annual Report

ANNUAL REPORT COORDINATOR

Birgitta Hultberg Olsson



Appendix J

Model of Information Flow for Environmental Reporting
ENVIRONMENTAL COORDINATOR
Fredrik Javensköld

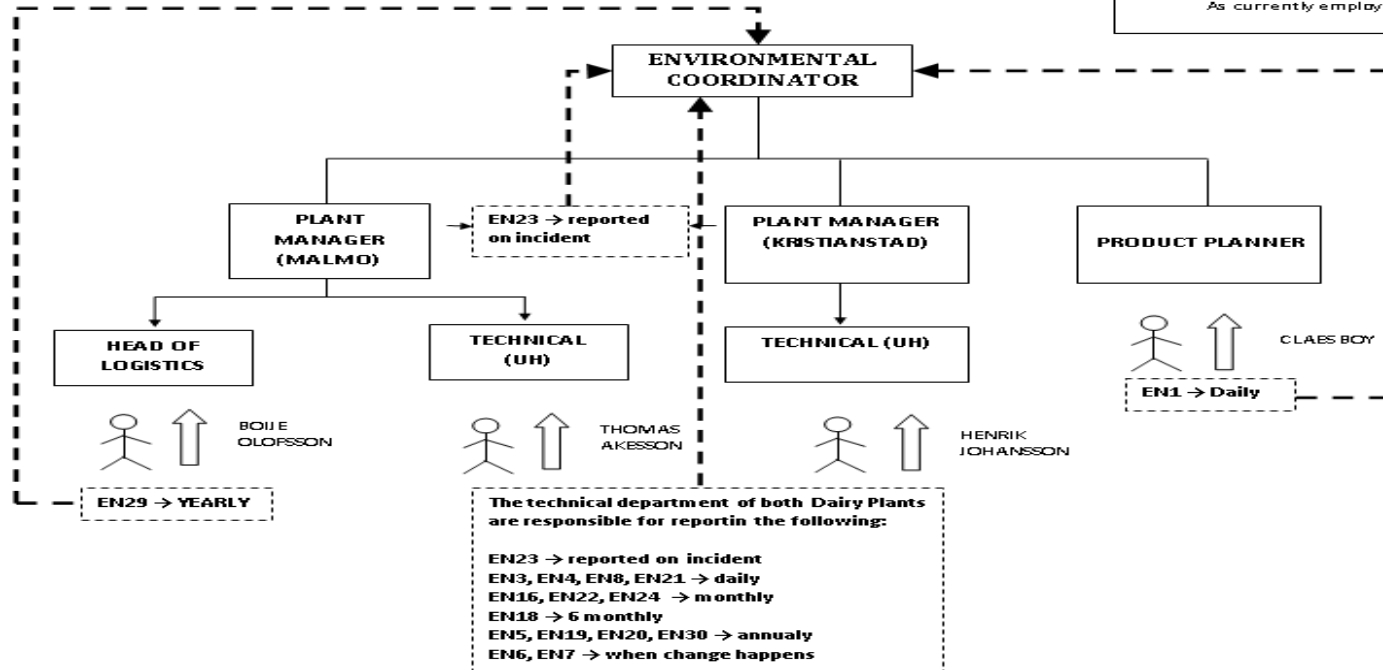
QUESTIONS DESCRIPTION

ENVIRONMENT(EN)

KEY PERFORMANCE INDICATORS

✓ AVAILABLE INFORMATION:
 EN1, EN3, EN4, EN5, EN6, EN7, EN8, EN16, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN28, EN29, EN30

--- The dark dashed lines indicate the direct flow of information from the relevant personnel to the Environmental Coordinator As currently employed for environmental reporting.



Appendix K

Project Agenda

PROJECT AGENDA with included timeline

NO.	DESCRIPTION OF ACTIVITY	LIST OF TASKS	ESTIMATED TIME DURATION (hours, start)	EXPECTED TIME OF ACCOMPLISHMENT (finish)
1.	<p>GRI Guidelines in order to determine relevance, level of necessary information, descriptions and etc., from:</p> <ol style="list-style-type: none"> 1. Environmental Aspect, 2. Social Aspect, 3. Economic Aspect. <p>Based on GRI Guidelines provide summaries including relevance and definitions and create a checklist for each aspect in order to be investigated.</p>	1.1 Study on GRI,	<i>Start:</i> March, 28 2011	<i>Finish:</i> April, 01 2011
		1.2. Study of Sustainable Reports of relevant companies.	<i>Est. hours:</i> 3 hours/day Total No. of hours: 15 hours (group)	<i>Status:</i> ACCOMPLISHED.
		1.3. Creating summaries and checklist – Environmental Aspects.	<i>Start:</i> April, 04 2011 <i>Est. hours:</i> 2 hours/day Total No. of hours: 10 hours	<i>Finish:</i> April, 08 2011 <i>Status:</i> ACCOMPLISHED.
		1.4. Creating summaries and checklist – Social Aspects.	<i>Start:</i> April, 04 2011 <i>Est. hours:</i> 4 hours/day Total No. of hours: 20 hours	<i>Finish:</i> April, 08 2011 <i>Status:</i> ACCOMPLISHED.
		1.5. Creating summaries and checklist –	<i>Start:</i> April, 04 2011 <i>Est. hours:</i>	<i>Finish:</i> April, 08 2011 <i>Status:</i>

		Economic Aspects.	1 hours/day Total No. of hours: 5 hours	ACCOMPLISHED.
2.	Set up the meetings with managers of relevant departments. Purpose of meeting is to conduct the interview needed for information collection. Detailed plan and description of meeting is described in the section "Description of Framework for Information Collection". Departments with contact names of head officers are as follow: 1. Economic Department - Annika Nilsson 2. Environmental Department – Fredrik Javensköld 3. Social Department- Fredrik Heidenholm 4. Human Rights Department – Fredrik Heidenholm 5. Labor Practices and Decent Work Department – Caroline Olsson 6. Product Responsibility – Per Nilsson 7. Purchase Department – Thore Bengtsson 8. Action Marketing - Anna Rådelius	2.1. Set up appointments with managers of relevant departments.	<i>Start:</i> April, 11 2011 <i>Est. hours:</i> 1 hours/day Total No. of hours: 1 hours	<i>Finish:</i> April, 11 2011 <i>Status:</i> ACCOMPLISHED.
		2.2. Conduct the interviews.	<i>Start:</i> April, 12 2011 <i>Est. hours:</i> 2hours/interview Total No. of hours: 12 hours	<i>Finish:</i> May, 06 2011 <i>Status:</i> ACCOMPLISHED.
		2.3. Analyze collected data.	<i>Start:</i> April, 18 2011 <i>Est. hours:</i> 1hours/day Total No. of hours: 18 hours	<i>Finish:</i> May,06 2011 <i>Status:</i> ACCOMPLISHED.
3.	Set up the meetings with managers relevant to conducting the annual report in Skånemejerier. Relevant managers: 1. Public Relation - Birgitta Hultberg Olsson	3.1. Send an e-mail to set up an appointment.	<i>Start:</i> April, 17 2011 <i>Est. hours:</i> 1/2hours/day Total No. of hours: 1/2 hours	<i>Finish:</i> April, 17 2011 <i>Status:</i> ACCOMPLISHED.
		3.2. Develop meeting plan with defined outline, questions and desired outcome of the meeting.	<i>Start:</i> April, 18 2011 <i>Est. hours:</i> 1/2hours/day Total No. of hours: 9 hours	<i>Finish:</i> May, 06 2011 <i>Status:</i> ACCOMPLISHED.

4.	UN Global Compact	4.1. Conduct research, provide a guidelines/procedures/actions required in order to become a member	April, 18 2011 <i>Est. hours:</i> 1 hours/day Total No. of hours: 6 hours	<i>Finish:</i> April, 24 2011 <i>Status:</i> ACCOMPLISHED.
5.	Code of Conduct	5.1. Conduct a research; provide an agenda/guidelines/tips/keywords relevant to Skånemejerier.	April, 23 2011 <i>Est. hours:</i> 1 hours/day Total No. of hours: 6 hours	<i>Finish:</i> April, 29 2011 <i>Status:</i> ACCOMPLISHED.
6.	Interview with auditing authority with the aim to improve our knowledge, and obtain advice and tips for better understanding of procedures/systems necessary for conducting sustainability report. The interview is planned to be with Fredrik Ljungdahl from PricewaterhouseCoopers (PwC) auditing company. *Email questionnaire was conducted in place of interview.	6.1. Send an e-mail to set up an appointment.	<i>Start:</i> April, 13 2011 <i>Est. hours:</i> 1/2hours/day Total No. of hours: 1/2 hours	<i>Finish:</i> April, 13 2011 <i>Status:</i> ACCOMPLISHED.
		6.2. Develop meeting plan with defined outline, questions and desired outcome of the meeting.	<i>Start:</i> April, 24 2011 <i>Est. hours:</i> 1/2hours/day Total No. of hours: 6 hours	<i>Finish:</i> May, 13 2011 <i>Status:</i> ACCOMPLISHED.
7.	Determine the initial responsibilities relevant to Sustainability Reporting Manager	7.1. Based on analysis and evaluation, develop list of activities relevant to Sustainability Reporting Manager.	<i>Start:</i> April, 18 2011 <i>Est. hours:</i> ½ hours/day Total No. of hours: 12.5 hours	<i>Finish:</i> May, 13 2011 <i>Status:</i> ACCOMPLISHED.
8.	Develop initial plan/ model/ procedures/system for information communication and flow from the relevant departments to the SR Manager to be collected and integrated into Sustainability Report.	8.1. Based on analysis and evaluation of collected data and information, define lists of responsibilities for each relevant department	<i>Start:</i> April, 25 2011 <i>Est. hours:</i> 1 hour/day Total No. of hours:	<i>Finish:</i> May, 13 2011 <i>Status:</i>

		and define lists of activities for Sustainability Reporting Manager, provide initial plan/model/procedures/system.	18 hours	ACCOMPLISHED.
9.	Conduct a research on benchmarking of companies operating within the same or relevant industries with aim to gain knowledge about procedures and structures applied in order to conduct sustainability reports seeking to identify “best practices” applied. *Benchmarking research combined with previous research on same topic.	9.1. Select companies for benchmarking	<i>Start:</i> April, 25 2011 <i>Est. hours:</i> 1hours/day Total No. of hours: 5 hours	<i>Finish:</i> April, 30 2011 <i>Status:</i> ACCOMPLISHED.
		9.2. Decide on methods and techniques to be used in conducting researches + estimated time for data and information collection.	<i>Start:</i> May, 02 2011 <i>Est. hours:</i> 5hours/day Total No. of hours: 35 hours	<i>Finish:</i> May, 08 2011 <i>Status:</i> ACCOMPLISHED.
10.	Provide suggestions and possible improvements, in order to create and develop proposition for as effective and efficient model of information collection, communication and flow, as possible.	10.1. Collect all data and information available analyze and study “best practices”.	<i>Start:</i> May, 09 2011 <i>Est. hours:</i> 5hours/day Total No. of hours: 25 hours	<i>Finish:</i> May, 13 2011 <i>Status:</i> ACCOMPLISHED.
		10.2. List of suggestions for improvements supported by the conducted researches, analysis and evaluation identify key benefits for company.	<i>Start:</i> May, 09 2011 <i>Est. hours:</i> 3hours/day Total No. of hours: 15 hours	<i>Finish:</i> May, 13 2011 <i>Status:</i> ACCOMPLISHED.
11.	Writing thesis report on conducted research.	11.1. Distribute writing responsibilities among	<i>Start:</i> May, 13 2011	<i>Finish:</i> May, 25 2011

		group members.	<i>Est. hours:</i> 5hours/day Total No. of hours: 65 hours	<i>Status:</i> ACCOMPLISHED.
12.	Present model to Skånemejerier representative explaining its benefits and positive impacts on company's performance that can be expected in future.	12.1. Prepare a coherent, consistent and comprehensive presentation on Sustainability Reporting System/Procedures with clear advantages, benefits and impact on company's performance from internal and external perspective.	<i>Start:</i> May, 25 2011 <i>Est. hours:</i> 1 hours/day Total No. of hours: 8 hours	<i>Finish:</i> June, 2 2011 <i>Status:</i> ACCOMPLISHED.