



Assessing the Social Side of Corporate Sustainability

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Abstract

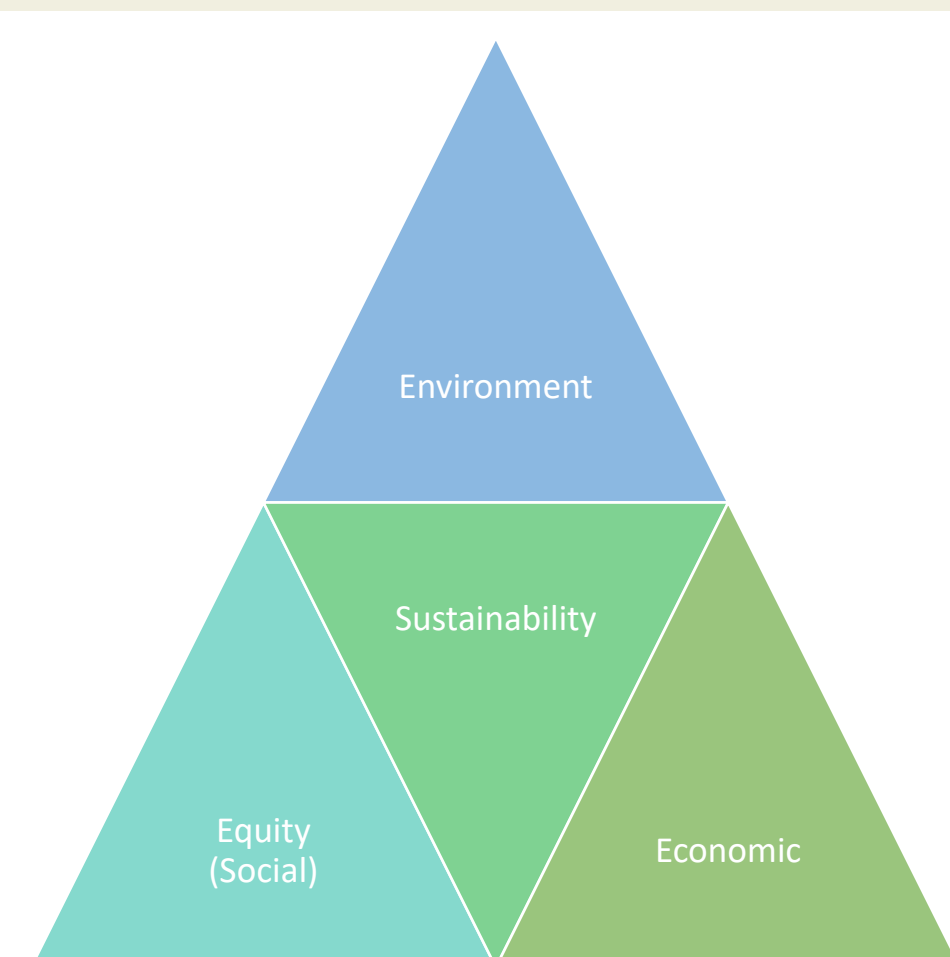
This study aims to identify current social sustainability metrics and understand the role they play in fostering corporate social responsibility (CSR). We examined consumer and stockholder demand for sustainable products and the net benefits of engaging in environmental and social sustainability practices. Next, we compiled social and environmental sustainability metrics and constructed a consumer-facing sustainability framework, entitled the Corporate Sustainability Indicator (CSI). We centered our framework around social and environmental sustainability in the agri-food industry and evaluated two chocolate companies, Alter-Eco and Tony's Chocolonely. Then, we compared the results of the the CSI with the results of an existing framework, the Good Shopping Guide (GSG). Based off the data collected in the case study, we will assess the effectiveness of the CSI. Our results can be beneficial to corporations, small businesses, governmental agencies, shareholders, and consumers among other entities.

Background

We reviewed sustainability literature and the varying sustainability metrics aimed at consumers and identified the following main points:

- Sustainability metrics are sparse, unorganized, and not centralized, making them inaccessible to both corporations and consumers (Hristov & Chirico, 2019).
- Social sustainability is often completely disregarded or overshadowed by environmental sustainability (Waites, 2018).
- Given the extensive nature of this topic, there is a considerable amount of research, development, and time required to construct a holistic sustainability framework that communicates to interested internal and external stakeholders-
- We propose a draft framework, the Corporate Sustainability Indicator, or CSI, which aims to assess the social and environmental tenants of sustainability.

Relationship Between the Tenants of Sustainability



Source: Novo Nordisk (2012) Annual Report

AlterEco Sustainability Assessment Comparison

Corporate Sustainability Indicator

Category	Parameter	Score	Category Total	Count (Applicable Fields)	Percentage
Social	** No Child Labor	1	8	9	89%
	** No Human Rights Infringements	1			
	No False Advertising	1			
	Diversity and Opportunity	1			
	Overall Customer Satisfaction	0			
	Communication to Customers and Stakeholders	1			
	Transparency and Labeling on Products	1			
	Training and Educational Opportunities	NA			
	Good Employee Benefits and Practices	NA			
	No Malicious Political Influence	1			
Economic	Health and Safety Measures	1	15	2	75%
	Additional Metrics and Certifications	NA			
Environmental	Profitability	0.5	4.30	4	100%
	Additional Metrics and Certifications	NA			
	Involvement in Environmental Development	1			
	Evaluation of Whole Supply Chain	1.00			
	Sustainable Food Packaging	1.00			
	Sustainably Sourced	1			
Additional Metrics and Certifications		0.3			
Total:		13.8	15	92.00%	
Weighted Total:		118.21	119	91.48%	
Total With Transparency Score:		118.21	119	91.48%	
Weighted Total With Transparency Score:		118.21	119	91.48%	

Certifications and Standards:	Yes/No/NA
Climate Neutral Certification Standard (CNCS) Certified?	Yes
B-Corp Certification Score 80 and Above?	Yes
Fair Trade (Crop Specific) Certified?	Yes
Rainforest Alliance (Crop Specific) Certified?	No
FairWild Certified?	No
Fair for Life/For Life Certified?	Yes

Good Shopping Guide

Brand Name: Alter Eco

GSG Ethical Score: 100

Alter Eco Ethical Rating: 100

Parent company: Ecotone Ltd

Environment	Animal	People	Other
Environmental Report: ✓	Animal Welfare: ✓	Armaments: ✓	Ethical Accreditation: ✓
Genetic Modification: ✓	Vegetarian/Vegan: ✓	Political Donations: ✓	Public Record Criticisms: ✓
Organic: ✓		Fairtrade: ✓	Brand/Product Ethics: ✓
Nuclear Power: ✓			Company Group Rating: ✓

Tony's Chocolonely Sustainability Assessment Comparison

Corporate Sustainability Indicator

Category	Parameter	Score	Category Total	Count (Applicable Fields)	Percentage
Social	** No Child Labor	1	8.95	10	90%
	** No Human Rights Infringements	1			
	No False Advertising	1			
	Diversity and Opportunity	1			
	Overall Customer Satisfaction	0			
	Communication to Customers and Stakeholders	1			
	Transparency and Labeling on Products	1			
	Training and Educational Opportunities	1			
	Good Employee Benefits and Practices	0.75			
	No Malicious Political Influence	NA			
Economic	Health and Safety Measures	1	2.1	2	105%
	Additional Metrics and Certifications	0.2			
Environmental	Profitability	0.1	4.00	4	100%
	Additional Metrics and Certifications	NA			
	Involvement in Environmental Development	1			
	Evaluation of Whole Supply Chain	1.00			
	Sustainable Food Packaging	1.00			
	Sustainably Sourced	1			
Additional Metrics and Certifications		NA			
Total:		15.05	16	94.06%	
Weighted Total:		114.45	126	90.83%	
Total With Transparency Score:		114.45	126	90.83%	
Weighted Total With Transparency Score:		114.45	126	90.83%	

Certifications and Standards:	Yes/No/NA
Climate Neutral Certification Standard (CNCS) Certified?	No
B-Corp Certification Score 80 and Above?	Yes
Fair Trade (Crop Specific) Certified?	Yes
Rainforest Alliance (Crop Specific) Certified?	Yes
FairWild Certified?	No
Fair for Life/For Life Certified?	No

Good Shopping Guide

Brand Name: Tony's Chocolonely

GSG Ethical Score: 61

Tony's Chocolonely Ethical Rating: 61

Parent company: Tony's Chocolonely Ltd

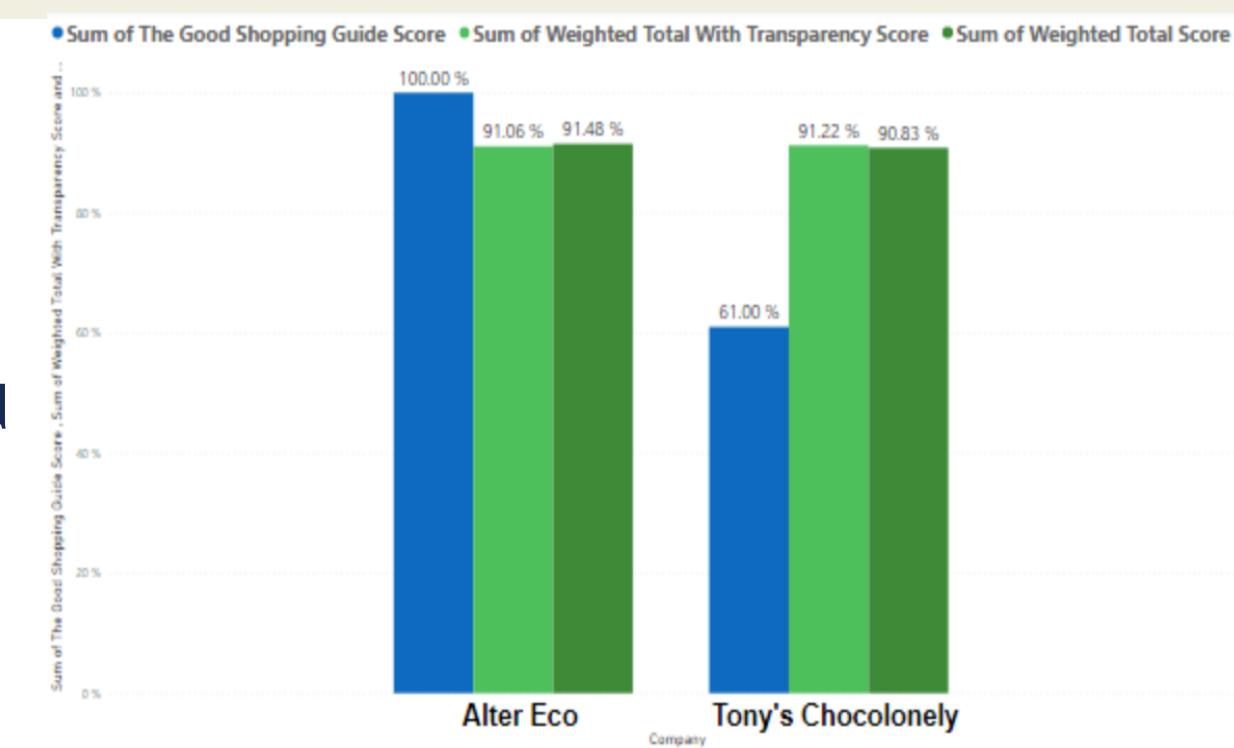
Environment	Animal	People	Other
Environmental Report: -	Animal Welfare: ✓	Armaments: ✓	Ethical Accreditation: -
Genetic Modification: -	Vegetarian/Vegan: X	Political Donations: ✓	Public Record Criticisms: -
Organic: X		Fairtrade: ✓	
Nuclear Power: ✓			

Methods

- First, we collectively created a literature review focused on consumer-facing sustainability metrics and how social sustainability is assessed
- Next, Sam constructed the CSI framework using Microsoft Excel to utilize a binary system of 1 for yes, 0 for no, and NA for not applicable to answer questions related to the three main categories of economic, environmental, and social sustainability.
- Each category (economic, environmental and social) receive a percentage grade. Transparency, an additional category also receives a percentage grade based on the scores provided.
- Weighting was introduced into the framework to allow users to emphasize a specific category of sustainability.
- Once we agreed upon a draft framework, we tested it on two chocolate companies: Alter Eco and Tony's Chocolonely.
- We Identified metrics deemed essential (this type of question is labeled accordingly and indicated with a "**") and that if answered with "no," the category will have a 0%.
- Additionally, we created a new section for each category where users can state the number of additional certifications or metrics that adds up to .5 instead of 1.
- We found that adding weight for each section and the number of metric-based questions in each category were more representative and accurate to assessing social sustainability.
- Along with this, we weighted the economic category at 0, with an emphasis on social (weighted at an 11) and environmental (weighted at a 4).
- We added questions that are directly tied to recognized sustainability certifications, so that when a user answers "yes" it will automatically fill in areas concurrent with the framework and the recognized metric.
- After the evaluations were complete, we compared our results to scores for the test companies using the Good Shopping Guide.

Results

- Both companies scored high in weighted (11 for social, 4 for environmental, and 0 for economic) and weighted transparency scores (weighted score with the percentage of applicable fields) on the Corporate Sustainability Indicator (CSI)
- A small difference in scores for Alter Eco in the CSI as it had a weighted score of 91.48% and a weighted transparency score of 91.06%
- Also, a small difference with Tony's Chocolonely scoring a 90.83% for the weighted score and 91.22% for the weighted transparency score on the CSI
- This indicates that even with a weighted score percent range of .65% and a transparency score percent range of .16% between the two companies, Alter Eco was more socially sustainable while Tony's Chocolonely was more transparent with its data according to the CSI
- The two companies scored differently on the Good Shopping Guide, in contrast to the CSI, with Alter Eco scoring 100% and Tony's Chocolonely scoring a 61%, a percent range of 39%



Conclusion & Lessons Learned

Our Corporate Sustainability Indicator (CSI) framework is in its preliminary stage. While it is designed with consumer-reporting and accessibility in mind, the metrics could be more in depth and well-rounded to ensure a more reliable score. Moreover, the time constraints we were under limited the number of companies and industries we could assess and compare. In making the CSI with consumer reporting in mind, it was imperative to weigh a company's transparency regarding both their social and environmental sustainability initiatives. Taking transparency into consideration suggests why there is such a considerable difference in scores for Tony's Chocolonely. This contrast between scores is something worthy of further investigation before the CSI framework can move beyond a draft stage. The CSI is an important step in making information regarding a corporation's sustainability accessible. We ultimately imagine a database being constructed that compiles scores from a consumer-reported framework and reports said scores to anyone who desires at a moment's notice. Something of this nature would allow consumers, shareholders, and other corporations to reinforce their consumer/business related decisions and ultimately drive-up demand for corporate social responsibility.

References



Literature Review

