Sustainability Reporting in the Food Processing Sector

A survey conducted by the Global Reporting Initiative™

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- Research and implications on reporting related to subject such as biodiversity and gender
- Tracking reporting practice and implementation, and assessing future scenarios.
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This document Sustainability Reporting in the Food Processing Sector falls under the Reporting Practices category.

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The Global Reporting Initiative

The Global Reporting InitiativeTM (GRI) is a multi-stakeholder non-profit organization that develops and publishes guidelines for reporting on economic, environmental, and social performance (‘sustainability performance’). The GRI’s Sustainability Reporting Guidelines had been used by over 1000 organizations worldwide, with many more organizations considering them informally during the preparation of their public reports. The guidelines are developed through a unique multi-stakeholder consultative process involving representatives from reporting organizations and report information users from around the world. First published in 2000 and then revised in 2002, the guidelines have now entered their third generation, referred to as the GRI G3 Guidelines which were released in October 2006.

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1. Introduction

The Global Reporting Initiative’s (GRI) vision is that reporting on economic, environmental, and social performance by all organizations is as routine and comparable as financial reporting. The GRI has pioneered the development of the world’s most widely used sustainability reporting framework, the G3 Guidelines, and is committed to its continuous improvement and application worldwide. This framework sets out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

Some sectors face unique needs that require specialized guidance in addition to the universally applicable core Guidelines. Sector Supplements respond to these needs and are a key part of the Reporting Framework, designed to complement the Guidelines.

After numerous requests, GRI began exploring the possibility of developing a Food Processing Sector Supplement in the summer of 2007. For the purpose of focusing a sector supplement, a group of companies with a comparable sustainability impact is sought. For that reason, the focus here is on companies without retail activities or processing tobacco or alcohol. In initial conversations, questions were raised regarding the current level of reporting and the content of the published sustainability reports in the Food Processing sector.

To answer these questions, GRI compiled an overview of reporting in the food sector in 2006 to serve as a resource for the development of the Sector Supplement. The research assessed trends in use of some GRI indicators and how Food Processing companies report on sector-specific themes.

The results of all analyses are presented in this report, beginning with an overview of the 60 food processing reports which cover the year 2006. This is followed by an examination of reporting trends among a sample of 20 food processing reporters. The research uncovered a number of sector-specific issues that regularly appear in reports, but are not covered in the GRI Guidelines and should be considered for inclusion through a supplement.
2. Methodology

GRI’s research on reporting in the food processing sector focused on the 60 food processing companies that had issued sustainability reports covering the year 2006 (see Annex I for list).

To gain additional insight, 20 food processing sustainability reports were selected for a detailed analysis focused on two questions:

1) What is the frequency of reporting on GRI indicators in food processing reports? (see 4.1)

2) What themes were included in food processing reports, and how did these relate to the themes covered in the G3 Guidelines? (see 4.2)

The detailed analysis of the 20 reports was limited to those reports published in English. The sample was chosen to reflect a diverse geographic and sub-sector representation.

The sample of reports included ones written using the GRI Guidelines as well as reports written without reference to the GRI. Information on the 20 selected companies, including the company location, primary sub-sector and reporting guidelines, is marked and bolded in Annex I.

To gauge reporting on GRI Indicators, the content index of the GRI reports was examined to determine whether a company had reported on a given indicator. However, the research did not try to systematically survey the GRI Disclosures on Management Approach amongst companies. For reporting on indicators, no distinction was made between “full” and “partial” reporting as described by individual companies, nor the manner of reporting, and if companies referred to a separate document containing their response to a given indicator, this was also counted as reporting.

Certain assumptions were made so that information could be extracted from the 20 reports in a consistent and standardized way. In order to track companies’ reporting on sector themes, only the actual report was read and the research did not extend to reviewing the content of other documents alluded to or linked to in the report. The preliminary research results were discussed by companies and stakeholders from the Food Processing sector, and the 20 sample companies were offered the opportunity to do an accuracy check.
3. Overview of Food Processing Sustainability Reporting

Following the global trend in environmental awareness, paired with heightened consumer consciousness, food companies are increasingly facing new expectations and seeking to proactively communicate the economic, social and environmental performance of their businesses. The global food industry, an enterprise in which over 4 billion tons of products are moved from field to table each year, can be broken into three main sectors: agriculture, food processing, and food retail & foodservice. Sitting in between agriculture and food retail and foodservice, food processing companies face demands placed on them by partners both upstream and downstream, and are therefore central to the discussion of sustainable food production.

The food processing sector can be further broken down by sub-sectors based on the main products companies process: agricultural crops, semi-processed products, meat, fish, dairy, and beverages. Some companies provide multiple products but have for the purpose of this research been classified within the sub-sector representing the largest portion of sales volume. Alcohol, pharmaceutical and tobacco processing companies may have overlapping activities with companies in the food processing sector, but were excluded here as they face different sustainability challenges.

Upon examination of sustainability reporting practices in the food processing sector, it was found that 60 companies produced reports covering the year 2006. This includes both GRI and non-GRI based reports. Some companies started reporting as early as 1991, however, companies have, on average, around 4 years of reporting experience.

Half of the food processing reporters operate in the agricultural crops sub-sector and the large majority of reporters were based in Europe. The following charts highlight this geographic and sub-sector distribution.

![Figure I: 2006 Food Processing Reporters by Region](image1)

![Figure II: 2006 Food Processing Reporters by Sub-sector](image2)
As to the size and profile of reporters, slightly over half had revenues of greater than 1 billion Euros. There has been an overall increase in reporting since the first reports were issued over 15 years ago by companies in the agricultural processing and the beverage sub-sectors. Most of the reports were produced in 2006. It took almost 10 years for the fish and meat processing sub-sectors to start producing reports, and even now, there is not dramatic growth in the number of companies reporting on sustainability in these sub-sectors. In 2006, 24 food processing companies used the GRI Guidelines when reporting.

Figure III: Number of Reporters by Sub-Sector, from 1991-2006
4. Trends in Food Processing Sustainability Reporting

In addition to providing an overview of reporting in the Food Processing sector for the year 2006, this research also addressed trends in reporting at 20 companies (See Methodology, p. 5). In section 4.1, the frequency of use of performance indicators by GRI reporters has been examined, the indicators least reported upon in the food processing sector are described. Section 4.2 considers specific themes that appear most frequently in reports. These two components of this research on trends in the Food Processing sustainability reporting offers a starting point for development of the GRI Sector Supplement for the Food Processing sector.

4.1 Frequency of reported GRI Indicators
The information on the frequency of reporting various GRI indicators was compiled by reviewing the content indexes of the reports (refer to Annex II for a detailed examination). The review identified three indicator aspects where fewer than 20% of the companies claimed to have reported on the indicators. These were:

- Biodiversity
- Indigenous Rights
- Labor/Management Relations

4.2 Added Reporting on Sector Themes
Within the 20 food processing reports considered, several sector-specific themes appeared most often, with some themes being at least partially covered by GRI G3 indicators. It was found that the manner of reporting on themes varied significantly from company to company: some food processors chose to provide quantitative data, facilitating comparison within the sector and across time (referred to here as, “quantitative information”), while others took a more process-based approach, offering case studies and detailed descriptions of policies and systems (referred to as, “qualitative information”).

Method
“High frequency” refers to themes reported on by 14 or more companies out of 20. “Medium frequency” refers to themes that were addressed by 7 to 13 companies and “low frequency” themes were addressed by less than 7 companies. The table below identifies the most common themes in order of frequency of reporting, as well as the corresponding GRI indicators, where applicable.

<table>
<thead>
<tr>
<th>High Frequency</th>
<th>Medium Frequency</th>
<th>Low Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biodiversity</td>
<td>Indigenous Rights</td>
<td>Labor/Management Relations</td>
</tr>
</tbody>
</table>

Figure IV: Legend, Frequency of Reporting

On the following pages a brief description is provided in order to demonstrate what the 20 food processing reporters are doing in practice to address each sector theme. Though this research documents what companies are doing, it was not possible to assess user satisfaction with the resulting reports.

High frequency themes

Sourcing and supply chain issues
19 of the 20 companies reported on supply chain and sourcing issues in the sector. The GRI G3 asks reporters to address supply chain activities based on their definition of Report Boundaries.

In Part 1 of the Guidelines, Defining Report Content, Quality and Boundary, within the Reporting Guidance for Boundary Setting, the G3 states, “The approach to reporting on an entity will depend on a combination of the reporting organization’s control or influence over the entity, and whether the disclosure relates to operational performance, management performance, or narrative/descriptive information.”
It further defines “control” and “significant influence”:

“Control: the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.”

“Significant influence: the power to participate in the financial and operating policy decisions of the entity but not the power to control those policies.”

In addition, the Disclosure on Management Approach prompts disclosures on supply chain monitoring and two of the Performance Indicators in the G3 Guidelines refer specifically to suppliers. These are,

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

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

Annex III provides detailed information on the difference between the GRI 2002 Guidelines and the GRI G3 Guidelines on supply chain issues.

It was difficult to strictly separate supply chain activities as a distinct theme in food processing reporting. It was found that reporters addressed the supplier performance through reporting on other themes, including, for instance, food safety, environmental aspects of agriculture and packaging, among others.

In practice, most companies approached this theme descriptively, outlining their approach to products’ supply chains, including the basis for choosing certain suppliers over others. It was also common for reporters to describe their classification system for suppliers which is generally based on risk assessments. Ongoing engagement and frequency of supplier audits is also based on risk assessment. Reports also included descriptions of supplier codes of conduct or supplier surveys and several companies used case studies to highlight supply chain issues.

### Table I: Sample Companies, Frequency of Reporting on Themes

<table>
<thead>
<tr>
<th>Sector Theme</th>
<th>Frequency of Reporting</th>
<th>Number of Reporters</th>
<th>Relevant G3 Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing &amp; Supply Chain Issues</td>
<td>High</td>
<td>19/20</td>
<td>EC6, HR2</td>
</tr>
<tr>
<td>Food Safety</td>
<td>High</td>
<td>18/20</td>
<td>PR1, PR2, PR4, PR5, PR9</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>High</td>
<td>16/20</td>
<td>PR1, PR3</td>
</tr>
<tr>
<td>Transportation</td>
<td>High</td>
<td>16/20</td>
<td>EN29</td>
</tr>
<tr>
<td>Environmental Aspects of Agriculture</td>
<td>High</td>
<td>15/20</td>
<td>EN1 - EN23, EN28, EN30</td>
</tr>
<tr>
<td>Packaging</td>
<td>High</td>
<td>15/20</td>
<td>EN27</td>
</tr>
<tr>
<td>Animal Welfare (only applicable for companies processing animal products)</td>
<td>High</td>
<td>9/12</td>
<td>N/A</td>
</tr>
<tr>
<td>Advertising &amp; Marketing</td>
<td>Medium</td>
<td>12/20</td>
<td>PR6, PR7</td>
</tr>
<tr>
<td>Malnutrition &amp; Poverty</td>
<td>Medium</td>
<td>10/20</td>
<td>N/A</td>
</tr>
<tr>
<td>Fair Pricing of Products</td>
<td>Medium</td>
<td>8/20</td>
<td>N/A</td>
</tr>
<tr>
<td>GMO</td>
<td>Medium</td>
<td>7/20</td>
<td>N/A</td>
</tr>
<tr>
<td>Chronic Disease Prevention</td>
<td>Low</td>
<td>6/20</td>
<td>N/A</td>
</tr>
<tr>
<td>Smell &amp; Noise</td>
<td>Low</td>
<td>6/20</td>
<td>N/A</td>
</tr>
<tr>
<td>Residues</td>
<td>Low</td>
<td>4/20</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Quantitative information reported on included: the number of suppliers a company works with in total and their locations, the percentage of suppliers that have signed a supplier code of conduct with the company, and the percentage of raw materials that are supplied by fair trade certified or minority/women owned businesses. In addition, a few companies reported quantitative environmental data across a part of their supply chain such as packaging or transportation activities, if these were sourced.

**Food safety**

Food safety was reported on at 18 of the sampled companies. This theme corresponds to G3 performance indicators on product responsibility:

- **PR1** Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures,
- **PR2** Total incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes,
- **PR4** Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes,
- **PR5** Practices related to customer satisfaction, including results of surveys measuring customer satisfaction and
- **PR9** Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

The large majority of these companies (13 out of 18) chose to address the theme only in a qualitative manner. In practice, many companies described adherence to HACCP\(^1\) and outlined their internal control processes, as well as their tracing and tracking systems for products’ raw materials. They also frequently referred to customer care telephone lines. Some companies described their safety auditing procedures, both internally and for suppliers. For the 5 of 18 companies that provided quantitative information, a few companies reported the number of recalls, the number of customer safety complaints, the percentage of products made right the first time, and the total cost of quality failure.

**Health and nutrition**

16 of the sampled companies reported on the health and nutritional value of their foods for human beings. This theme relates to the following G3 indicators:

- **PR1** Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures) and
- **PR3** Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.

Most (14) out of the 16 food processors that discussed health and nutrition did so in a qualitative manner. Companies tended to report descriptively on changes in product formulations or packaging sizes of their foods. They also frequently described their approach to nutrition labeling and how foods correspond to International Dietary Guidelines. Some companies also described their initiatives to promote wellness including physical activity programs. In terms of quantitative information, 2 companies disclosed data including the number of products that they have deemed healthy and nutritious choices and the percentage of reduction of salt, fat and sugar in a number of their products.

**Transportation**

The transportation of products to customers was reported on by 15 of the sampled food processors, and is reflected in G3 indicator

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\(^1\) HACCP: Hazard Analysis and Critical Control Point.
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization’s operations, and transporting members of the workforce.

Some companies described the use intermodal transportation for products, others made reference to transportation as part of the product life cycle, or reported on it as a component of their supply chain. Some companies offered case studies on product transportation. In terms of quantitative information, several companies disclosed CO₂ and other GHG emissions in tons, in total or per product unit, arising from transportation activities.

Environmental Aspects of Agriculture

Agricultural processes and their environmental impacts were reported on by 15 of the companies sampled. This broad theme is reflected in a number of G3 indicators, notably the Environmental Performance Indicators EN1 - EN25, EN28 and EN30 (too extensive to describe here).

In practice, the extent of reporting seemed to vary as some companies cited that agricultural production falls outside the boundaries of reporting when raw materials are sourced. In terms of narrative reporting, 9 out of the 15 companies that addressed this topic did so by using qualitative information only. This includes case studies of organic or sustainable agricultural initiatives, as well as local and international agreements they are party to and case studies of working in cooperation with suppliers to provide technical advice and how the companies promote best practice. In terms of quantitative information, 6 out of these 15 companies disclosed data including the percentage of their product line that is organic or sourced from suppliers practicing low impact farming; use of fertilizers and pesticides; and financial penalties incurred for poor environmental compliance.

Packaging

The use and choice of material inputs for product packaging was reported on by 16 of the sample companies. This theme relates to the G3 indicator

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

Companies tended to report descriptively on recyclability of packaging materials and initiatives to reduce the quantity of packaging used. Case studies were also common in the company reports. There was one report that was devoted solely to the issue of packaging. Qualitative data disclosed includes the quantity of various raw materials used in packaging, as well as the quantity and type of final packaging used and the recyclable, reusable or waste components of each package type. Other reporters disclosed the reduction in percentage of packaging materials that has been achieved over a number of years.

Animal welfare

Treatment of animals was reported on by 9 out of the 12 companies that work with animals or use animal ingredients. The theme of animal welfare is not explicitly covered in the G3 Guidelines. Most companies that process meat or poultry described adherence to relevant laws and standards, as well as internal and external auditing procedures. Some reporters listed the names of stakeholders they work with for animal welfare.

Medium frequency themes

Advertising & Marketing

12 out of the 20 sampled companies reported their approach to responsible marketing of products. This theme is addressed in the following G3 indicators:

PR6 Programs for adherence to laws, standards, and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.
The companies that reported on this theme tended to do so descriptively, including discussions regarding legal requirements for product claims, and company policy towards marketing to vulnerable groups such as new mothers and children. Additional descriptive reporting addressed their policy towards purchasing advertising space – for instance, a policy of not advertising in elementary schools. A few companies stated the minimum age of children they advertise to.

**Malnutrition & poverty**

10 out of the companies sampled reported on the theme of malnutrition, which is not explicitly covered by any G3 indicators.

The reporting companies generally described their intention to make products accessible to those with low purchasing power parity, or stated that they formulate special products to meet the needs of individuals with poor diets. A few companies disclosed the number of products in their line that are fortified with vitamins and nutrients and suitable for individuals with poor diets.

**Fair & affordable price of products**

Making products affordable to consumers with lower incomes/purchasing power parity was reported on by 8 of the companies investigated. This theme is not covered specifically by any G3 indicators.

The reporting generally consisted of a brief description of the company’s intention to offer products at a fair price. One company reported specific initiatives undertaken, including offering products in smaller, low-cost packages, and presented quantifiable data including a price comparison of one of their products in several different countries.

**Genetically modified organisms**

6 out of the 20 companies we chose to investigate reported on the use of genetically modified organisms (GMOs) in their products, or outlined their policy towards biotechnology. This theme does not directly relate to any G3 indicators.

Reporters generally described their internal policy on GMOs, and also their policy towards stakeholders or national legislation on GMOs. One reporter stated that, when GMO is used, this will be clearly stated on product labels. In terms of quantifiable data, only 1 of these 6 listed the number or percent of products that are GMO-free.

**Low frequency themes**

**Chronic disease prevention**

Chronic diseases and the role of food in mitigating/managing them were reported on or referred to by 6 companies out of the total set of sampled food processors, and this theme is not covered specifically by any G3 indicators.

In practice, the reporting tended to consist of a brief statement recognizing the role of the food processing industry in fighting chronic disease and none of the companies used quantifiable information to address this theme.

**Smell & noise complaints**

Stakeholder complaints regarding odor and noise from operations were reported at 6 of the sample companies. This theme is not explicitly covered by any G3 indicators. Most of these companies described the processes for lodging and addressing complaints and gave examples or case studies of how they were handled. Only half of these 6 companies disclosed quantitative information such as the number of complaints received per year and the number of facilities upgrades made in response to complaints.

**Residues**

Only 4 of the companies considered reported on residues. This theme is not covered specifically by any G3 indicators. The reporters generally described their processes to screen for residues on either raw materials or final products, usually as it related to food safety. In addition, these companies generally referred to national standards and limits for residues and one company offered a case study. In terms of quantitative disclosures, only one of the four companies who reported on residues offered quantitative information on the allowable amount of residues per product unit.
5. Conclusions

As it is apparent that reporting in the sector is increasing year-over-year, with the most recent year having the greatest number of reporters, the time seems right to increase the comparability and transparency of such reports. The fact that the sample companies report on sector-specific themes which are not (completely) covered by the G3 Guidelines show that a Sector Supplement for the Food Processing sector can help increase the comparability of sustainability reports in this sector.

In 2010 GRI expects to publish the GRI Sector Supplement for the Food Processing Sector. Please inform us if you would like to receive regular updates on this work or if you would like to receive drafts for public comment. Please email: guidelines@globalreporting.org.
## Annex I: 2006 Food Processing Reporters

<table>
<thead>
<tr>
<th>Company</th>
<th>Sub-sector</th>
<th>Country</th>
<th>Reporting</th>
<th>Reporting Level of Most Recent before 2006 or 2006 Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajinomoto Co Inc</td>
<td>Half Products</td>
<td>Japan</td>
<td>GRI</td>
<td>GRI 2002</td>
</tr>
<tr>
<td>Associated British Foods plc</td>
<td>Agricultural Products</td>
<td>UK</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Australian Agricultural Company Limited</td>
<td>Meat</td>
<td>Australia</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Baez AG</td>
<td>Dairy</td>
<td>Switzerland</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Ben &amp; Jerry's Homemade Holdings Inc</td>
<td>Dairy</td>
<td>USA</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Bonduelle Groupe</td>
<td>Agricultural Products</td>
<td>France</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Bunge Brazil</td>
<td>Agricultural Products</td>
<td>Brazil</td>
<td>GRI</td>
<td>GRI 2002</td>
</tr>
<tr>
<td>Cadbury Schweppes plc</td>
<td>Confectionary</td>
<td>UK</td>
<td>GRI</td>
<td>GRI 2002</td>
</tr>
<tr>
<td>Campina Melkunie UA</td>
<td>Dairy</td>
<td>The Netherlands</td>
<td>GRI</td>
<td>GRI 2002</td>
</tr>
<tr>
<td>Cargill inc</td>
<td>Agricultural Products</td>
<td>USA</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Centrale del Latte di Firenze, Pistoia e Livorno SpA</td>
<td>Dairy</td>
<td>Italy</td>
<td>GRI</td>
<td>G3, Application Level A</td>
</tr>
<tr>
<td>Chiquita Brands International Inc</td>
<td>Agricultural Products</td>
<td>USA</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Chr Hansen A/S</td>
<td>Half Products</td>
<td>Denmark</td>
<td>non-GRI</td>
<td></td>
</tr>
<tr>
<td>Coca-Cola Company, The</td>
<td>Beverages</td>
<td>USA</td>
<td>GRI</td>
<td>G3, Application Level B</td>
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<tr>
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<td>Brazil</td>
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<td>CSM NV</td>
<td>Half Products</td>
<td>The Netherlands</td>
<td>GRI</td>
<td>GRI 2002</td>
</tr>
<tr>
<td>Danisco A/S</td>
<td>Half Products</td>
<td>Denmark</td>
<td>GRI</td>
<td>G3, Application Level C+</td>
</tr>
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<td>Danone Group</td>
<td>Dairy</td>
<td>France</td>
<td>GRI</td>
<td>GRI 2002</td>
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<td>Danone sp zoo</td>
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<td>Poland</td>
<td>non-GRI</td>
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<tr>
<td>Dr August Oetker Nahrungsmittel KG</td>
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<td>Germany</td>
<td>non-GRI</td>
<td></td>
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<td>Spain</td>
<td>non-GRI</td>
<td></td>
</tr>
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<td>Flowers Foods Inc</td>
<td>Agricultural Products</td>
<td>USA</td>
<td>non-GRI</td>
<td></td>
</tr>
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<td>General Mills Inc</td>
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<td>USA</td>
<td>non-GRI</td>
<td></td>
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<td>Germany</td>
<td>non-GRI</td>
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<td>Malaysia</td>
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<td>Granlatte Consorzio Cooperativo</td>
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<td>non-GRI</td>
<td></td>
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<td>Grupo Los Grobo SA</td>
<td>Agricultural Products</td>
<td>Argentina</td>
<td>GRI</td>
<td>GRI 2002</td>
</tr>
<tr>
<td>Grupo SOS</td>
<td>Agricultural Products</td>
<td>Spain</td>
<td>GRI</td>
<td>G3, Application Level Undeclared</td>
</tr>
<tr>
<td>Gustav Paulig Ltd</td>
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* Calculated as beverages in the total.
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Note: Even though their 2006 CSR report was not yet available, Green Mountain Coffee Roasters, has been considered in the examination of reporting on sector themes as they are actively involved in the development of the GRI Food Processing Sector Supplement.
Annex II

Least Reported Indicators by 7 G3 Food Processing Companies

NB:  
(A) additional G3 indicator
(C) core G3 indicator

0 Reporters out of 5 G3 reporters

(A) EC5  Market Presence, Economic Indicators: Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

(A) EN15  Biodiversity, Environmental Indicators: Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.

(A) HR9  Indigenous Rights, Human Rights: Total number of incidents of violations involving rights of indigenous people and actions taken.

(A) PR7  Marketing Communications, Product Responsibility: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship.

1 Reporter out of 5 G3 reporters

(C) LA4  Labor/Management Relations, Labor Practices and Decent Work: Percentage of employees covered by collective bargaining agreements.

(A) LA9  Occupational Health & Safety, Labor Practices and Decent Work: Health & safety topics covered in formal agreements with trade unions.

(A) LA11  Training and Education, Labor Practices and Decent Work: Programs for skills management and lifelong learning that support the continued employability of employee and assist them in managing career endings.

(A) LA12  Training and Education, Labor Practices and Decent Work: Percentage of employees receiving regular performance reviews and career development reviews.

(C) HR1  Investment and Procurement Practices, Human Rights: Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

(C) HR4  Nondiscrimination, Human Rights: Total number of incidents of discrimination and actions taken.

(C) HR5  Freedom of Association, Human Rights: Operations identified in which the right to exercise freedom of association and collective bargaining may be at a significant risk, and actions taken to support these rights.

(A) HR8  Security Practices, Human Rights: Percentage of security personnel trained in the organization’s policies or procedures concerning aspects of human rights that are relevant to operations.

(A) PR4  Product and Service Labeling, Product Responsibility, PR4: Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome.

(A) PR7  Marketing Communications, Product Responsibility: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.

(C) PR9  Compliance, Product Responsibility: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.
Frequency of Reported Indicators, at 14 GRI 2002 Reporting Food Processing Companies, least reported indicators

3 Reporters (out of 14 GRI 2002 reporters)

(A) EN24  Biodiversity, Environmental: Amount of impermeable surface as a percentage of land purchased or leased.

(A) EN26  Biodiversity, Environmental: Changes to natural habitats resulting from activities and operations and percentage of habitat protected or restored.

(A) EN28  Biodiversity, Environmental: Number of IUCN Red List species with habitats in areas affected by operations.

(A) EN32  Emissions Effluents and Waste, Environmental: Water sources and related ecosystems/habitats significantly affected by discharges of water and runoff.

4 Reporters (out of 14 GRI 2002 reporters)

(C) EC9  Public Sector, Economic: Subsidies received broken down by country or region.

(C) EN2  Materials, Environmental: Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organization.

(C) EN4  Energy, Environmental: Indirect energy use.

(A) EN25  Biodiversity, Environmental, EN25: Impacts of activities and operations on protected and sensitive areas.

(A) EN29  Biodiversity, Environmental: Business units currently operating or planning operations in or around protected or sensitive areas.
Annex III

Supply Chain in the GRI 2002 and GRI G3 Guidelines

Reporting on the Supply Chain in GRI 2002 Guidelines
The GRI 2002 addresses upstream/downstream activities in reporters’ Profile Disclosures and Performance Indicators, as recorded below:

Profile Disclosures
Profile Disclosure 2.9 Organizational Profile List of stakeholders, key attributes of each, and relationship to the reporting organization.

In notes, it states,
Stakeholders typically include the following groups (examples of attributes are show in parentheses):
• Suppliers (products/services provided, local/national/international operations)

Profile Disclosure 2.13 Report Scope Boundaries of report (countries/regions, products/services, divisions/facilities/joint ventures/subsidiaries) and any specific limitations on the scope.

Profile Disclosures 3.9-3.12 Stakeholder Engagement may be relevant, depending on information reported on in 2.9

Profile Disclosure 3.16 Policies and/or systems for managing upstream and downstream impacts, including:
• Supply chain management as it pertains to outsourcing and supplier environmental and social performance; and
• Product and service initiatives.
• Stewardship initiatives include efforts to improve product design to minimize negative impacts associated with manufacturing, use, and final disposal.

Performance Indicators
Economic Performance Indicator EC11 Supplier breakdown by organization and country (ADDITIONAL)

List all suppliers from which purchases in the reporting period represent 10% or more of total purchases in that period. Also identify all countries where total purchasing represents 5% or more of GDP.

Environmental Performance Indicator EN19 Other indirect (upstream/downstream) energy use and implications, such as organizational travel, product lifecycle management, and use of energy intensive materials. (ADDITIONAL)

Environmental Performance Indicator EN30 Other relevant indirect greenhouse gas emissions. (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆). Refers to emissions that are a consequence of the activities of the reporting entity, but occur from sources owned or controlled by another entity. Report in tonnes of gas and tonnes of CO₂ equivalent. See WRI-WBCSD Greenhouse Gas Protocol. (ADDITIONAL)

Environmental Performance Indicator EN33 Performance of suppliers relative to environmental components of programmes and procedures described in response to Governance Structure and Management Systems section (3.16). (ADDITIONAL)

Social Performance Indicator, Human Rights HR2: Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors. (CORE)

Social Performance Indicator, Human Rights HR3: Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring.

“Human rights performance” refers to the aspects of human rights identified as reporting aspects in the GRI performance indicators. (CORE)

Reporting on supply chain issues in G3 Guidelines
As opposed to GRI 2002 Guidelines which provide for supply chain activities through specific Profile Disclosures and Performance Indicators, the G3 Guidelines offers room for reporters to address upstream/downstream activities in their treatment of each aspect of reporting, subject to their selection of Report Boundaries and their Disclosure on Management Approach.
In Part 1 of the G3 Guidelines, *Defining Report Content, Quality and Boundary*, within the *Reporting Guidance for Boundary Setting*, it states,

> The approach to reporting on an entity will depend on a combination of the reporting organization’s control or influence over the entity, and whether the disclosure relates to operational performance, management performance, or narrative/descriptive information.

It further defines "control" and "significant influence":

**Control:** the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

**Significant influence:** the power to participate in the financial and operating policy decisions of the entity but not the power to control those policies.

Nonetheless, two of the Performance Indicators in the G3 Guidelines refer specifically to suppliers. These are,

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

**HR2** Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
The Amsterdam Global Conference on
May 7-9 2008
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