

SUSTAINABILITY IN LARGE UK LISTED RETAIL COMPANIES: A SECTORAL ANALYSIS

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This article documents a study on the sustainability efforts of the largest UK general retail companies that are listed on the FTSE 100. Along with offering empirical insights into the position taken by large listed UK retail companies on sustainability issues, the study also provides an interpretive analysis of the data examined in order to gain greater understanding of what the companies are communicating and the attitude that they are taking in relation to sustainability. Based on an extended content analysis of each corporation's annual and sustainability reports, the study was intended to be a pilot study, that is, a small study conducted in advance of a planned larger and broader project that would examine more companies and in different industrial sectors. It would specifically test aspects of the research design and allow necessary adjustment before final commitment to the design for the larger project. Nonetheless, the results of the study documented here are sufficiently substantive to constitute a stand-alone study and permit us to ascertain the state of sustainability in retail companies. Our findings demonstrate that companies are taking substantive actions to integrate sustainability into their business operations and are willing to communicate these actions to their stakeholders. They are actively engaged in re-designing their strategies in order to address factors that are at the root of unsustainability.

I INTRODUCTION

Sustainability, as a concept which broadly involves achieving human development whilst considering both present and future generations, has

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become ubiquitous in the contemporary business world, and as a word it has become common in the corporate vocabulary, especially on corporate websites and in reports.¹

The ubiquity of the sustainability concept makes it an issue that companies must address and take into account. It has become more and more important over a number of years, to the point where large businesses with a substantial turnover and a public profile cannot ignore it. This has led to many companies incorporating sustainability considerations into their decision-making processes and general operations.²

It has been said that sustainability relates to the issue of corporate governance and to good board practice.³ Its objective is to minimise harms and maximise benefits to a company's stakeholders;⁴ some studies suggest that promoting sustainability benefits companies and shareholders alike.⁵ A growing number of companies, and particularly large multinational corporations, have put sustainability strategies and voluntary codes of conduct into practice as well as providing such information to their stakeholders as environmental annual reports⁶ and wide-ranging sustainability reports. They thus demonstrate that they do not see sustainability as a mere mantra. As far back as 2010 a survey of chief executive officers conducted for the United Nations showed that 93 per cent saw sustainability as important or very important to the future success of companies and 96 per cent were of the opinion that sustainability issues should be fully integrated into the strategy and business operations of companies.⁷ In

¹ Justyna Przychodzen and Wojciech Przychodzen, 'Corporate Sustainability and Shareholder Wealth' (2013) 56 *Journal of Environmental Planning and Management* 474, 474; Tom Thomas and Eric Lamm, 'Legitimacy and Organizational Sustainability' (2012) 110 *Journal of Business Ethics* 191, 192; Ivan Montiel and Javier Delgado-Ceballos, 'Defining and Measuring Corporate Sustainability: Are We There Yet?' (2014) 27 *Organization and Environment* 113, 113.

² Anne Wiese et al, 'Sustainability in Retailing: A Summative Content Analysis' (2012) 40 *International Journal of Retail and Distribution Management* 318, 318; Thomas and Lamm, above n 1.

³ International Finance Corporation (IFC), 'CG Updates' IFC Corporate Governance Group, IFC, July–September 2017, 14.

⁴ Guy Morgan, Kwang Ryu and Philip Mirvis, 'Leading Corporate Citizenship: Governance, Structure, Systems' (2009) 9 *Corporate Governance* 39.

⁵ Przychodzen and Przychodzen, above n 1, 491.

⁶ Mette Anderson and Tage Skjoett-Larsen, 'Corporate Social Responsibility in Global Supply Chains' (2009) 14 *Supply Chain Management: An International Journal* 75.

⁷ United Nations Global Compact (UNGC), A New Era of Sustainability: UN Global Compact – Accenture CEO Study (June 2010) United Nations Global Compact 13 <https://www.unglobalcompact.org/docs/news_events/8.1/UNGC_Accenture_CEO_Study_2010.pdf>; Craig Carter and Dale Rogers, 'A Framework of Sustainable Supply Chain

the 2017 Top of Mind survey undertaken by the Consumer Goods Forum 70 per cent of customer-centric businesses identified sustainability as a key priority.⁸

Given the importance of sustainability, it is necessary to ascertain what attitude is being taken to sustainability in companies, and particularly large companies that affect most aspects of the lives of ordinary people. Accordingly, this article documents a study of the largest UK general retail companies (not including food and drug retailers), demonstrating what they are doing to promote sustainability. The contribution of the article is to provide empirical insights into how UK retail companies are addressing sustainability. The article asks: What is the attitude of companies to sustainability and how are they contributing to a sustainable world? The article describes material reported by companies and furnishes an interpretative analysis of what is discovered from this study. We endeavour to ascertain whether companies are embedding sustainability in their strategy and operations or whether they are simply using sustainability as 'a bolt on', simply in order to assuage those exerting pressure on them to be involved in sustainability matters. This question is important as the literature suggests that sustainability should be integrated in the company's strategy and business plan⁹ and built into existing goals and targets.¹⁰ The study aims to describe the position taken by companies on sustainability issues and to gain greater understanding of what the companies are communicating and the attitude that they are taking in relation to sustainability. The study was and is intended to be a pilot study, that is, a small study conducted in advance of a planned larger and broader project that would examine more companies in a variety of industrial sectors. It is intended specifically to test aspects of the research design and to allow necessary adjustment before final commitment to the design for the larger project. Having said that, we believe that the results of the study documented here are sufficiently substantive to permit us to ascertain what the state of sustainability in retail companies is.

The findings of the research undertaken are both descriptive and positive as they both describe what companies disclose they are doing in terms of

Management: Moving towards New Theory' (2008) 38 *International Journal of Physical Distribution and Logistics Management* 360, 367.

⁸ KPMG, *Top of Mind Survey 2017* (June 2017) 28 <<https://home.kpmg.com/xx/en/home/insights/2017/06/top-of-mind-survey-2017.html>>.

⁹ Federation of European Accountants (FEE), *Environmental Social and Governance Indicators in Annual Reports: An Introduction to the Current Frameworks*, Brussels, Federation of European Accountants (May 2011) 5, 9 <http://effas.net/pdf/cesg/ESG_indicators_in_annual_reports_An_introduction_to_current_frameworks_1105_Colour2652011551650.pdf>.

¹⁰ Cory Searcy, 'Corporate Sustainability Performance Measurement Systems: A Review and Research Agenda' (2012) 107 *Journal of Business Ethics* 239, 240.

sustainability and explain how companies' actions fit into the sustainability agenda. The article is structured as follows. First, the sustainability literature is considered. Second, the article explains the nature of the study. Importantly, this section of the article explains what research method was employed, what data were analysed and what categories were used in order to code the data. Third, the article explains the findings of the study and provides an analysis of the results. Fourth, the article discusses the limitations of the study. Finally, some concluding remarks are made.

II SUSTAINABILITY

While commentators have an intuitive understanding of the concept of sustainability, it is a concept that is difficult to define in any precise fashion,¹¹ possibly because it is a multi-dimensional concept. The concept is contested¹² and controversial.¹³ Its meaning has been the subject of ongoing debates,¹⁴ partly because the concept is a complex one.¹⁵ Some even argue that it cannot be defined.¹⁶ Others have branded the concept vague, ambiguous, pluralistic, and based on various value systems.¹⁷ White has noted that Peter Senge, the economist, when giving a presentation, bet that there were about 2000 definitions of the word among his audience alone.¹⁸

It has been said that sustainability involves a given activity being able to be continued indefinitely.¹⁹ In its simplest form it has been said to be nothing more than 'an extension and re-interpretation of Hicksian income and traditional notions of capital maintenance' which seeks a level of consumption that ensures

¹¹ Andrew Basiago, 'Methods of Defining 'Sustainability' (1995) 3 *Sustainable Development* 109, 111.

¹² Dexter Dunphy, 'Corporate Sustainability: Challenge to Managerial Orthodoxy' (2003) 9(1) *Journal of the Australian and New Zealand Academy of Management* 1, 3.

¹³ Güler Aras and David Crowther, 'Governance and Sustainability: An Investigation into the Relationship between Corporate Governance and Corporate Sustainability' (2008) 46 *Management Decision* 433, 436.

¹⁴ Searcy, above n 10, 239.

¹⁵ *Ibid* 240; Montiel and Delgado-Ceballos, above n 1, 123.

¹⁶ Robert Costanza and Bernard C Patten, 'Defining and Predicting Sustainability' (1995) 15 *Ecological Economics* 193, 193.

¹⁷ Don Clifton and Azlan Amran, 'The Stakeholder Approach: A Sustainability Perspective' (2011) 98 *Journal of Business Ethics* 121, 122.

¹⁸ Mark White, 'Sustainability: I Know It when I See It' (2013) 86 *Ecological Economics* 213, 213.

¹⁹ Paul Johnston et al, 'Reclaiming the Definition of Sustainability' (2007) 14 *Environmental Science and Pollution Research* 60, 61.

maintenance of the planet's capital.²⁰ At its broadest the word has been seen to mean the effect that something in the present has on the options available in the future.²¹

Often sustainability is regarded as having three elements — the economic, the environmental and the social²² — and is therefore often referred to as the triple bottom line. It is regarded by many as synonymous with sustainable development,²³ or at least inextricably linked to this concept.²⁴ Perhaps the most commonly cited definition of sustainable development, while subject to some debate and dissent,²⁵ is that used by the Brundtland Report: 'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'²⁶ Sustainability, then, is clearly aimed at achieving human development, considering both present and future generations.²⁷ Although the emphasis has been on the three elements mentioned above, the notion of sustainability has clearly become broader than that and has encompassed a much wider range of issues.²⁸ Concepts such as justice²⁹ and risk management³⁰ have become additional aspects of sustainability.

'Sustainability' has developed to the point where it is a catch-all term used by large companies to encompass a range of actions and activities relating to corporate social responsibility (CSR), the environment and profitability. Acting in a sustainable way embraces actions such as reducing waste, using water

²⁰ Rob Gray, 'Accounting and Environmentalism: An Exploration of the Challenge of Gently Accounting for Accountability, Transparency and Sustainability' (1992) 17 *Accounting Organizations and Society* 399, 417.

²¹ Aras and Crowther, above n 13, 435.

²² John Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business* (Capstone Publishing, 1997).

²³ Aras and Crowther, above n 13, 436.

²⁴ Basiago, above n 11, 111.

²⁵ Michael McCloskey, 'The Emperor Has No Clothes: The Conundrum of Sustainable Development' (1999) 9 *Duke Environmental Law and Policy Forum* 153; Wendell Cox and Jean-Claude Ziv, 'Dimensions of Sustainability' (Paper presented at 3rd International SIIV Conference, Bari Italy 22–24 September 2005) <https://www.researchgate.net/publication/242301087_Dimensions_of_sustainability>.

²⁶ Report of the World Commission on Environment and Development: Our Common Future annex ('Our Common Future, from One Earth to One World') (the 'Brundtland Report') UN Doc A/42/427 (4 August 1987) [27] <<http://www.un-documents.net/ocf-ov.htm>>.

²⁷ Ibid.

²⁸ Gray, above n 20, 416.

²⁹ Clifton and Amran, above n 17, 129.

³⁰ Carter and Rogers, above n 7.

sparingly and reducing pollution.³¹ It might entail companies embracing cleaner ways of production, increasing the efficiency of resource use, interacting with social actors in order to improve the performance of businesses in addressing social expectations³² and redesigning company operations or initiating new ones which give an impetus to a culture of innovation and which ameliorate the position of stakeholders.³³

While the awareness and the practice of sustainability have attained universal significance,³⁴ much of what companies do to achieve sustainability is done on a more or less voluntary basis; there are often no mandatory laws to be adhered to.³⁵ Guidelines are provided by various instruments designed to lead companies to engage in increasingly sustainable conduct. Examples are the United Nations Global Compact, the Global Reporting Initiative's Sustainability Reporting Guidelines and the Dow Jones Sustainability Index. In January 2016 the United Nations Sustainable Development Goals (SDGs) became operative. These are a set of global initiatives, intended to provide direction through to 2030, that aim to end poverty, promote equality and wellbeing and preserve the environment. These documents only furnish broad principles and reporting frameworks, leaving it to the discretion of the company how the principles are to be applied.³⁶

The absence of a government mandate on sustainability can be seen in the UK. Here mandatory approaches have tended to be eschewed and reliance has been placed on light touch regulation and voluntary actions,³⁷ although in the past UK governments have been active in the construction of a political sustainability framework.³⁸ Also, it is important to note that section 172(1) of the *Companies Act 2006* (UK) introduced a requirement that directors, in the course of fostering the interests of a company, take into account matters that are clearly related to sustainability. The provision states that:

³¹ KPMG, above n 8, 32.

³² Clifton and Amran, above n 17, 124.

³³ John Peloza et al, 'Sustainability: How Stakeholder Perceptions Differ from Corporate Reality' (2012) 55 *California Management Review* 74, 74.

³⁴ Alice Klettner, Thomas Clarke and Martijn Boersma, 'The Governance of Corporate Sustainability' (2014) 122 *Journal of Business Ethics* 145, 150.

³⁵ Reinhard Steurer et al, 'Corporations, Stakeholders and Sustainable Development I' (2005) 61 *Journal of Business Ethics* 263.

³⁶ Klettner, Clarke and Boersma, above n 34.

³⁷ Anja Schaefer, 'Sector-Specific Corporate Responsibility in the UK' 2013, 24 <http://oro.open.ac.uk/37384/3/Kap%2011_Schaefer_Corp%20Respon_mit%20Copyright.pdf>.

³⁸ Laura Albareda et al, 'The Changing Role of Governments in Corporate Social Responsibility: drivers and Responses' (2008) 17 *Business Ethics: A European Review* 347.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to –

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company's employees,
- (c) the need to foster the company's business relationships with suppliers, customers and others,
- (d) the impact of the company's operations on the community and the environment,
- (e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between the members of the company.

It has been said that the provision does not move the UK away from a shareholder-primacy approach because ultimately, whatever directors do, they are to act in a way that benefits the members.³⁹ Nevertheless, the sub-section makes it a requirement that directors take into account the factors adumbrated in (a)–(f) in taking actions. For 'quoted' companies,⁴⁰ a group which embraces the companies that are the subject of this study, a report known as the Strategic Report must be included in the company's annual report, setting out how the directors have discharged their duty under section 172(1).⁴¹

Section 172, together with the reporting requirement under the Strategic Report, introduced what is known as enlightened shareholder value ('ESV'). This concept was formulated by the Company Law Review Steering Group that had been established in 1998 by the UK government to undertake a wholesale review of the UK's corporate law. The CLRSG was primarily concerned with the fact that directors were managing their companies in order to achieve maximisation of shareholder wealth in a short-term manner. The Steering

³⁹ Andrew Keay, 'Tackling the Issue of the Corporate Objective: An Analysis of the United Kingdom's Enlightened Shareholder Value Approach' (2007) 29 *Sydney Law Review* 577.

⁴⁰ A quoted company 'means a company whose equity share capital — (a) has been included in the official list in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000 (c. 8), or (b) is officially listed in an EEA State, or (c) is admitted to dealing on either the New York Stock Exchange or the exchange known as Nasdaq': *Companies Act 2006* (UK) s 385.

⁴¹ *Companies Act 2006* (UK) s 414C(7).

Group noted that directors in fact have, in appropriate cases, an obligation ‘to have regard to the need ... to build long-term and trusting relationships with employees, suppliers, customers and others ... in order to secure the success of the enterprise over time’.⁴² These sentiments obviously chime to a large degree with the theory of sustainability. However, various empirical studies have demonstrated over the years that the impact of the provision is very limited.⁴³ Responses to a government Green Paper in 2016,⁴⁴ in which the government was seeking evidence of how ESV had impacted on commercial life, have led to a similar conclusion.

Clearly directors, in discharging their duty under section 172(1), are entitled to engage in sustainability-promoting activity, as they can usually justify their actions as furthering the success of the company. However, two major problems exist. First, where there is concern that directors have not had regard to the factors in (a)–(f) in making decisions, it is likely to be difficult in many situations to establish that directors did in fact fail to consider the factors. Second, even if it might be established that directors did not in fact have regard to those factors set out in the provision and that they are therefore technically in breach of their duty, little can be done in legal terms. The directors’ duty is owed to the company and this means that the board of directors is empowered to institute legal proceedings against a director if a director fails to act properly. If the board does not do so, for any one of a variety of reasons, the only persons who can do anything about it are the shareholders. However, they are unlikely to take action against the directors because of the possible costs that will have

⁴² Company Law Review, *Modern Company Law for a Competitive Economy: Strategic Framework* (February 1999) 41 [5.1.22] <<http://www.dti.gov.uk/bbf/co-law-reform-bill/clr-review/page22794.html>>.

⁴³ See, eg, Samantha Fettiplace and Rebecca Addis, *Evaluation of the Companies Act 2006: Volume One* (2 August 2010) 77 <<http://webarchive.nationalarchives.gov.uk/20121205013304/http://www.bis.gov.uk/assets/BISCore/business-law/docs/E/10-1360-evaluation-companies-act-2006-volume-1.pdf>> ; Andrew Key and Taskin Iqbal, ‘The Impact of Enlightened Shareholder Value’ (2019) *Journal of Business Law* (forthcoming).

⁴⁴ Department of Business Energy and Industrial Strategy, *Corporate Governance Reform Green Paper* (November 2016) <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/584013/corporate-governance-reform-green-paper.pdf>. For a response see: *Response of the Company Law Committee of the City of London Law Society to the Green Paper on Corporate Governance Reform* (February 2017) 10 <<http://www.citysolicitors.org.uk/attachments/category/114/CLLS%20Response%20to%20the%20Green%20Paper%20on%20Corporate%20Governance%20Reform.pdf>> and Financial Reporting Council, *Response to the Department of Business, Energy and Industrial Strategy Corporate Governance Reform Green Paper* (17 February 2017) 5 <<https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/FRC-Response-to-BEIS-Green-Paper-consultation-on-C.pdf>>.

to be paid by the shareholders who take action and because the actions of the directors probably will not have harmed them.

III THE ELEMENTS OF THE STUDY

A The Method

To address the aim of the research it was determined that a study of relevant company documents would be appropriate and that the study would be based on a form of content analysis of the documents. Content analysis is a very flexible methodology⁴⁵ which covers a number of different strategies.⁴⁶ It has been used by scholars in various disciplines within the social sciences and humanities to analyse communications of different kinds. It is the research method that is employed most often to assess organisations' social and environmental disclosures.⁴⁷ Content analysis is a tool that enables researchers objectively and systematically to identify the characteristics and constituents of textual information to enable them to be able to draw inferences.⁴⁸ Hsieh and Shannon define qualitative content analysis as 'a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns'.⁴⁹ The research enables inferences to be drawn about the sender of the communication, the communication itself or the audience viewing the communication.⁵⁰

We decided that we would undertake a qualitative form of content analysis that employed a form of deductive content analysis. This involved the a priori

⁴⁵ Marilyn Domas White and Emily E Marsh, 'Content Analysis: A Flexible Methodology' (2006) 55 *Library Trends* 22; Satu Elo and Helvi Kyngas, 'The Qualitative Content Analysis Process' (2008) 62 *Journal of Advanced Nursing* 107.

⁴⁶ Mojtaba Vaismoradi, Hannele Turunen and Terese Bondas, 'Content Analysis and Thematic Analysis: Implications for Conducting a Qualitative Descriptive Study' (2013) 15 *Nursing and Health Sciences* 398.

⁴⁷ Markus J Milne and Ralph W Adler, 'Exploring the Reliability of Social and Environmental Disclosures Content Analysis' (1999) 12 *Accounting, Auditing and Accountability* 237.

⁴⁸ Ole R Holsti, *Content Analysis for the Social sciences and Humanities* (Addison-Wesley, 1969); A Cornelia Beck, David Campbell and Philip J Shrivess, 'Content Analysis in Environment Reporting Research: Enrichment and Rehearsal of the Method in a British-German Context' (2010) 42 *British Accounting Review* 207.

⁴⁹ Hsiu-Fang Hsieh and Sarah E Shannon, 'Three Approaches to Qualitative Context Analysis' (2005) 15 *Qualitative Health Research* 1277, 1278.

⁵⁰ B Devi Prasad, *Content Analysis: A Method in Social Science Research* (2008) <<http://www.css.ac.in/download/Content%20Analysis.%20A%20method%20of%20Social%20Science%20Research.pdf>>.

identification of categories and sub-categories as codes against which the company documents (the unit of analysis) were reviewed.⁵¹ This strategy was chosen as it was reasoned that this approach to coding would cause results to be more reliable. Having said that, we were prepared, in line with the approach advocated by several scholars,⁵² to add to or amend our classifications in light of our study of the data and were thereby open to an inductive element to the study. Content analysis has been used several times to address corporate reports, particularly by accounting academics.⁵³

The categories (and sub-categories) were derived from a study of the sustainability and CSR literature and the issues that have been raised about sustainability by major organisations in documents such as government and quasi-government reports.⁵⁴ The sub-categories determined were designed to explain the broad categories identified and to assist in the coding of the unit of analysis.

The categories that we identified were those which we believed were the most relevant and valid.⁵⁵ We analysed the data that is described in the next section of the article and placed it in the various pre-determined categories and sub-categories, in line with the approach adopted in many studies and argued for by Gray, Kouhy and Lavers.⁵⁶ This process relied partly on subjective judgment, and in order to limit the subjectivity and to ensure reliability, transparency and internal validity of the analysis both researchers analysed independently the documents of the selected companies. After doing this we compared our findings, discussed any classifications that were ambiguous and checked all notes prepared from the reviews.

B The Sample

For a content analysis researchers must select a sample or, as it is often referred to, a unit of analysis, as the basis for reporting analyses.⁵⁷ In order to address

⁵¹ Helvi Kyngas and Lynn Vanhanen, 'Content Analysis as a Research Method' (1999) 11 *Hoitotiede: Journal of Nursing Science* 3.

⁵² See, eg. White and Marsh, above n 45, 39; Elo and Kyngas, above n 45.

⁵³ Feng Li, 'Textual Analysis of Corporate Disclosures: A Survey of the Literature' (2010) 29 *Journal of Accounting Literature* 143, 145.

⁵⁴ See, eg. White and Marsh, above n 45, 39; Elo and Kyngas, above n 45.

⁵⁵ White and Marsh, above n 45.

⁵⁶ Rob Gray, Reza Kouhy and Simon Lavers, 'Constructing a Research Database of Social and Environmental Reporting by UK companies' (1995) 8 *Accounting Auditing and Accountability* 78.

⁵⁷ White and Marsh, above n 45.

the aim of the study, it was decided to investigate the largest general retail companies by market capitalisation in the UK, namely those that are listed on the FTSE 100, a share index composed of the 100 largest companies (according to market capitalisation) that are listed on the London Stock Exchange. The companies that were investigated are Kingfisher, Marks and Spencer and Next. These companies were selected as part of this pilot study for a variety of reasons. The primary reasons were as follows.

First, retailing is a large, diverse and dynamic sector of the economy where a large range of goods are offered to the consumer.⁵⁸ This sector is the UK's largest private sector employer with 2.9 million people employed (and predicted to rise to 3.3 billion in 2018), and in 2016 it generated £321 billion.⁵⁹ In 2008 the sector generated six per cent of the country's gross domestic product.⁶⁰

Second, because of the retail sector's significance as an employer and contributor to the national economy, the activities of the retail sector impact on the lives of a lot of people.

Third, significant amounts of energy and raw materials 'are used to construct the retail environment and ... to create the goods that are produced, traded and consumed'.⁶¹

Fourth, the retailers that were selected have, because of their size and buying power, a significant impact on upstream and downstream actors, and importantly on supply chains; they play a significant role in the value chain between supply and demand.⁶² It has been asserted that retail power in this sector provides the impetus for the whole of the supply chain of which it is a part.⁶³ It has been stated that: 'Retailing companies assume sustainable management efforts to manage upstream activities by integrating sustainability indicators and targets into supply strategies and to influence downstream

⁵⁸ Ismail Erol et al, 'Sustainability in the Turkish Retailing Industry' (2009) 17 *Sustainable Development* 49, 49; Peter Jones et al, 'Retailers and Sustainable Development in the UK' (2005) 33 *International Journal of Retail and Distribution Management* 207.

⁵⁹ Retail Appointment, (2017) <<https://www.retailappointment.co.uk/career-advice/talking-shop/uk-retail-facts-and-figures>>.

⁶⁰ Peter Jones, Daphne Comfort and David Hillier, 'UK Retailing through the Looking Glass' (2008) 36 *International Journal of Retail and Distributive Management* 564.

⁶¹ Joe Doak, 'An Inspector Calls: Looking at Retail Development through a Sustainability Lens' (2009) 8 *Journal of Retail and Leisure Property* 299, 302.

⁶² Erol, above n 58, 50.

⁶³ Jones et al, above n 58.

activities through marketing and sale initiatives.’⁶⁴ Besides addressing their own sustainability issues and building sustainability into their own businesses, such as by reducing energy and transportation use, retailing companies can influence or even require sustainable changes in supply chains and the actions of manufacturers.⁶⁵ Retailers can change the products that they sell and even engage in producing their own goods for sale. As a consequence of these and other factors retailing companies are able to have a substantial impact on the sustainability performance of national economies.⁶⁶

Fifth, in the 1990s UK retailers tended to be regarded as failing to address poor environmental and social impacts⁶⁷ and our study had the potential to enable us to determine whether there have been improvements and in what way. In the last 20 years a number of factors have precipitated the decision of many retailers to make efforts to take a greater and more visible interest in the effects of their businesses on the environment, the economy and the social sphere. These factors include greater consumer awareness of company operations, and pressure on companies from government bodies, investors, customers and trade unions⁶⁸ to attract investment funds, and particularly from ethical sources. Alternatively, companies may feel they have to improve their sustainability in order to confirm their legitimacy.⁶⁹ In the KPMG Top of Mind survey in 2011 corporate responsibility, including sustainability, was ranked first by retailers as the most important issue for them.⁷⁰

Jones et al undertook a study of the largest 20 UK retailers by sales as at 2002 in order to analyse sustainability engagement, but this was a small study that only looked for the keywords of ‘sustainability’ and ‘sustainable development’ and it was conducted in 2005. Our study was broader in that it was detailed and qualitative and, of course, it was more recent, although it did not cover as large a range of companies. As indicated earlier, since 2005 the UK has enacted ESV and this might have had some impact both on how companies view sustainability and on their general behaviour. Notwithstanding the importance

⁶⁴ Erol, above n 58, 50.

⁶⁵ Alastair Iles, ‘Seeing Sustainability in Business Operations: US and British Food Retailer Experiments with Accountability’ (2007) 16 *Business Strategy and the Environment* 290, 291.

⁶⁶ Erol, above n 58, 49.

⁶⁷ Hugh Raven, Tim Lang, and Caroline Dumonteil, *Off Our Trolleys? Food Retailing and the Hypermarkets* (Institute for Public Policy Research, 1995).

⁶⁸ Jones et al, above n 58; Craig Deegan, ‘The Legitimising Effect of Social and Environmental Disclosures: A Theoretical Foundation’ (2002) 15 *Accounting, Auditing and Accountability Journal* 282.

⁶⁹ Deegan, above n 68.

⁷⁰ Wiese et al, above n 2.

of the retail industry, the topic of sustainability in this sector is quite unexplored.⁷¹

The data analysed was text data gathered from company documents and websites that are generated by the companies to express their positions on relevant issues. The documents examined were annual reports, which included the Strategic Report, and CSR/Sustainability Reports for the year 2016/2017. Usually public companies produce annual reports to meet mandatory requirements that exist in a majority of Western economies.⁷² The annual report is an integral mode of financial communication among shareholders, management and others,⁷³ and it is a way of communicating a company's identity; it operates as a link between its identity and image.⁷⁴ It is even claimed to be the most important mechanism used for corporate communication,⁷⁵ and it is a way for a person external to the company to gain insights into the company's values.⁷⁶ It is considered to have credibility as a communication tool because it includes legally required and audited financial statements.⁷⁷ Also, the company knows that it and other publicly available documents will be scrutinised by others.⁷⁸ The CSR/Sustainability reports were analysed because these reports are usually entirely focused on stakeholders and also because they endeavour to address sustainability issues.⁷⁹ It has been widely accepted that annual reports and stand-alone CSR or Sustainability reports can be used as the

⁷¹ Ibid.

⁷² Patricia A Stanton and John Stanton, 'Researching Corporate Annual Reports: An Analysis of Perspectives Used' (undated) 3 <<http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.196.9076>>.

⁷³ Susan Bartlett and Roy Chandler, 'The Corporate Report and the Private Shareholder: Lee & Tweedie Twenty Years On' (1997) 29 *British Accounting Review* 245.

⁷⁴ Beatrice Parguel, Florence Benoît-Moreau and Fabrice Larceneux, 'How Sustainability Ratings Might Deter 'Greenwashing': A Closer Look at Ethical Corporate Communication' (2011) 102 *Journal of Business Ethics* 15.

⁷⁵ Carol Adams, Andrew Coutts and George Harte, 'Corporate Equal Opportunities (Non-) Disclosure' (1995) 27 *British Accounting Review* 87, 92.

⁷⁶ Jan Bebbington and Rob Gray, 'Accounts of Sustainable Development: The Construction of Meaning within Environmental Reporting' (Aberdeen Papers in Accounting, Finance and Management, Working Paper No. 00-18, University of Aberdeen, 2000) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=257438>.

⁷⁷ R D Hines, 'The Usefulness of Annual Reports: The Anomaly between the Efficient Markets Hypothesis and Shareholder Surveys' (1982) 12 *Accounting and Business Research* 296.

⁷⁸ Bebbington and Gray, above n 76.

⁷⁹ The requirements for the preparation, distribution and filing of accounts and reports are set out in Part 15, ss 380–474, of the *Companies Act 2006* (UK).

data for analysing the approach of companies to various concerns.⁸⁰ The inclusion of CSR-type disclosures in the annual report or a separate CSR/Sustainability report is designed to establish the company's legitimacy⁸¹ and to inform shareholders and other stakeholders.⁸² Also, the documents referred to above are important as they are the medium by which the company communicates with the public.⁸³ The provision of disclosure in reports is one critical way that companies can influence and, perhaps, change external perceptions of themselves and the way that they conduct their businesses.⁸⁴ Reports of company activity that are taken from the website provide a more complete picture of the company than statutory reports since they include and expand data from the statutory report.⁸⁵

C *The Categories*

The second stage involved the development of categories. These can be regarded as compartments into which the unit of analysis is coded.⁸⁶ The categories are the means of describing the contents of the unit of analysis.⁸⁷ They provide a focus for the studying of the documents that form the sample, enabling a story to be told about what they say.⁸⁸ We identified four broad categories that we used as our code for the analysis of the data.

From the literature we then identified appropriate sub-categories. These are designed to expand the categories already identified so that the coding can be more specific. We discuss the sub-categories below under the category to which they relate.

1 *Disclosure*

This category involves consideration of the disclosures that are made and that relate to sustainability. Companies disclose information about their

⁸⁰ Petros Vourvachis, 'On the Use of Content Analysis (CA) in Corporate social Reporting (CSR): Revisiting the Debate on the Units of Analysis and the Ways to Define Them,' (2007) <<http://eprints.kingston.ac.uk/4129/1/Vourvachis-P-4129.pdf>>.

⁸¹ Deegan, above n 68.

⁸² Selena Aureli, 'A Comparison of Content Analysis Usage and Text Mining in CSR Corporate Disclosure' (2017) 17 *International Journal of Digital Accounting Research* 1.

⁸³ Klettner, Clarke and Boersma, above n 34, 153.

⁸⁴ Deegan, above n 68.

⁸⁵ Aras and Crowther, above n 13, 442.

⁸⁶ Prasad, above n 50.

⁸⁷ Elo and Kyngas, above n 45.

⁸⁸ Bebbington and Gray, above n 76.

sustainability activities to manifest both their commitment to sustainability and their accountability to stakeholders.⁸⁹ An important arrival on the scene as far as reporting goes are the Sustainability Reporting Guidelines which were developed by the Global Reporting Initiative ('GRI').⁹⁰ These 'provide a framework of principles and guidance, together with a list of disclosures and key performance indicators, for voluntary use by organizations in reporting their sustainability performance'.⁹¹ The category of Disclosure can be further sub-divided into the following sub-categories:

a) **Demonstration** We considered how the company refers to sustainability and in what context. The data included in this sub-category comprise general comments that are made by companies about sustainability rather than more specific matters, the latter being included in other sub-categories.

b) **Accountability Systems** These are seen as an element of CSR and they have also been considered frequently in the context of sustainability.⁹² If companies are more accountable then this provides an incentive for them to engage in more sustainable activity and to follow through with their goals and plans.⁹³ The assessment undertaken in this study sought to identify accountability systems that might help sustainability to develop. The assessment also covered transparency that is related to accountability, especially in corporate governance. Transparency is an element of CSR and has also been considered frequently in the context of sustainability.

c) **Code of Conduct/ Key Performance Indicators /Policies/ Principles/ Guidelines** The researchers sought to ascertain what, if any, code of conduct, key performance indicators, policies, principles or guidelines were set out in relation to fostering sustainability, and against which the company was to report.

⁸⁹ Paolo Perego and Ans Kolk, 'Multinationals' Accountability on Sustainability' (2012) 110 *Journal of Business Ethics* 173, 174.

⁹⁰ Global Reporting Initiative, *Sustainability Reporting Guidelines*, Version 3.1, Amsterdam, <<https://www.globalreporting.org/resourcelibrary/G3.1-Guidelines-Incl-Technical-Protocol.pdf>>.

⁹¹ Perego and Kolk, above n 89, 174.

⁹² Charlotte Villiers, 'Directors' Duties and the Company's Internal Structures under the UK Companies Act 2006: Obstacles for Sustainable Development' (2011) 8 *International and Comparative Corporate Law Journal* 47.

⁹³ Iles, above n 65, 290.

d) **Values Base** The study examined whether the unit of analysis disclosed any value base or philosophical approach/policy as a foundation for the company's sustainability efforts.

e) **Enlightened Shareholder Value** Earlier we noted the fact that the UK legislature had embraced the notion of ESV. This study explored ESV as a unit of analysis to locate any consideration by the company of the notion.

2 *Engagement*

Engagement in the field of sustainability means having meaningful contact with the issues that pertain to sustainability and being involved in the process of developing sustainability. The following sub-categories address matters that are relevant to engagement.

a) **Stakeholders** In the sustainability literature there are many references to the need to address stakeholder requirements.⁹⁴ Listening to stakeholders can provide a company with ideas relevant to the meaning of sustainability.⁹⁵ 'Stakeholders' can be a very wide classification. The primary stakeholders are usually seen as: shareholders, employees, creditors, customers, the local, national and even the international community, and the environment. The study sought to ascertain what references to, and discussion of, stakeholders was contained in the unit of analysis and to locate any mention of interaction with, and openness to, stakeholders. We considered how each of the primary stakeholders was referred to in the unit of analysis and this is manifested in the findings section of the paper.

b) **Supply Chains** As foreshadowed earlier, as far as retailers are concerned supply chains are very important. How retailers deal with the people and organisations in the chain is critical for all concerned. The study sought to locate references to and discussions of supply chains.

c) **Monitoring and Compliance** These are two related factors that feed into the issue of engagement. Companies need to be involved in monitoring what is being done and reported⁹⁶ in order to ensure compliance with company principles and international guidelines as this is an important aspect of the carrying out of any policy. Monitoring involves seeing what is being done. Checking on compliance takes the further step of ascertaining whether what has been observed in fact complies with identified principles and/or policy.

⁹⁴ Searcy, above n 10, 239.

⁹⁵ Anderson and Skjoett-Larsen, above n 6.

⁹⁶ IFC, above n 3, 16.

External organisations are increasingly being used in monitoring for compliance.⁹⁷ Kolk notes that some Japanese companies, such as Mitsui and Toyota, instructed an external law firm to staff a complaints desk.⁹⁸ The emergence of international standards, such as the GRI and the AccountAbility AA1000 Assurance Standard,⁹⁹ which endeavour to promote greater sustainability practice and accountability, has given businesses benchmarks to aspire to.¹⁰⁰

d) *Verification/Assurance* In addition to compliance requirements, it is necessary, when sustainability undertakings of companies affect others and are being relied on by third parties, to verify any statements made. Has the company in fact complied with applicable guidelines/policies? To be credible the verification should be effected by an independent and external body or person. Kolk records that the vast majority of statements of compliance with sustainability principles and policy are verified by accounting firms (especially the 'Big Four'), while other verifications are attended to by certification bodies, NGOs and consultants.¹⁰¹ The G3 Guidelines developed by GRI, and now superseded by the Sustainability Reporting Standards (GRI Standards), contain recommendations concerning the external assurance of company reports.

Clearly external and independent verification is intended to enhance the credibility of a company's reports in the eyes of stakeholders in particular, and to avoid perceptions of greenwashing.¹⁰²

3 *Integration and Planning*

The literature suggests that for companies to be regarded as sustainable, they need to interweave and integrate their sustainability initiatives in their strategy and business plan rather than having programmes that are administered separately from one another.¹⁰³ Connections should be made between

⁹⁷ Suzanne Benn and Dexter Dunphy, 'Human and Ecological Factors : A Systemic Approach to Corporate Sustainability,' 102 <<http://citeseerx.ist.psu.edu/viewdoc/download?jsessionid=957C9D8BE2BE34821C1CAC10FBA5525F?doi=10.1.1.491.9262&rep=rep1&type=pdf>>.

⁹⁸ Ans Kolk, 'Sustainability, Accountability and Corporate Governance: Exploring Multinationals' Reporting Practices' (2008) 18 *Business Strategy and the Environment* 1, 9.

⁹⁹ See AccountAbility, *Standards* <<http://www.accountability.org/standards/>>.

¹⁰⁰ Perego and Kolk, above n 89, 173.

¹⁰¹ Kolk, above n 98, 10.

¹⁰² Parguel, Benoît-Moreau and Larceneux, above n 74.

¹⁰³ Paul Shrivastava, 'The Role of Corporations in Achieving Ecological Sustainability' (1995) 20 *Academy of Management Review* 936.

sustainability and strategy,¹⁰⁴ and sustainability should be built into existing goals and targets.¹⁰⁵

Sustainability has a major forward-looking element to it, with activities focusing on the medium to long term¹⁰⁶ and futurity being seen as ‘the handmaiden’ of sustainability.¹⁰⁷ The following are ways in which companies can contribute to sustainability being integrated into their goals and operations.

a) **Support and Advice** It would be appropriate and perhaps necessary in some cases for companies to seek support and advice from external bodies. For instance, Société Générale (one of France’s largest banks) has sought opinions on its management of sustainability activities.¹⁰⁸ Therefore the intention of the research project was to see what, if any, indications were made in company reports concerning the seeking of support and/or advice from external sources.

b) **Training** The study examined whether and to what extent any training in sustainability and related issues for staff and others was provided.

c) **Embedding** The sustainability literature indicates that it is critical that companies embed sustainability provision in their life and management, and therefore we searched for any evidence of this.

d) **Research** We examined what provision was made for research that examines the long-term sustainability of the subject company.

4 *Responsibility*

This category addresses the general notion of who has the responsibility for the creation and implementation of sustainable measures.¹⁰⁹ The extent to which the management of a company welcomes or rejects the trend of companies integrating sustainability in their strategies and operations can determine whether a company is successful in becoming more sustainable.¹¹⁰

¹⁰⁴ FEE, above n 9, 5, 9.

¹⁰⁵ Searcy, above n 10, 240.

¹⁰⁶ Alice Klettner, *The Governance of Sustainability: How Companies Manage their Corporate Responsibilities* (UTS, 2011) <<https://www.uts.edu.au/sites/default/files/Catalyst.pdf>>.

¹⁰⁷ Basiago, above n 11, 110; Aras and Crowther, above n 13, 437.

¹⁰⁸ Kolk, above n 98, 11.

¹⁰⁹ This may overlap with training.

¹¹⁰ Thomas and Lamm, above n 1, 191.

It can be argued that it is necessary for a company to form a committee that concentrates on sustainability and builds a framework for the integration of sustainability into the strategic planning that occurs at the board level.¹¹¹

An important element of this is that there must be sustainability leadership at every level of the company.¹¹²

a) **Framework** The study asked whether an explanation was provided of any framework that had been established with sustainability in mind. This covered any provision for a structure to enhance sustainability, such as a board or a committee and the roles that either of these might play.

b) **Leadership** Consideration was given to the person or persons taking charge of adherence to sustainability principles applicable to the company, and whether those in leadership positions showed commitment to sustainability.

IV FINDINGS AND ANALYSIS OF THE STUDY

A Disclosure

1 Demonstration

All of the companies in the study went to considerable lengths to demonstrate their commitment to sustainability. Separate reports on sustainability were produced by all the companies¹¹³ although there was a variation in what the reports were called and considerable difference in the level of detail provided. For example, Kingfisher provided a very substantial sustainability report which has increased in length over time. Marks and Spencer's report on sustainability is known as 'Plan A' and it produced a separate substantial human rights report as well. In comparison, the corporate responsibility report provided by Next was much shorter and less detailed.

¹¹¹ Klettner, Clarke and Boersma, above n 34.

¹¹² Morgan, Ryu and Mirvis, above n 4.

¹¹³ See Kingfisher, *Kingfisher Sustainability Report 2016/17* <https://www.kingfisher.com/sustainability/files/reports/cr_report_2017/index.html#ref_sustainabilityreport>; M&S, *M&S Plan A Report 2017* <<https://corporate.marksandspencer.com/documents/reports-results-and-publications/plan-a-reports/plan-a-report-2017.pdf>>; Next, *Next Corporate Responsibility Report to January 2017* <<http://www.nextplc.co.uk/~media/Files/N/Next-PLC-V2/documents/cr-reports/cr-2017.pdf>>.

Reference to the importance of sustainability was also a similarity among all the companies. Kingfisher stated, ‘Sustainability is at the core of our ambition and has been a key part of Kingfisher for many years now’.¹¹⁴ Marks and Spencer’s CEO asserted that

to help build a sustainable society, supported by a sustainable economy, we need to engage all our stakeholders, especially customers. We need to create three big, bold engagement campaigns — on wellbeing, waste and community transformation — that they can really get behind.¹¹⁵

Similarly, Next stated that its ‘approach to corporate responsibility is to address key business-related social, ethical and environmental impacts in a way that aims to bring value to all our stakeholders’. It added that its main focus is on continuous improvement.¹¹⁶ Hence, all the companies acknowledged that a focus on sustainability is a significant part of how the companies are run.

2 *Accountability Systems*

All of the companies in the study attempted to demonstrate accountability in some way. They not only explained what they had done in terms of sustainability but also acknowledged their failures. Performance summaries outlining their successes and failures were provided. For example, Kingfisher devised its own milestones and reported on its progress in achieving those milestones. It stated that:

Operating companies and Group functions report progress against our targets to the Group once a year via our Foundations questionnaire. The results are reviewed by our operating company CEOs and senior directors at Group level. We publish an annual internal progress report which enables our senior leadership to track and compare performance across our companies. This is reviewed by the Group Sustainability Committee and communicated to all operating companies.¹¹⁷

Thus, Kingfisher asserted that it constantly reviews its sustainability measures and contemplates making improvements. It also admitted not attaining all of its sustainability goals and expressed its intention to perform better.¹¹⁸ Similarly, Marks and Spencer reported on its progress against certain objectives and also identified areas where there was a need or scope for further improvement. Likewise,

¹¹⁴ *Kingfisher Sustainability Report*, above n 113, 5.

¹¹⁵ *M&S Plan A Report*, above n 113, 1.

¹¹⁶ *Next Corporate Responsibility Report*, above n 113, 2.

¹¹⁷ *Kingfisher Sustainability Report*, above n 113, 12.

¹¹⁸ *Ibid* 5.

Next recognised that certain human rights issues are a matter of concern in its supply chain but asserted that it remains committed to respecting human rights and continues to carry out due diligence processes which can uncover human rights issues in its supply chain.

3 Code of Conduct/ Key Performance Indicators/ Policies/ Principles/ Guidelines

All the retailers have their own Code of Conduct, Code of Ethics or Code of Practice that they adhere to or aim to adhere to. In addition to these codes, the various retailers have adopted certain international policies, principles and guidelines. They also mentioned adhering to the requirements under the *Modern Slavery Act 2015* (UK). Marks and Spencer has its own Code of Ethics and an Anti-Bribery Policy.¹¹⁹ It has also adopted the principles of the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework.¹²⁰ Referring to other principles, it added in its Human Rights Report that:

We're committed to respecting internationally recognised human rights and the United Nations (UN) Guiding Principles on Business and Human Rights as a basis for dialogue and action. We also support the OECD Guidelines for Multinational Enterprises. Our Human Rights Policy is informed by the International Bill of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Human Right to Water and Sanitation and the Children's Rights and Business Principles. It was also informed by the UN Women's Empowerment Principles and the UN Global Compact, of which we are signatories. First introduced in 1998, our Global Sourcing Principles set out our minimum global supplier ethical and environmental standards. These standards are contractual and apply across our entire business.¹²¹

The study found that Kingfisher also has its own Code of Conduct and that its approach to human rights is guided by international conventions and standards including the United Nations (UN) *Universal Declaration of Human Rights*, the UN *Guiding Principles on Business and Human Rights* and the International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*. It is also a member of the UN Global Compact.¹²² Lastly, Next also has

¹¹⁹ *M&S Plan A Report*, above n 113, 36.

¹²⁰ *Ibid* 14.

¹²¹ M&S, *M&S Human Rights Report 2017*, 2 <<https://corporate.marksandspencer.com/documents/plan-a-our-approach/mns-human-rights-report-june2017.pdf>>.

¹²² Kingfisher, *Kingfisher Annual Report and Accounts 2016/17*, 29 <https://www.kingfisher.com/index.asp?pageid=61&year=2017#ref_annualreport16-17>.

its own Code of Practice¹²³ and makes reference to various international guidelines such as the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles).¹²⁴

4 Values Base

The study showed that Marks and Spencer was the only company that stated clear values that are crucial to the way it operates. Its values — Inspiration, Innovation, Integrity and In Touch — are claimed to run through everything that is done in the company. The company claims that ‘this is a business that tries to do the right thing and this is demonstrated in many ways, from our Long Service Awards to helping disadvantaged people into work, to the charity support delivered through Plan A’.¹²⁵ It claims that its values are central to the way it uses the resources that are available to it.¹²⁶ These values are stated to influence the way it behaves and, according to the company, this is what makes the Marks and Spencer difference — by ‘making every moment special through the products and services we offer our customers in the UK and internationally’.¹²⁷

The study found that Kingfisher did not specifically mention values as the basis on which it operates but it seemed to be focused on the notion that a good home is a sustainable home. It stated:

We believe that a good home is a sustainable home: one that is functional and evolves with family needs; is green outside and in; is resource and energy smart; clean and healthy to live in; durable in quality and style; coordinated to look good; and that provides the best economics possible. We want to help our customers create sustainable homes and to make our home — our business — sustainable too.¹²⁸

Similarly, Next did not provide a specific set of values but, as mentioned earlier, its main goal seemed to be to remain ‘committed to the principles of responsible

¹²³ Next, *Next Annual Report and Accounts, January 2017*, 32 <<http://www.nextplc.co.uk/~media/Files/N/Next-PLC-V2/documents/2017/Copy%20of%20WEBSITE%20FINAL%20PDF.pdf>>.

¹²⁴ *Ibid.* 37.

¹²⁵ M&S, *M&S Annual Report and Financial Statements 2017*, 5 <<https://corporate.marksandspencer.com/documents/reports-results-and-publications/annual-report-2017.pdf>>.

¹²⁶ *M&S Plan A Report*, above n 113, 10.

¹²⁷ *Ibid.*

¹²⁸ *Kingfisher Sustainability Report*, above n 113, 3.

business by addressing key business related social, ethical and environmental matters in a way that aims to bring value to all our stakeholders'.¹²⁹

5 *Enlightened Shareholder Value*

In general, all the companies failed to mention the concept of enlightened shareholder value specifically. However, Marks and Spencer referred to section 172 of the *Companies Act 2006* in the Chairman's governance overview:

The tenets of Lord Sief's words about the importance of considering a company's responsibilities to a broad stakeholder group, which I quoted earlier in the report and which pre-date by decades the s.172 directors' duties of the Companies Act 2006, have long been core to the M&S culture, values and decision-making.¹³⁰

The Chairman mentioned that considering a company's responsibilities to a broad stakeholder group has been a central part of Marks and Spencer's culture, values and decision making processes.¹³¹ Kingfisher also stated that 'the Board's primary responsibility is to promote the long-term success of the company and deliver sustainable shareholder value'.¹³² Therefore, the ideas that the concept of enlightened shareholder value seeks to promote seem to be embedded in the companies' approach to sustainability even though there is no specific mention of the concept itself or of how the duty under section 172 has been fulfilled by the company.

B *Engagement*

1 *Stakeholders*

The study showed that stakeholder engagement was important to all the retailers. All of the retailers identified the issues that affect their stakeholders and explained what was being done to address those concerns. For example, Marks and Spencer provided detailed information about its relations with stakeholders in its Plan A Report. The Report included statements as to how it listens to stakeholders, what the stakeholders have said, and what it has done in response to the feedback. Next stated: 'Stakeholder Engagement is important to us, both formally through meetings and informally through requests for

¹²⁹ *Next Corporate Responsibility Report*, above n 113, 5.

¹³⁰ *M&S Annual Report and Financial Statements*, above n 125, 34.

¹³¹ *Ibid.*

¹³² *Kingfisher Annual Report and Accounts*, above n 122, 56.

information and monitoring emerging issues'.¹³³ It explained that the board needs to understand and properly manage strategic risk, taking into account specific retail sector risk, in order to deliver long term growth for the benefit of Next's stakeholders.¹³⁴

The retailers also identified their key stakeholders. For instance, Kingfisher stated that 'our stakeholders include our customers, investors, people, suppliers and regulators as well as NGOs, the media and other organisations working on sustainability and business issues'.¹³⁵ It also recognised the importance of shareholders.¹³⁶ Now, the key stakeholders mentioned by all the retailers are discussed one by one.

(a) Shareholders Kingfisher recognised the importance of engaging with its shareholders and elaborated on the methods used to do so. The company's annual report stated that

Kingfisher and the Board acknowledge the importance of having effective and regular lines of communication with both existing and potential shareholders. These engagements take a variety of forms and include capital markets events, presentations, road shows in Europe, North America and Asia, conferences, store and operational facility visits. Alongside the Investor Relations team, relations involve the Chief Executive Officer, Chief Financial Officer and other members of the Group Executive. In total, around 500 meetings were undertaken last year. Meetings with the Chairman, Senior Independent Director and other Board directors (e.g. with the Chair of the Remuneration Committee) are also offered to our major shareholders each year.¹³⁷

Marks and Spencer also mentioned that it had worked to increase engagement with its shareholders. Over the previous six years, it had engaged with its major institutional shareholders to ensure as much transparency as possible. Through its Shareholder Panel, it stated that it engages with its private shareholders in an unparalleled way.¹³⁸

¹³³ *Next Corporate Responsibility Report*, above n 113, 6.

¹³⁴ *Next Annual Report and Accounts*, above n 123, 31.

¹³⁵ *Kingfisher Sustainability Report*, above n 113, 12.

¹³⁶ *Kingfisher Annual Report and Accounts*, above n 122, 52.

¹³⁷ *Ibid* 59.

¹³⁸ *M&S Annual Report and Financial Statements*, above n 125, 5.

b) **Employees** The importance of their employees in the success of their business was acknowledged by all of the retailers. Employees are clearly a very significant stakeholder group. For instance, Next stated that

Next's employees are integral to achieving its business objectives. Next strives to create an environment to help to attract and retain the right people to work at every level. Next has established policies for recruitment, training and development of personnel and is committed to achieving excellence in health, safety, welfare and the protection of employees and their working environment.¹³⁹

Kingfisher acknowledged the importance of investing in its employees by stating:

We're always looking for ways to improve how we operate as a business, and we know that it's our people who really make the difference. They're curious and diverse individuals motivated by excellence – and it's their commitment and drive that shape who we are. By investing in our people's progression and development, together we can build a stronger business for the future.¹⁴⁰

Marks and Spencer had significant engagement with its employees as well. It ensured the involvement of its employees throughout the business by keeping them well informed about the performance and strategy of the company via personal briefings, regular meetings, emails and broadcasts by the CEO and members of the board.¹⁴¹

c) **Customers** This is another stakeholder group that is extremely important for all the retailers, as one might expect. Kingfisher mentioned that the company thinks of customer needs first.¹⁴² Marks and Spencer took a similar approach and stated that customers are put at the heart of everything that they do.¹⁴³ Next explained that:

[M]aintaining good relationships with our customers, who are demanding better value for money with no compromise on the product choice, quality and service continues to be a key priority for the business. Customers contact us to resolve enquiries and issues in relation to our products, operations, policies or the service we provide and we believe that we have robust

¹³⁹ *Next Annual Report and Accounts*, above n 123, 36.

¹⁴⁰ *Kingfisher Sustainability Report*, above n 113, 44.

¹⁴¹ *M&S Annual Report and Financial Statements*, above n 125, 81.

¹⁴² *Kingfisher Annual Report and Accounts*, above n 122, 2.

¹⁴³ *M&S Annual Report and Financial Statements*, above n 125, 6.

procedures in place to monitor, evaluate and respond to customer feedback where necessary.¹⁴⁴

d) Community All of the retailers stated that they were committed to remaining engaged with local communities. Some information was also provided on the companies' interactions with communities in other parts of the world in which they have operations. For example, Marks and Spencer mentioned that:

In 2015, we launched our Global Community Programme, to help people in key regions of the world where we source M&S products. We've helped more than 130,000 people through the programme so far and in addition, provided training about employee responsibilities and rights, health care, numeracy and literacy to more than 890, 000 people.¹⁴⁵

e) Environment Detailed information on their impact on the environment and the progress they had made in that regard was provided by all the retailers. Topics included carbon emission, waste reduction and energy usage.¹⁴⁶ The retailers recognised that they have a responsibility to manage the impact their businesses have on the environment both now and in the future.¹⁴⁷ For example, Next stated that it

has a current and future responsibility to work to reduce the direct impact of its business operations on the natural environment. Our priority is to minimise our environmental impacts by reducing the carbon intensity of our activities and the natural resources we use.¹⁴⁸

f) Supply Chains Lastly, suppliers are a crucial stakeholder group when it comes to sustainability as there are major concerns regarding human rights violations in supply chains. All the retailers provided detailed information on their supply chains and their engagement with their suppliers. Kingfisher has conducted workshops to communicate to its suppliers what its sustainability requirements are.¹⁴⁹ It even has a whistleblowing service by means of which suppliers can report any breaches of Kingfisher's policies.¹⁵⁰ The company's buying offices train relevant employees on ethical sourcing, and workshops are conducted for suppliers on the company's ethical and environmental

¹⁴⁴ *Next Corporate Responsibility Report*, above n 113, 14.

¹⁴⁵ *M&S Plan A Report*, above n 113, 7.

¹⁴⁶ See, eg. *M&S Plan A Report*, above n 113, 17–23.

¹⁴⁷ *Next Annual Report and Accounts*, above n 123, 38.

¹⁴⁸ *Next Corporate Responsibility Report*, above n 113, 4.

¹⁴⁹ *Kingfisher Sustainability Report*, above n 113, 36.

¹⁵⁰ *Ibid* 57.

requirements.¹⁵¹ Marks and Spencer also stated that it believes that a strong, ethical supply chain is vital to creating sustainable value.¹⁵² In 2016, it published an interactive map online that provided details of all of its clothing, accessories and footwear suppliers.¹⁵³ In 2016, it also issued a revised Supply Chain Grievance Policy that explained the means through which individuals and communities who might be adversely impacted by its operations could raise complaints or concerns.¹⁵⁴

Information on the auditing of the suppliers was included in the reports of all the retailers as well. Marks and Spencer stated that it had monitored the factories of its suppliers to make sure that they complied with the Global Sourcing Principles, and that it conducts audits of the factories of suppliers and will continue to do so on an unannounced basis.¹⁵⁵ Next stated that it had audited 90 per cent of its suppliers' factories.¹⁵⁶ In 2016, it even disengaged with 41 factories that had failed or refused to satisfactorily rectify their major non-compliance issues with its Code.¹⁵⁷

2 *Monitoring and Compliance*

Accounts of monitoring and compliance with both internal and external standards were given by the retailers. For example, Marks and Spencer stated that it had assessed its performance against GRI standards¹⁵⁸ and indicated in its Plan A Report where it dealt with the UN Global Compact.¹⁵⁹ References were also made in the Report to where the UN Sustainable Development Goals had been addressed.¹⁶⁰

Kingfisher has a sustainability committee that monitors progress against targets and reviews risks and opportunities.¹⁶¹ It stated:

Operating companies and Group functions report progress against our targets to the Group once a year via our Foundations questionnaire. The results are

¹⁵¹ Ibid.

¹⁵² *M&S Annual Report and Financial Statements*, above n 125, 13.

¹⁵³ *M&S Plan A Report*, above n 113, 7.

¹⁵⁴ *M&S Human Rights Report*, above n 121, 13.

¹⁵⁵ Ibid 15.

¹⁵⁶ *Next Corporate Responsibility Report*, above n 113, 5.

¹⁵⁷ Ibid 12.

¹⁵⁸ *M&S Plan A Report*, above n 113, 42.

¹⁵⁹ Ibid 43.

¹⁶⁰ Ibid.

¹⁶¹ *Kingfisher Sustainability Report*, above n 113, 11.

reviewed by our operating company CEOs and senior directors at Group level. We publish an annual internal progress report which enables our senior leadership to track and compare performance across our companies. This is reviewed by the Group Sustainability Committee and communicated to all operating companies.¹⁶²

Throughout its Plan A Report, Marks and Spencer provided information on audits it had conducted and its monitoring processes. It claimed to have established overarching governance of processes through Plan A leadership.¹⁶³ Next also mentioned that it believes in the growing experience of its team which carries out hundreds of audits every year.¹⁶⁴ It emphasised the importance of this auditing process as a vital due diligence tool in regard to its suppliers.¹⁶⁵

4 Verification/ Assurance

The retailers provided information on independent and external bodies or individuals that had verified the statements made by the companies. Both Kingfisher's and Marks and Spencer's sustainability performance had been assessed by Forum for the Future. In addition, many aspects of Kingfisher's business had been verified by Deloitte, the large accounting firm. Examples included consumption of energy,¹⁶⁶ the sourcing of wood sustainably,¹⁶⁷ carbon footprint detail, employee diversity, health and safety of employees, suppliers, and reducing waste.¹⁶⁸ Kingfisher also added:

We have robust governance processes in place to ensure the completeness, accuracy and reliability of our sustainability performance data. These include the use of in-house and third-party experts to review data and qualitative statements included in our Annual Report and sustainability reporting. For example, sustainability experts Bioregional coordinate our head office data review process for sustainability and review our data and monitor our progress on sustainable home product innovation. Our timber data is reviewed by Efeca, an independent consultancy.¹⁶⁹

In relation to Marks and Spencer, the independent assurance system regarding the company's sustainability work was provided by DNV GL Business

¹⁶² *Kingfisher Sustainability Report*, above n 113, 12.

¹⁶³ *M&S Annual Report and Financial Statements*, above n 125, 32.

¹⁶⁴ *Next Corporate Responsibility Report*, above n 113, 9.

¹⁶⁵ *Ibid* 12.

¹⁶⁶ *Kingfisher Sustainability Report*, above n 113, 27.

¹⁶⁷ *Ibid* 35.

¹⁶⁸ *Ibid* 28, 48, 52, 58.

¹⁶⁹ *Ibid* 74.

Assurance Services UK Limited. It provided some assurance of the accuracy of the Plan A Report.¹⁷⁰ The elements of Next's corporate responsibility were assured by the large accounting firm, PwC,¹⁷¹ and a detailed assurance statement was set out in the Corporate Responsibility Report.¹⁷² The assurance related to only a small number of matters, but it is significant data.

In addition, the retailers also mentioned the various awards they had won for their sustainability efforts. Marks and Spencer's performance had been recognised with over 240 awards since it launched Plan A in 2007.¹⁷³ Kingfisher has also received a number of awards in recognition of its work, such as the FTSE Executive Women Award at Business in the Community's Gender Equality Awards.¹⁷⁴ It was also one of just 35 companies in the world to receive the 2016 Gallup Great Workplace Award.¹⁷⁵

C *Integration and Planning*

1 *Support and Advice*

The retailers mentioned consulting or collaborating with other bodies to obtain support and advice. Examples include Marks and Spencer working in collaboration with the Consumer Goods Forum in order to develop HFC free gases which could be retrofitted into existing equipment.¹⁷⁶ It noted that it also works in partnership with stakeholders such as WWF, Greenpeace, the Sustainable Apparel Coalition and the Zero Discharges of Hazardous Chemicals group.¹⁷⁷ In addition, it is

working with many initiatives such as Clearview, Fast Forward, Verité and the Gangmasters and Labour Abuse Authority (GLAA) to refine the audit model so that it is more sensitive to human rights issues, and trialling other methods of deep listening and diagnosis.¹⁷⁸

¹⁷⁰ *M&S Plan A Report*, above n 113, 44–5.

¹⁷¹ *Next Corporate Responsibility Report*, above n 113, 2.

¹⁷² *Ibid* 25–6.

¹⁷³ *M&S Plan A Report*, above n 113, 40–1.

¹⁷⁴ *Kingfisher Sustainability Report*, above n 113, 51.

¹⁷⁵ *Ibid*.

¹⁷⁶ *M&S Plan A Report*, above n 113, 18.

¹⁷⁷ *Ibid* 32.

¹⁷⁸ *M&S Human Rights Report*, above n 121, 6.

It uses

external data sets, for example those from the World Bank, ITUC, World Economic Forum, and the Gender Equality Index, to understand human rights risks by geography.¹⁷⁹

Kingfisher also noted that it consults with a wide range of groups. For example, it has developed Sustainable Home Product Guidelines with the assistance of Bioregional, the sustainability experts.¹⁸⁰ Next stated that it recognises the importance of working with others in order to make improvements in its supply chains. It stated that:

It is important and valuable to work with others to develop solutions for some of the more complex and systemic problems found within global supply chains. We believe that by maintaining strong direct relationships and undertaking collaborative work through sharing information and resources with other retailers, brands, trade unions and NGOs we are all able to work together in partnership to deliver real benefits to workers in our supply chains.¹⁸¹

2 Training

Both Kingfisher and Marks and Spencer provided numerous examples of staff training undertaken in regard to sustainability issues. Kingfisher stated:

We invest in helping our people to build their sustainability knowledge and to share information and ideas. Sustainability is part of induction training at five of our operating companies and we run more detailed training for relevant employees in key areas. For example, we train our product teams on our Sustainable Home Product Guidelines. We make sure our leadership have the knowledge and skills to lead on sustainability. For example, during 2016/17, 35 senior employees in the business completed courses by the University of Cambridge Institute for Sustainability Leadership.¹⁸²

It claimed to invest in training and development for its employees at every stage of their careers.¹⁸³ In the same manner, Marks and Spencer claimed that it provides human rights training for all members of the Plan A committee.¹⁸⁴ It

¹⁷⁹ Ibid.

¹⁸⁰ *Kingfisher Sustainability Report*, above n 113, 77.

¹⁸¹ *Next Corporate Responsibility Report*, above n 113, 13.

¹⁸² *Kingfisher Sustainability Report*, above n 113, 12.

¹⁸³ Ibid 50.

¹⁸⁴ *M&S Human Rights Report*, above n 121, 13.

also noted that by 2020 it will have developed its employees' capacity to deliver Plan A locally in overseas countries where it has stores, using India as a pilot location.¹⁸⁵

In contrast to Kingfisher and Marks and Spencer, fewer examples were provided by Next. Nonetheless, Next stated that all of its new product team members have to attend its ethical training programme when joining the company. This programme and some other presentations aim to raise awareness and understanding of ethical issues and current risks and to reinforce the impact that buying decisions can have on suppliers.¹⁸⁶

3 *Embedding*

Countless examples of what is being done to embed sustainability in their businesses were provided by the retailers. They clearly acknowledged that it is critical to ensure that sustainability measures are embedded in the corporate operations. Marks and Spencer is embedding sustainability through its Plan A strategy. It was launched in January 2007 to address the main environmental, social and ethical challenges the company faces. After ten years, at the time of the study, Plan A continues to lead the sustainable business agenda.¹⁸⁷ The company claimed that by 2017 it would 'ensure knowledge of Plan A is embedded across our international business through providing a range of materials and forms of communication including, newsletters and conferences'.¹⁸⁸

Kingfisher also claimed that it had made considerable progress in embedding sustainability in its business. In doing so, it had reached many important milestones 'in areas such as sales of sustainable home products, responsible sourcing of wood and paper, saving energy for customers and reducing energy use in our business'.¹⁸⁹ It mentioned that

one of the most important things we've learnt over the last four years, is the need for an integrated approach, embedding sustainability in our products and services and in the way we work so it becomes natural and easy for our colleagues and customers.¹⁹⁰

¹⁸⁵ *M&S Plan A Report*, above n 113, 26.

¹⁸⁶ *Next Corporate Responsibility Report*, above n 113, 13.

¹⁸⁷ *M&S Annual Report and Financial Statements*, above n 125, 3.

¹⁸⁸ *M&S Plan A Report*, above n 113, 26.

¹⁸⁹ *Kingfisher Sustainability Report*, above n 113, 9.

¹⁹⁰ *Ibid.*

It has developed a programme called Net Positive, which is a long-term plan to create positive change in its business and in the world. It claimed that this programme demonstrates its ambition to be a company that is truly sustainable and to make sustainable homes both desirable and achievable for its customers.¹⁹¹

4 *Research*

Information on research carried out to improve sustainability measures was provided by all of the companies. Next mentioned that '[w]e held a workshop with senior subject matter experts from across the business to complete a high-level materiality framework based on their knowledge of external stakeholders and oversight of Next's operations'.¹⁹² Kingfisher carried out research to enhance its understanding of customer attitudes to sustainability and in order to ensure it knows what really matters to customers.¹⁹³ Marks and Spencer also conducted interviews of 700 000 customers to ascertain their needs.¹⁹⁴ Furthermore it commissioned research to better understand the carbon footprint of its multi-channel retail operations in the UK and internationally up to 2016 and it used the findings to make a plan to improve its overall carbon efficiency by 2020.¹⁹⁵ The company conducted very thorough research to gain insights on human rights data and trends.

D *Responsibility*

1 *Framework*

The companies studied have established frameworks with sustainability in mind. For example, Marks and Spencer has a leadership framework with several committees in place to address human rights issues. It also has a Sustainable Retail Advisory Board and a Human Rights Stakeholder Advisory Group.¹⁹⁶ Next has a Risk Management and Internal Controls framework that is embedded throughout its business and 'this process ensures that all corporate responsibility risks throughout the business are captured, considered and resolved as appropriate'.¹⁹⁷ Lastly, Kingfisher has a sustainability 'lead' in

¹⁹¹ *Kingfisher Sustainability Report*, above n 113, 8.

¹⁹² *Next Corporate Responsibility Report*, above n 113, 6.

¹⁹³ *Kingfisher Annual Report and Accounts*, above n 122, 28.

¹⁹⁴ *M&S Annual Report and Financial Statements*, above n 125, 6.

¹⁹⁵ *M&S Plan A Report*, above n 113, 18.

¹⁹⁶ *M&S Human Rights Report*, above n 121, 11.

¹⁹⁷ *Next Corporate Responsibility Report*, above n 113, 7.

every operating company and sustainability teams in its largest markets. They report to a director or board member who is responsible for delivering its strategy. The company's sustainability experts meet in a monthly forum, the Kingfisher Sustainability Network. There is an online Kingfisher Exchange which assists colleagues in its sustainability, retail operations, health and safety and customer insight teams to share best practices.¹⁹⁸

2 Leadership

All of the companies studied provided information on the individuals or teams responsible for overseeing sustainability matters. Next reported:

Corporate responsibility matters are reported by the Corporate Responsibility Manager to the Group Finance Director who has responsibility for all corporate responsibility matters, including human rights and modern slavery. Regular updates are provided to the Audit Committee. In addition, the Global Code of Practice Manager provides monthly updates to the Product teams and seasonally to the Audit Committee, reporting on the performance of our global supply chain to our Code of Practice Principle Standards.¹⁹⁹

In elaborating on the strong governance processes that had been established to integrate sustainability into every aspect of its business, Kingfisher also discussed the role of leadership that comes from the very top. It stated that:

sustainability, as a pillar of the ONE Kingfisher business strategy, is the responsibility of our Chief Executive Officer. This responsibility is discharged to our Chief Customer Officer, who is a member of our leadership team and reports directly to our CEO. He is responsible for integrating sustainability across the whole business.²⁰⁰

This indicates that integrating sustainability in the business is not something that is just left to the sustainability committees. It is seriously considered by the top leadership of the company.

Likewise, Marks and Spencer acknowledged the importance of its previous and current leadership in implementing Plan A:

This list is far too long to share in full, so let's highlight just a few of the key roles. Firstly and unsurprisingly, the role played by successive M&S CEOs. Lord Rose, who recognised the need for change and kick started the whole

¹⁹⁸ *Kingfisher Sustainability Report*, above n 113, 11.

¹⁹⁹ *Next Corporate Responsibility Report*, above n 113, 7.

²⁰⁰ *Kingfisher Sustainability Report*, above n 113, 11.

journey. Marc Bolland, who picked up the baton from Lord Rose and put us at the heart of national and global coalitions for change. And of course, our present CEO, Steve Rowe, who has been remorseless in his desire to build a plan that's both relevant at an emotional and intellectual level to all of our customers and employees, as well as transformational in building a truly sustainable M&S.²⁰¹

It also mentioned that its Director of Sustainable Business oversees the implementation, budget management and co-ordination of Plan A.²⁰²

V LIMITATIONS OF THE STUDY

As we noted at the beginning of the article, the study that is discussed here was a pilot study which was designed to be a basis for the formulation of a much broader study involving a far wider sample of companies. The study is narrow in that it encompasses only three companies. While restricting our consideration to retail companies may provide a significant understanding of the position of sustainability in this sector of industry, it also means, on the negative side, that it limits the generalisability of the findings. It cannot be representative of UK companies as a whole or even UK retailers as a group.²⁰³ This tends to be a limitation with most studies where a sample is taken.

What our study cannot tell us is how stakeholders perceive the information that is provided. Also, the information might be under-selling the amount of sustainability that is being initiated for two reasons. First, executives are concerned that there might be a stakeholder backlash if they see what the company is saying as self-serving.²⁰⁴ Second, executives might be concerned that the shareholders will take the view that the company is engaging in too much sustainability and that this is reducing profits from which dividends can be paid. After all, shareholder value is still regarded as important by many companies.

It is also not possible to determine the sincerity of companies' involvement in devising sustainability strategies. Some might argue that some companies are

²⁰¹ *M&S Plan A Report*, above n 113, 9.

²⁰² *Ibid* 36.

²⁰³ Gray, Kouhy and Lavers, above n 56.

²⁰⁴ Pelozo et al, above n 33, 88.

engaged in some sustainability in order to assuage the demands of some stakeholders or government bodies.²⁰⁵

Finally, it is always possible that the companies are not acting in accordance with what they have said that they are doing, although the verification that has been conducted seems to be solid and it is to be hoped that the verification process would have found any inaccurate statements. Nevertheless, what a company states about its operations might simply be a reflection of its aspirations or its beliefs about market expectations rather than of how it really operates. This is a limitation recognised in other studies when using this kind of data,²⁰⁶ although it has not been suggested that the use of the data is without merit.

VI CONCLUSION

What we are finding is that the retail companies whose affairs were examined have moved into the last stage of what Dunphy called the ‘sustainability phase model’; in other words the companies are engaged in re-designing their strategies in order to address those factors that are at the root of unsustainability.²⁰⁷ Companies have gone beyond fostering sustainability for the competitive benefits that it might produce for them; they have adopted more of an ideological commitment to sustainability.²⁰⁸ All the companies in this pilot study attempted to address the three commonly accepted elements of sustainability (the economic, the environmental and the social) along with the wider range of issues that have become part of sustainability over the years.

Our study is not able to determine definitively whether the companies examined have embedded sustainability into their processes, but there are indications that they have done so to some reasonable degree. In particular, the companies examined have demonstrated efforts to integrate sustainability in their strategies and business plans. We have identified some mechanisms which companies are using to enable them to go some way to embedding sustainability in their processes; there was evidence of steps being taken to embed sustainability into existing goals and targets.

²⁰⁵ Jones et al, above n 58.

²⁰⁶ See, eg, Klettner, Clarke and Boersma, above n 34.

²⁰⁷ Dexter Dunphy, Andrew Griffiths and Suzanne Benn, *Organizational Change for Corporate Sustainability* (Routledge, 2nd ed, 2007).

²⁰⁸ Dunphy, above n 12, 6.

During the 1990s UK retailers were criticised for failing to address their environmental and social impacts.²⁰⁹ This small study suggests that the companies examined have gone some way to deal with this concern, and they are, as we have demonstrated, preparing plans to go further. Retailers face a number of challenges in addressing sustainability, such as: determining what sustainability means and on which matters they need to focus; understanding environmental issues that relate to the actions of the company's suppliers; obtaining information concerning what participants upstream and downstream are doing; and identifying what systems can be introduced to monitor, certify and verify their sustainability impact, and how to evaluate whether they are achieving benefits in sustainability terms. It was interesting to see that the retailers acknowledged some of challenges faced. The companies identified areas where there was need and scope for further improvement. One of the retailers even clearly admitted that it had failed to achieve all of its sustainability goals and claimed that it aims to perform better in the future.²¹⁰ To a certain extent this also shows that the companies do not see sustainability as mere 'window-dressing' but are taking substantive actions to integrate sustainability in how the companies are run. There was a willingness to communicate the actions being taken to integrate sustainability into business plans, and the results of those actions, to their stakeholders.

Achieving sustainability is an ongoing process and businesses can never say that they have totally succeeded, but we have seen promising indications from the businesses the subject of this study.

²⁰⁹ Raven, Lang, and Dumonteil, above n 67.

²¹⁰ *Kingfisher Sustainability Report*, above n 113, 5.