
BACHELOR THESIS

The Evolution of Corporate Social Responsibility Policy Reporting

A case study of Unilever and Nestlé

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ABSTRACT

This study aims to find whether the reporting of CSR policies has changed during the past 20 years. Theoretical understanding is formed through a literature study. The study gives an overview of different CSR definitions. Moreover the motives for CSR, methods for measuring CSR and CSR policies are elaborated. By analyzing the reports of both Unilever and Nestlé this study tries to find a change in CSR reporting. To obtain conclusions about this change, data has to be gathered. Therefore a multiple case study is constructed. Via analyzing the digital versions of the annual reports, conclusions of the two companies are drawn. The main finding of this research is that Unilever and Nestlé made an integral report to announce their CSR policy, instead of reports which only are devoted to one subject. Moreover this study found that Unilever is using relatively more words devoted to CSR in their annual reports than Nestlé.

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1. INTRODUCTION

The definition of Corporate Social Responsibility (abbr. CSR) is elusive since beliefs and attitudes regarding the nature of this association fluctuate with the relevant issues of the day (Carroll & Pinkston, 1996). To elaborate this, two examples of different views of CSR policies will be given. The first example finds its origins in the sixties. Friedman (1962) believed that the only responsibility of businesses was to increase profits for its owners. If organizations employ resources to social causes, they were lowering stockholder returns and employees wages while raising customer prices. Due to this reasoning, it was illegal for corporations to donate funds to charities for years (Carroll & Pinkston, 1996).

However as the years passed, social issues became more numerous as well as broader in scope, and society has continued to expect the business community to support and enhance the ethical behaviour of individuals within the community (Carroll & Pinkston, 1996). Due to these developments the view of the responsibility of corporations towards societies has changed. Kok et al. (2001) formulated CSR as an obligation of the firm to employ its resources in ways that it benefits society, which is achieved through committed participation in society. Also businesses should take into account the society at large, and improve welfare of society according to Kok et al. (2001).

CSR is not only needed to improve the welfare of society, but it also has advantages for businesses itself. Firstly CSR efforts have a positive effect on consumer decisions (Kim et al., 2014). Secondly CSR is a managerial tool for promoting alignment between multiple corporate identities, which ultimately leads to key benefits for the company (Hildebrand, Sen & Bhattacharya, 2011). Thirdly CSR strategies resolve the existing tension between social objectives and profitability, as society and shareholders expect both (Husted & Salazar, 2005). Fourthly Stuebs and Sun (2010) found that CSR reputation is positively related to both labour efficiency and labour productivity. Some businesses also believe that CSR policies will help recruit, motivate and retain employees (Sprinkle & Maines, 2010).

The concept of CSR has been evolving since its start in the early fifties. Definitions of CSR were at first more proclaimed by academics, and became more specific later in the seventies (Carroll, 1999). Later on in the nineties, the CSR concept was transformed in alternative themes, such as stakeholder theory and business ethics theory (Carroll, 1999). This short overview summarizes that the definition of CSR has been changing ever since its existence. The goal of this research is to find out whether this constant change as found in literature, reflects practices of CSR, and how this evolution is translated into the CSR reporting of companies. To find this out, the CSR policies of two large Fast-Mover-Consumer-Goods companies (abbr. FMCG-companies) will be examined and described.

1.1 RESEARCH QUESTIONS

The following main research question is formulated: *how has CSR reporting at FMCG-companies in Europe evolved over the past 20 years?*

To obtain answers for the main research question, sub questions are formulated. The following sub questions are constructed:

- What is Corporate Social Responsibility?
 - What are the definitions of Corporate Social Responsibility?
 - What are the motives of companies to implement a CSR policy?
 - What are the key elements of a CSR policy?
 - What are the indicators that can measure the level of Corporate Social Responsibility?
- How has Corporate Social Responsibility reporting changed within the Unilever company during 1998 and 2014?
- How has Corporate Social Responsibility reporting changed within the Nestle company during 2001 and 2014?

1.2 TIMEFRAME

To study a change of the CSR reporting, the initial time frame of this study was twenty years since twenty years is an adequate time frame in order to find a development in CSR reporting. However this study heavily relies on the reports of the individual companies, and after consulting the investors' sites of both Unilever and Nestlé, it can be concluded that a timeframe of twenty years is not feasible for this research. Unilever and Nestlé published digital versions of their annual reports respectively from 1998 and 2001 until 2014. This implies that this research has to deal with two different timeframes. Unilever's timeframe ranges from 1998 to 2014, and Nestlé's timeframe ranges from 2001 to 2014. These timeframes will be used in this research.

2. UNDERSTANDING CSR

In this chapter a theoretical basis of CSR will be constructed. This includes a definitional construct of CSR, motives for companies to implement a CSR policy and how CSR policies manifest themselves in practice. Lastly, the indicators that measure the level of CSR in a company will be explained.

2.1 DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY

CSR is hard to define due to its complexity and the context of the problems it tries to address (Sheehy, 2014). Therefore not one general definition of CSR can be presented. Giving a definition is increasingly necessary, because today's society has moved ahead from theory in terms of CSR (Sheehy, 2014). Due to this development, significant legal and economic consequences are associated with CSR and false CSR claims (Crifo & Forget, 2012). However, a lot of researchers question whether it is necessary to define CSR. One of the arguments researchers give for not defining CSR, is the cultural difference present around the world. This short introduction indicates how difficult it is to define CSR. There is no consensus between different authors whether CSR should or should not be defined. Even now, after sixty years of the first definitional construct, there is not one single definition which is predominant and widely accepted. In the next part some definitions and views of CSR will be given. These definitions and views will be given in chronological order, starting in the early fifties.

The first formal definition of CSR is formulated in the fifties by Bowen (1953). Bowen (1953, cited as in Carroll, 1999) formulated the following definition of CSR: "It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (p.6).

In the sixties the definition of CSR evolved. One of the most prominent writers, according to Carroll, is Davis. Davis (1960) formulated a new definition of CSR which reads as "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest " (p.70).

During the seventies definitions of CSR became more specific, and alternative emphasis such as corporate social responsiveness became more common (Carroll, 1999). An example of a definition of CSR is written by the Committee for Economic Development (abbr. CED). According to Carroll (1999) the CED noted that the social contract between businesses and society was changing in substantial and important ways. In response to that, the CED made a so-called three concentric circles definition. This definition exists of three circles or layers. The first circle, called the inner circle, only includes basic responsibilities for efficient execution of the economic function of the company (CED, 1971). The second circle, called the intermediate circle, represents also this economic function, but adds a sensitive awareness of changing values and priorities of the environment to the economic function (CED, 1971), for example the improvement of the working conditions. The last circle, called the outer circle, reflects emerging responsibilities that businesses should be more broadly involved in actively improving the social environment (CED, 1971).

Steiner (1971) did not formulate an exact definition of CSR, however he formulated different spheres in which CSR might be applied (Carroll, 1999). Steiner (1971) believed that a business in essence stays an economic institution, but it does have a responsibility towards society to help achieve society's basic goals.

According to Sethi (1975; as cited in Carroll, 1999) companies have a social obligation and social responsibility. Social obligation is the commitment of a company to comply only with economic and legal criteria. On the contrary, social responsibility was defined by Sethi (1975) as "bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values and expectations of performance" (p.62). In this way, Sethi tried to get more clarity about what a business must do, and what a business can do for society.

In the late seventies Carroll (Carroll, 1979, p. 500; as cited in Carroll, 1999) defined CSR as "the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time" (p. 500). In this definition,

each expectation has its own meaning. The first expectation, the economic, suggests that society expect businesses to produce goods and services and sell them at a profit. The expectation of law consists of the basic "rules of the game". The third expectation, the ethical, contains the practices that are beyond the legal obligations of businesses. The last expectation, the discretionary, entails the voluntary roles that businesses assume but society does not have precise expectations about what businesses should do (Carroll, 1979).

In the eighties, not many new definitions have been added to the then existing ones. Although no new definitions were created during this period, more research has been done regarding the concept of CSR. In this period, there has been more emphasis on the construction of models that measure CSR. This will be elaborated in section 2.4.

In the nineties Carroll revised and adjusted his four-part CSR definition, originating from 1979 (Carroll, 1991). The fourth part, the discretionary expectation, was altered. In Carroll's new definition, the discretionary expectation suggests that it embraces "corporate citizenship" (Carroll, 1991). This implies that businesses should act righteous, and fulfil not only economic but also social and environmental responsibilities.

Besides researchers, institutions formulated definitions of CSR. One example is the European Union, which published the Green Paper in 2001, where they defined CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis ... [This] not only means fulfilling your legal expectations but also going beyond compliance and investing into human capital, the environment and the relations with stakeholders" (Commission of the European Communities, 2001, p. 6)

Recent research concluded however there is still confusion to be found regarding the definition of CSR. Dahlsrud (2008) examined 37 definitions of CSR to find out which one is the most dominant. Dahlsrud (2008) concluded "the challenge for business is not to define CSR, but to understand how CSR is socially constructed in a specific context and how to take this into account when business strategies are developed" (p.6). From this can be concluded that Dahlsrud is one of the researchers who thinks constructing a definition of CSR is not necessary. He states that it is more important that business use CSR in response to the social context.

In conclusion, there is no single definition of CSR. Also many researchers conclude that CSR is hard to define. Although it is hard to give a widely accepted definition of CSR, there are parts in different definitions that match. For the scope of this study the following definition of CSR will be used: businesses have the obligation to not only fulfil their legal and economic expectations but also participate actively in activities that are good for society and environment.

2.2 MOTIVES FOR CORPORATE SOCIAL RESPONSIBILITY

A business does not implement a CSR policy just because it wants to do something for society; implementation of a CSR policy is often part of a greater strategy. There are different advantages attached to a CSR policy. These advantages will be explained in this section.

Sprinkle and Maines (2010) found that businesses can reduce production costs by using CSR. Stuebs and Sun (2009) strengthened this thought and concluded that highly reputable firms are more efficient. This increasing efficiency is caused by attracting and motivating good employees (Roberts & Dowling, 2002; as cited in Stuebs & Sun, 2009). According to Vilanova et al (2009) CSR strongly influences reputation. Besides an efficiency increase, also the employee's productivity will increase when a firm deals with social issues (Porter & Kramer, 2011). Porter and Kramer (2011) found that by supporting in the well-being of the employee, the productivity increases due to less lost workdays.

Another advantage is that consumers are likely to buy more, or pay a higher price for products from a socially responsible company (Trudel & Cotte, 2009). This can be explained by the fact that CSR programs are able to fulfil the higher-order-self-definitional needs of stakeholders (Hildebrand et al., 2011). Therefore CSR can be used for corporate marketing efforts and cause long lasting bonds between stakeholders and the company (Hildebrand et al., 2011). This only holds when the CSR domain of the company is related to the company's existing products, or when the CSR domain is related to the corporate capability (Madrigal, 2000; Sen & Bhattacharya, 2001). Even when

these conditions are satisfied, two remarks have to be made. The first remark is about the conflict between the consumers' interests and social interest (Kim et al., 2014). This refers to the fact that consumers want to act socially (e.g. buy fair trade), yet this goal is congruent with their economic situation and consumers therefore have to act otherwise. This conflicting interest can be strengthened due to the low valuing of CSR information on purchase decision (Kim et al., 2014). The second remark that has to be made, is that results of the positive association between CSR and financial performance are inconclusive (Chand & Fraser, 2006 as cited in Stuebs & Sun, 2010). This can be explained by the fact that CSR focuses mainly on reputation and there is only a limited connection to the business (Porter & Kramer, 2011).

Furthermore consumers tend to be more loyal to a socially responsible firm. Ailawadi et al. (2014) concluded there is a positive relation between CSR and loyalty. They found that the CSR perceptions of the consumer have a direct effect on the share-of-wallet (Ailwadi et al., 2014). They also found that there was a difference in loyalty among four types of CSR activities. Locally produced products have a strong universal appeal to consumers (Ailwadi et al., 2014). Also employee fairness has a positive impact (Ailwadi et al., 2014). However environmental friendliness can be perceived both negatively and positively by consumers (Ailwadi et al., 2014).

Most of existing research focuses merely on the financial gains of implementing a CSR policy (Vilanova et al., 2009). Ignored is the fact that CSR policies can have consequences for business processes. Vilanova et al. (2009) stated "current management practices, particularly in the field of CSR, are based on outputs rather than processes" (p. 65). This is the reason why it is difficult to gain understanding in the relationship between CSR and competitiveness. Vilanova et al. (2009) concluded that there is a relationship between CSR and competitiveness, but this relationship is unclear (Mackey et al., 2007; Van De Ven & Jeurissen, 2005; as cited in Vilanova et al., 2009). This relationship can be partly explained by the image and reputation, which cause a linkage between CSR and competitiveness (Vilanova et al., 2009). This linkage is formed by three management processes: a) strategy, b) stakeholder management and c) accountability (Vilanova et al., 2009). To elaborate these management processes, the notion that can be formed is that adopting CSR strategies influences the identity and branding of businesses. These changing identities and brandings have a direct impact on the competitiveness of a firm (Mintzberg, 1987, 1993; as cited in Vilanova et al., 2009). Besides a direct impact on the competitiveness, changing identity and branding also improves understanding of the complexity of the competitive environment, and it strengthens relationships with key stakeholders (Donaldson and Preston, 1995; Freeman, 1984; Kay, 1993; as cited in Vilanova et al., 2009). Vilanova et al., (2009) concluded that it should not be about the reputation or competitiveness, but how to use the best reputation to gain competitive advantages.

The positive relation between brand identities and stakeholder relationship has been strengthened by the Reputation Institute. According to the Reputation Institute (2015), companies with excellent or strong CSR reputation have significantly higher stakeholder support. Table 1 displays the relationship between the CSR Reputation Score of the company and different kinds of behaviour to support the firm. For example when a company, like Unilever, has a strong CSR Reputation Score approximately 63 % of the respondents would recommend the company. This number can be improved by improving their CSR Reputation Score as shown in the table.

Table 1*Influence of CSR reputation score on supportive behaviour stakeholders*

CSR Reputation Score	Poor (0-39)	Weak (40-59)	Average (60-69)	Strong (70-79)	Excellent (80+)
Supportive behaviour					
Would buy the products	8 %	21 %	41 %	65 %	90 %
Would recommend company	6 %	18 %	38 %	63 %	90 %
Would say something positive	6 %	18 %	40 %	66 %	91 %
Would work for	6 %	13 %	26 %	43 %	82 %

Note. CSR Reputation Score. Adapted from The 2015 U.S. CSR Reptrak: CSR Reputation Leaders in the US, 2015, p. 13 retrieved from <http://www.reputationinstitute.com/2015-US-CSR-RepTrak.aspx> Copyright 2015 by Reputation Institute.

Underexposed is the influence of the individual managers for implementing CSR strategies in firms. Hemingway and MacLagan (2004) investigated the role of the managers, and their personal values as a factor which explains the formulation, adoption and implementation of CSR policies in firms. They concluded that not only strategic commercial interest can be appointed as a motive for implementing CSR policies, but also the personal values of the individual manager (Hemingway & MacLagan, 2004).

In conclusion, there are a lot of advantages for businesses to implement CSR into their business strategy. But in order to gain from CSR, businesses have to carry out their CSR policies carefully.

2.3 CORPORATE SOCIAL RESPONSIBILITY POLICIES

To define what a CSR policy is, the definition is pulled apart. On the one hand there is CSR, which has already been defined in section 2.1, and on the other hand there is the word policy. To gain more insight in the definition of policy, Fundamentals of Management; Essential Concepts and Applications Eight Edition is consulted. According to the writers of this book a policy is a "guide for making programmed decisions" (Robbins et al., 2013, p. 104). A policy will provide a manager's thinking with clear guidelines (Robbins et al., 2013). A policy establishes parameters for the decision maker rather than specifically stating what should or should not be done (Robbins et al., 2013). This distinguishes a policy from a rule. Putting these two definitions back together, a CSR policy is a guideline in which it is predetermined how a firm has to act beyond their direct economic or technical interest, and to do activities which are good for society and environment. To give a clearer view on a CSR policies and how these policies manifests themselves, two CSR policies of two different firms are presented. The first example gives you insight in the CSR policies of Nike. The second example elaborates the CSR policies of oil company Shell.

An example of a CSR policy is Nike's code of ethics. They divided their CSR policy in two parts. The first part is meant for all the employees of Nike. Nike's employees have to comply with the so called Inside the Lines yearly (Ethics and Conduct, 2015). In this document, employees of Nike declare that they will comply with guidelines regarding various topics. Some of these topics are employee's activity, ethical behaviour, product safety, legal compliance, competition and use of resources (Nike Inc, 2015).

Besides an internal CSR policy, Nike constructed a Code of Conduct for their contractors which manufacture Nike-branded products. In this way Nike tries to induce that contractors operate in "legal and ethical manner" ("Ethics and Conduct", 2015). This implies that contractors have to respect the right of their employees and provide them with a safe and healthy work environment. Nike not only asks from their contractors to comply with the Code of Conduct, but also actively promote compliance with this conduct to others.

Important to mention is that Nike did not implement such policies based on their own considerations. In the late nineties Bob Herbert, a New York Times' columnist, wrote an article about the poor working conditions of Nike's employees. Herbert (1996) stated that Nike was doing everything to pay as little wages as possible to their Asian employees. This column stirred a lot of

commotion among consumers, activists and international corporations (DeTienne & Lewis, 2005). Savage (2002) reported that human rights were abused, including violence to labourers and hideous working conditions within Nike's Asian facilities. The tempers ran even so high that at several Nike stores, consumer were demonstrating against Nike and their practices (DeTienne & Lewis, 2005). The reputation of Nike was seriously affected due to their actions in Asia. Nike responded by setting up a task force who had to make sure that factory conditions were equitable, the labourers were fairly paid, and that a clear code of conduct ensured companywide consistency (DeTienne & Lewis, 2005).

Another industry, which has to deal with severe criticism of different stakeholders, is the oil industry. Due to scandals like the crash of BP's Deepwater Horizon oil platform in 2008, oil companies are forced to produce in a more environmental friendly way. To get a clearer view of a CSR policy, the policy of Shell will be highlighted. Shell's code of conduct states how employees have to apply the Shell General Business Principles in line with the core values of Shell ("Shell Global", 2015). The code of conduct applies to all employees, directors and officers of Shell companies. Like Nike, not only internally but also externally, Shell set requirements for their contractors. Contractors have to meet the same standards as employees who are employed by Shell themselves. Shell covers several areas in their code of conduct. Topics range from the fight against corruption to environmental issues. To make the code of conduct clear and straightforward, Shell made statements of what each subject constitutes. Adding to that, Shell states for each topic "your responsibilities". These phrases describe what you have to do, as employee or contractor of Shell, to comply with the code of conduct. One specific example, of their CSR policy, is Shell's partnership with Malampaya Foundation. With this collaboration, Shell is aiming to "conserve Philippines most bio diverse marine environment, known as the Coral Triangle" (Shell Global, 2015). Due to overfishing, pollution and climate change, the biodiversity in the Coral Triangle is at stake.

In conclusion, it is important to mention that each company can formulate its own CSR policy. The form of a CSR policy is not predetermined by law and can therefore differ between companies, since each business has to cover its own problems regarding society. A textile company, like Nike, puts more effort in setting and protecting labour rights while on the contrary, Shell has to deal with environmental issues and corruption to an increasing extent.

2.4 INDICATORS OF CORPORATE SOCIAL RESPONSIBILITY

This section deals with the indicators of corporate social responsibility. Businesses launch their own CSR reports with their own statements. However, statements and reports of a company can give a biased view of the reality. Therefore independent organisations started with ranking companies based on their CSR practices. In the next part, several methods will be elaborated, starting with the methods of the Reputation Institute. The second measure of corporate sustainability is the Dow Jones Sustainability Index, which is measured by RobecoSAM and is based on the Corporate Sustainability Assessment. Then the MSCI KLD 400 Social Index will be explained.

The Reputation Institute is an advisory firm for reputation, created by Charles Fombrun and Cees van Riel in 1997. Fombrun created academic models that later formed the basis for measuring reputation. The first measurement instrument for corporate reputations was called the Reputation Quotient model (abbr. RQ). The RQ model was developed in the 1999 by Fombrun et al. The twenty formulated items were put into six dimensions. To investigate the empirical properties (the items and dimensions) of the initial instrument, several pilot tests were conducted (Fombrun et al., 1999). After refinements the final version of the RQ was presented. Fombrun, Gardberg and Sever concluded after the final pilot test that the RQ was a "valid, reliable and robust instrument for measuring corporate reputations" (p. 254). The twenty items and six dimensions are presented in Table 2 (Fombrun et al., 1999, p. 253).

Table 2
The Reputation Quotientsm

Dimensions	Items
Emotional Appeal	I have a good feeling about the company ** I admire and respect the company I trust this company ***
Products and Services	Stands behind its products and services** Develops innovative products and services Offers high quality products and services ** Offers products and services that are a good value for the money ***
Vision and Leadership	Has excellent leadership *** Has a clear vision for its future *** Recognises and takes advantages of market opportunities
Workplace Environment	Is well-managed *** Looks like a good company to work for ** Looks like a company that would have good employees ***
Social and Environmental Responsibility	Supports good causes ** Is an environmentally responsible company ** Maintains high standards in the way it treats people ***
Financial Performance	Has a strong record of profitability *** Looks like a low risk investment Tends to outperform its competitors Looks like a company with strong prospects for future growth ***

Note * Same as first pilot ** Same as second pilot *** Reworded from second pilot. Reprinted from The Reputation Quotient: A multi-stakeholder measure of corporate reputation, by C.J. Fombrun, N.A. Gardberg, J.M. Sever, 1999, Journal of Brand Management, 7, p.253.

Over the years the Reputation Institute developed their RQ model. These developments led to the construction of the RepTrak Pulse (Reputation Institute, 2015). This model formulated new dimensions to measure reputation. Instead of items, the RepTrak Pulse uses general descriptions of the dimension. Furthermore they added one extra dimension to the model. The RepTrak shows the emotional bond that people have with a particular company and connects that bond with their rational behaviours (Reputation Institute, 2015). The RepTrak model contains seven dimensions which are presented in Table 3 (Reputation Institute, 2015).

Table 3*The dimensions and general descriptions of the RepTrak model*

Dimensions	General description
Product and Services	I believe the organization's products are high in quality, value and service and meet the customers' needs.
Innovation	I believe the organization is innovative and adaptive.
Workplace	I believe the organization maintains good workplaces, treating and rewarding employees fairly.
Governance	I believe the organization is ethical, fair and transparent.
Citizenship	I believe the organization is environmentally friendly, a supporter of good causes and a positive contributor to society.
Leadership	I believe the organization's leaders are excellent and visionary managers, and strong endorsers of their companies.
Performance	I believe the organisation has a strong overall financial performance, profitability and growth perspective.

Note. RepTrak Framework Overview. Adapted from Reputation Institute Website, 2015, retrieved from <http://www.reputationinstitute.com/reputation-measurement-services/reptrak-framework#framework> Copyright 2015 by Reputation Institute.

Comparing the two models, it can be concluded that CSR gained importance in the new reputation model, as the dimension "governance" is added. Furthermore the Reputation Institute presents the Global CSR RepTrak ranking yearly. This was not the case in the old model. The CSR ranking only reflects the performance on three of the seven dimensions of the RepTrak model which are citizenship, governance and workplace (Reputation Institute, 2015). On each dimension the RepTrak model gives a percentage. These percentages represents how bad or well companies are doing with respect to that particular dimension. The Reputation Institute made the following ranking; < 40 (poor), 40-59 (weak), 60-69 (average), 70-79 (strong), > 80 (excellent). To find the RepTrak Pulse, which is one number, the model calculates the average of the scores of the seven dimensions. The percentages are derived from research conducted by the Reputation Institute. Respondents tell how they feel about the different dimensions regarding a particular company. The Global CSR RepTrak is also applied to the two companies highlighted in this study. Nestlé and Unilever have respectively achieved a score of 72.77 and 72.73 in 2015 (Table 6). This number explains that both Nestlé and Unilever have a strong CSR reputation according to the Reputation Institute.

The second method to measure corporate sustainability is called the Dow Jones Sustainability Index (abbr. DJSI). The backbone of this indicator is the Corporate Sustainability Assessment (abbr. CSA) of investing firm RobecoSAM. The CSA consists of three dimensions that each have their own weight in the Total Sustainability Score. These three dimensions are economic, environmental and social, in which economic has the lowest weight and environmental the highest. Each of these three dimensions consists of a number of criteria's. Each criterion can contain between the 2-10 questions (RobecoSAM AG, 2015). In total the questionnaire will have between 80-120 questions, depending on the industry (RobecoSAM AG, 2015). Figure 1 will give a clearer view on how the Total Sustainability Score is calculated.



Figure 1. Example Pharmaceuticals. Adapted from Measuring Intangibles: RobecoSAM's Corporates Sustainability Assessment Methodology, by RobecoSAM AG, 2015, p.8. Retrieved from http://www.sustainability-indices.com/images/Measuring_Intangibles_CSA_methodology.pdf Copyright 2015 by RobecoSAM

Each question will have a certain "question score" and the sum of all these question scores will result in the Total Sustainability Score. To get the "question scores" the 2500 largest publicly traded companies in the world are invited to respond to RobecoSAM's CSA questionnaire. In this questionnaire, various topics are discussed. According to RobecoSAM the questionnaire "is designed to ensure objectivity by limiting qualitative answers through predefined multiple-choice question in which each potential answer is assigned a number of points between 0-100" (RobecoSAM, 2015). To permit qualitative answers on some topics in the questionnaire, RobecoSAM uses predefined appraisal methods to convert these responses into quantitative scores. The CSA methodology also uses a media and stakeholder analysis. This integral component of the CSA monitors the media and stakeholders commentaries and other publicly available information from consumer organizations, NGOs, governments or international organizations constantly. With this analysis, RobecoSAM tries to identify companies involvement and response to environmental, economic and social crisis situations.

The third measure which identifies and ranks socially responsible firms is the Kinder, Lydenberg and Domini (abbr. KLD) Social Ratings. This method started in 1990 as the Domini 400 Social Index and evolved to the MSCI KLD 400 Social Index. The Domini 400 is established for investors who seek to invest in companies which respect social principles, and exclude those companies who do not (Siegel & Vitaliano, 2007). The KLD rating can be seen as the oldest and most influential rating method (Chatterij, Levine & Toffel, 2009). Moreover it is the most widely analyzed rating method by academics (Chatterij, Levine & Toffel, 2009). The MSCI KLD 400 Social Index is constructed via different predetermined stages. Note that the data used for constructing the MSCI KLD 400 Social Index is provided by the MSCI ESG Research. After collecting the data from the ESG Research some securities of companies are excluded from the list. This "value-based exclusion" prevents that securities with products which are harmful, socially or environmentally, are taken into account in the rating. Securities which produce products or services related to alcohol, gambling, tobacco, military weapons, civilian firearms, nuclear power, adult entertainment and genetically modified organisms are excluded. After this phase, the index uses the MSCI ESG Intangible Value Assessment to decide whether a security is able to manage their risk and opportunities regarding the categories environment, social and governance. Securities that are already listed get a rating above B, while securities that are not listed are required to have a rating above BB to be considered for addition. After this, the MSCI KLD 400 Social Index uses the MSCI ESG Impact Monitor to identify securities that deal with severe controversies regarding the categories environment, social and governance. Again, listed securities are privileged and have to deal with not as many strict conditions as unlisted securities. The last phase of computing the MSCI KLD 400 Social Index is to convert the securities into sector weights. What has to be remarked is that the MSCI KLD 400 only includes 400 securities which are enlisted in the United States.

Some remarks have to be made to conclude this paragraph. First of all current CSR and sustainability research lacks a systematic and company-specific method to evaluate individual CSR activities (Weber, 2008). Also the lack of transparency, and the fact that social ratings are rarely evaluated, causes a lot of criticism (Weber, 2008). It is therefore hard to draw conclusions regarding which method is the most appropriate, since measuring CSR requires a company-specific method.

The measures stated above have been chosen because of their theoretical underpinning or importance for the company. For example the DJSI is mentioned in both Unilever's as Nestlé's annual report and therefore highlighted in this section. The RepTrak model and the MSCI KLD 400 are chosen for the fact that both methods are highlighted in literature. This literature is found via search methods explained in chapter four.

3. THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

In this chapter three categories (human rights, labour and environment) will be elaborated. These three categories will be used for studying the evolution of Unilever's and Nestlé's CSR reporting. Also an extra category called "others" will be explained in this chapter.

The first category entails the human rights. A general description of human rights is given by Collins (2006), he defined human rights as "the basic rights which many societies believe that all people should have" (p.710). The United Nations' Office High Commissioner of Human Rights (abbr. OHCHR) defined human rights more specifically; according to this organisation, human rights are "rights inherent to all human beings, whatever our nationality, place of residence, sex, national or ethnic origin, colour, religion, language, or any other status might be" (OHCHR, 2016). These rights are assigned to all human beings without discrimination. Moreover, these rights are interrelated, interdependent and indivisible (OHCHR, 2016). Human rights are designed to ensure the basic rights of human beings. Human rights also include children's rights. These rights mainly deal with education and abolishment of child labour. However, to make a clear distinction between the categories "human rights" and "labour", the category human rights deals only with non-labour related rights. For example, companies can start programs in which they promote education for children. Concluding the category "human rights" can be defined as all subjects related to human rights as defined above.

The second category deals with labour. This category includes all actions to prevent compulsory labour, child labour and discrimination, in respect of employment and occupation. Also actions taken by the company to improve labour conditions will be categorised as "labour". This condition can be interpreted as the safety of the workplace, but also as company actions to motivate employees. Companies do not only have the ability to provide people work, but also the ability to improve human capacity of their employees. For example, companies could have a policy in which they ensure there will be no distinction between men or women during the employment process. Thus the category "labour" can be defined as all subjects related to working conditions, process of employment and compulsory (child) labour.

The third category deals with environmental issues. Environment can be interpreted in different ways, therefore it is important to define environment. In this study environment is defined as "the natural world of land, sea, air, plants and animals" (Collins, 2006). According to the United Nations Global Compact, companies should prevent harm to those five objects. Moreover companies should promote environmental responsibility. This includes the encouragement of technologies which makes production more environmental friendly. For example, companies can choose to develop a new machine which will reduce waste or use of water. Thus the category "environment" can be defined as all subjects regarding the natural world of land, sea, air, plants and animals. As presented in Appendix 1, the principles are divided into four categories. The last category, anti-corruption, is less relevant for Unilever and Nestlé and therefore will not be used during this research.

To get a clear view about the CSR policies all words which are devoted to CSR in general should be accounted for. Some sections, which are related to CSR, cannot be placed into one of the categories stated above. These words can be introductions of the CSR chapters in the annual reports or statements about rewordings for company's CSR effort. Therefore the category "others" is created. Some example

In conclusion this study will use four categories "human rights", "labour", "environment" and "others" to categorise the words counted in the annual reports of Unilever and Nestlé.

4. METHODS

This chapter will deal with the methods which have been used for this study. Firstly this chapter explains how literature is found. Secondly this chapter elaborates how to deal with the CSR reports of the individual companies. This chapter also elaborates how the annual reports will be analysed.

To construct a solid basis for the first and second chapter of this study, a literature study has been conducted. The literature study was necessary to construct a definition of CSR, to elaborate the motives for companies to implement a CSR policy, to explain what a CSR policy is and to display indicators which measure the level of CSR. To find appropriate literature, scientific databases (e.g. Web of Science, Scopus and Google Scholar) were consulted. A structured research is needed to collect literature, in this way the study could be replicated. Table 4 shows the different concepts which were used.

Table 4
Search strategy

Sub question	Search concepts
What are the definitions of Corporate Social Responsibility?	(definition? OR characterization? OR description? OR explanation?) AND ("Corporate Social Responsibility" OR CSR)
What are the motives of companies to implement a CSR policy?	(motiv* OR reason* OR intention?) AND (compan* OR firm? OR business* OR corporation?) AND (implement* OR exercise) AND ("Corporate Social Responsibility" OR CSR) AND (polic* OR guideline? OR method? OR approach* OR strateg*)
What are the key elements of a CSR policy?	(key OR main OR essential OR important OR fundamental OR major OR crucial OR indispensable) AND (element? OR aspect? OR component? OR part?) AND ("Corporate Social Responsibility" OR CSR) AND (policy OR policies OR guideline? OR method? OR approach* OR strateg*)
What are the indicators that can measure the level of Corporate Social Responsibility?	(indicator? OR barometer OR index) AND (measure OR weighing) AND (level OR degree OR amount) AND ("Corporate Social Responsibility" OR CSR)

To find out if there is a development in CSR policies, the annual reports of two companies were examined. Both companies dedicated, and are dedicating, a part of their annual reports to CSR. To tell whether CSR gained importance, the number of words devoted to CSR in general was counted. This approach does not only explain what has or has not changed in the policies. To get a more in depth view, multiple categories were formed. Statements made by the company about their CSR policy were categorised. Doing this, a possible evolution of reporting CSR was found. The numbers of words were counted via Microsoft Word. This has been done by converting the online pdf-files to word-files. To categorise properly the words properly, a colour has been appointed to each category. After this categorisation, all relevant words were counted for each category and summed up (Appendix 5 and 7).

To determine the categories, the Ten Principles of the UN Global Compact have been used (Appendix 1). This is a list of ten principles of which a company, according to the United Nations, has to comply to meet fundamental responsibilities towards society (United Nations Global Compact, n.d.). These ten principles are divided into four areas or categories: human rights, labour, environment and anti-corruption. For this study only the first three categories were used because

these categories are most important for Unilever and Nestlé. The group distinction of the UN Global Compact was chosen for the fact that both Unilever and Nestlé participate in this initiative.

This study is a multiple case with two cases: Unilever and Nestlé. Multiple case studies are preferred over a single case study because multiple case studies are more powerful, convincing and providing more insights (de Vaus, 2013). A multiple case study can be designed in different ways (de Vaus, 2013). The case study can be parallel or sequential and retrospective or prospective (de Vaus, 2013). This research dealt with a parallel, retrospective multiple case study. Firstly parallel, since the two cases were analysed at the same time. Only after completion of the examination of the annual reports, conclusions were drawn. Secondly, retrospective since the gathered information has been related to an extended period from the past (e.g. annual reports). From the data obtained not only statements about the past can be made, but also predictions for the future. Although this more prospective approach is possible, this study dealt only with a retrospective approach.

To make the different years comparable, the total numbers of words in the annual reports were counted. In order to compare the different reports, it is essential to only account for the parts which are consistent and appear in all annual reports. This approach is necessary because companies change the content of their reports annually. For example in some cases Unilever decided to attach their financial statements to the annual reports. As consequence of the decisions, these annual reports have significant more words and pages than those reports without the financial statements. Thus, to make a good comparison, only the parts that remain in every annual report were accounted for and seen as the "total words of the report" (Appendix 4). Parts which have been excluded are for example financial performance and shareholder information, due to the inconsistent occurrence. Counting the total words of the reports makes it possible to get relative frequencies of CSR in general and for each category. Transforming these absolute numbers to relative numbers makes it easier to compare different cases (Appendix 6 and 8).

Performing a research via a multiple case study designed as stated above has some disadvantages. One of these disadvantages is the way in which words are categorised. This heavily depends on the researcher. Although all categories are predetermined with clear descriptions, the researchers' interpretation of these categories can vary. When these interpretations vary, also the categorisation of the words can differ and as consequence the results. Therefore the reliability, which means that the same readings are created when it is used on different occasions, can be in danger (de Vaus, 2013). To ensure the reliability of this study clear descriptions of the categories are necessary. To achieve internal validity a method called triangulation was used. Triangulation in social science is defined as "the mixing of data or methods so that diverse viewpoints or standpoints cast light upon a topic" (Olsen, 2004, p. 3). Triangulation often helps validate the claims made in a study (de Vaus, 2013). To apply triangulation in this study, multiple literature sources were used to construct the category descriptions. Another disadvantage is that case studies have been widely criticized for lacking external validity (de Vaus, 2013). Cases do not provide any basis for generalization to a wider population. However there should be a distinction between two different types of generalization. In social sciences one knows statistical generalization and theoretical generalization (de Vaus, 2013). Statistical generalization "is achieved by using representative random samples" (de Vaus, 2013, p. 237). Theoretical generalization on the other hand deals with the generalization from study to theory and not to a wider population (de Vaus, 2013). Although it would be possible to formulate a theory via the described method, this was not done in this study. This study only made statements regarding Unilever and Nestlé and no theory is built with the gathered data.

5. RESULTS

This chapter will deal with the change of Unilever's and Nestlé's CSR reporting. First a quick overview of the published reports will be given. This overview will give us a clearer view on what Unilever and Nestlé published, related to CSR, and how the documentation during the years has changed. After this quick overview, the chapter will continue with the analysis of Unilever's and Nestlé's annual reports. The chapter will end with findings which will lead to answers to the questions *"How has CSR reporting changed within the Unilever company during 1998 and 2014?"* and *"How has CSR reporting changed within the Nestlé company during 2001 and 2014?"*.

5.1 UNILEVER'S CSR REPORTING

Unilever is nowadays one of the biggest FMCG-companies in the world with yearly sales exceeding forty-five billion Euros (Unilever, 2014). Unilever is founded in 1929 when two companies, Lever Brothers and Margarine Unie decided to merge. Lever Brother was originally only active in soap related products and expanded their businesses by acquiring brands like Walls and British Oil & Cake Mills. Lever Brother originates from a wholesale family grocery business run by William Lever. In the mid-1880s Lever starts producing a new type of household soap. His business activities were so successful that Lever expanded towards Europe. Margarine Unie was founded by Jurgens and Van den Bergh and this collaboration resulted in the opening of margarine producing factories. Also Margarine Unie acquired multiple companies, like Calvé-Delft group, to expand their businesses. Like stated above, the two companies decided in 1929 to collaborate. At first this collaboration was meant as a commitment of both companies not to interfere in each other business activities. This collaboration expanded towards a merger of the two companies.

Unilever devoted small sections of his annual reports to CSR related subjects. The first time Unilever reported about sustainability performances was in 1996 (Unilever, 2016). In the annual reports there is a heading for responsible corporate behaviour and environmental responsibility. In this section Unilever reports its accomplishment related to CSR. According to Unilever it has "a tradition of supporting the local community wherever it operates around the world, in particular areas of health, education and the environment" (Unilever, 1998).

Besides the statements in the annual reports, Unilever decided to publish separate reports for subjects regarding the environment and society. From 1999 until 2007 these subjects got their own reports. In 2003, Unilever decided to put more effort in reporting society related subjects and therefore published a report called "Global Challenges: Local Actions". In this report Unilever elaborates how it contributes to society and environment. Unilever published, for example, his achievements on the Brantas River. This river, located in East Java, was heavily polluted. Due to this pollution drink water became scarce, biodiversity as well the health of local villagers was harmed. Unilever took the initiative to tackle this problem and to clean up the Brantas River. Through setting up measures and changing lifestyles of both industry and local villagers Unilever succeeded in cleaning up the Brantas River.

In 2008 and 2009 Unilever integrated the separated reports of society and environment into one report, called the Sustainable Development. These reports give a clear view on what Unilever has achieved already and want to achieve in the future regarding to environment and society.

In 2010 Unilever introduced an integral plan called the Unilever Sustainable Living Plan (abbr. USLP). This plan is Unilever's blueprint for doubling the size of the business and reducing at the same time environmental footprint. Unilever also aims to increase their positive social impact. The plan sets targets which have to be achieved by 2020 (Unilever, 2016). Unilever formulated three areas and divided those areas into several subjects. By formulating these areas and subjects, Unilever made it clear and concrete what it wants to achieve. These areas and subjects are presented in Table 5 (Unilever, 2016). To keep the areas and subjects updated, Unilever evaluates them yearly.

Table 5
The Unilever Sustainability Living Plan (USLP)

Area	Subject
Improving Health & Well-being	Health & hygiene
	Improving nutrition
Reducing Environmental Impact	Greenhouse gases
	Water use
	Waste & packaging
	Sustainable sourcing
Enhancing Livelihoods	Fairness in the workplace
	Opportunities for women
	Inclusive business

Note. Adapted from the Unilever Sustainability Living Plan, retrieved <https://www.unilever.com/sustainable-living/the-sustainable-living-plan/our-strategy/> Copyright 2016 by Unilever

A complete overview of the separate reports can be found in Appendix 2.

5.2 RESULTS UNILEVER

This section will highlight the results from the analysis of Unilever's annual reports. All data which are necessary for constructing the figures can be found in Appendix 4, 5 and 6. This section will make statements regarding the development of CSR reporting. In order to get a clearer view of the results, this chapter will also provide figures of these results. From the figures itself one cannot conclude whether there is an increase or decrease regarding a particular category, due to the high volatility of the relative frequencies. Therefore a red line is added to all figures in this section. This red line makes it possible to see trends at a glance. This so called trend line will make it easier to construct conclusions about the figures. In the figures only relative numbers are used.

Firstly Figure 2 gives a graphical representation of the relative frequencies of the total words which are devoted to CSR. Figure 2 shows that the total number of words devoted to CSR in the annual reports are volatile. This means that in the years 2001, 2005, 2006, 2007 few words were devoted to CSR. On the opposite the years 2002, 2009, 2013 and 2014 many words were devoted to CSR. Observing the red line one can say that Unilever used an increasing number of words devoted to CSR in their annual reports during the period 1998 to 2014.

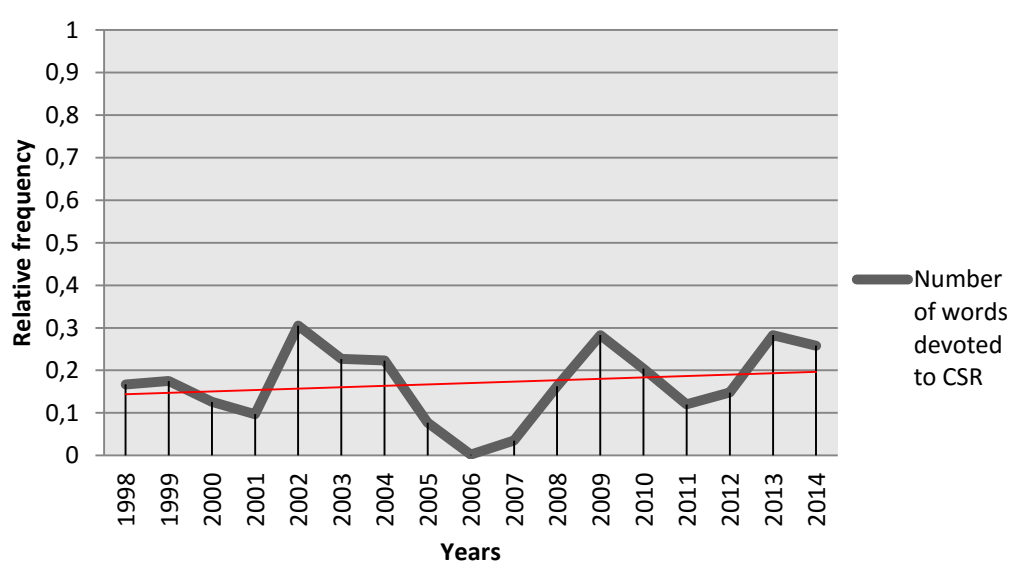


Figure 2. Unilever: the relative frequencies of the number of words devoted to CSR during 1998-2014. The relative frequencies can be found in Appendix 6.

Figure 3 gives a graphical representation of the relative frequencies of the category "human rights" in the annual reports. For calculating this relative number not the "total number of words" is used as denominator but the "total number of words devoted to CSR". Via this calculation it is possible to observe if one of the categories gained importance in the CSR sections of the annual reports. This method is applied to all the categories (human rights, labour, environment and others) which are displayed in Figure 3 to 6. The numbers that form the basis for these figures, can be found in Appendix 6. Observing the red line in Figure 3 one can say that Unilever used an increasing number of words for the category "human rights" during the period 1998 to 2014.

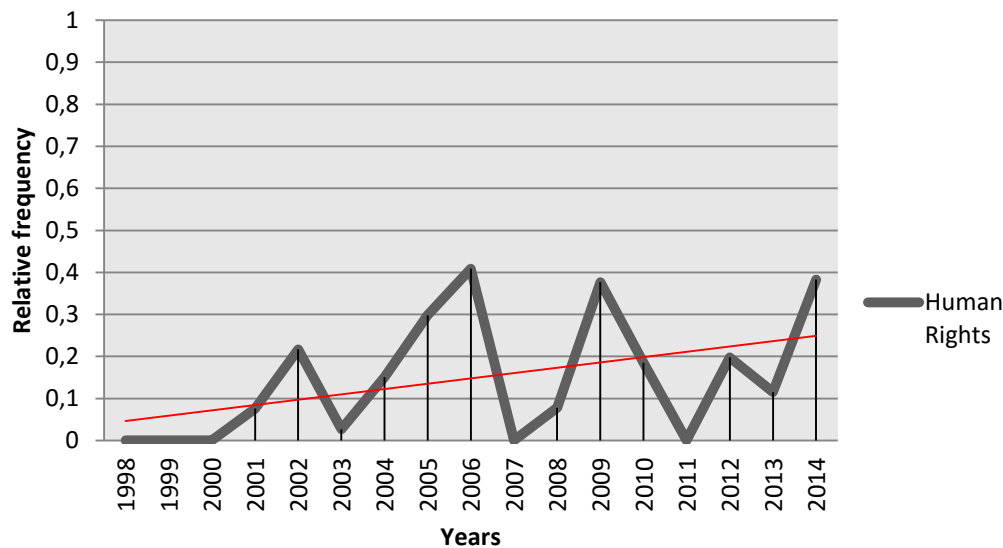


Figure 3. Unilever: the relative frequencies of the number of words devoted to the category "human rights" during 1998-2014. The relative frequencies can be found in Appendix 6.

Figure 4 gives a graphical representation of the relative frequencies of the category "labour". Observing the red line in Figure 4 one can say that Unilever used an increasing number of words for the category "labour" during the period 1998 to 2014.

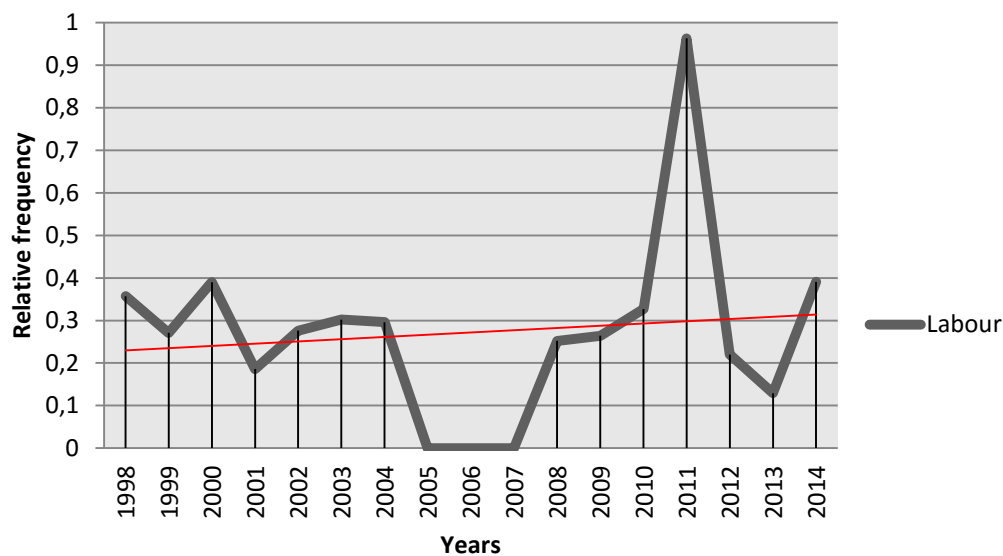


Figure 4. Unilever: the relative frequencies of the number of words devoted to the category "labour" during 1998-2014. The relative frequencies can be found in Appendix 6.

Figure 5 gives a graphical representation of the relative frequencies of the category "environment". Observing the red line in Figure 5 one can say that Unilever used a decreasing number of words for the category "environment" during the period 1998 to 2014.

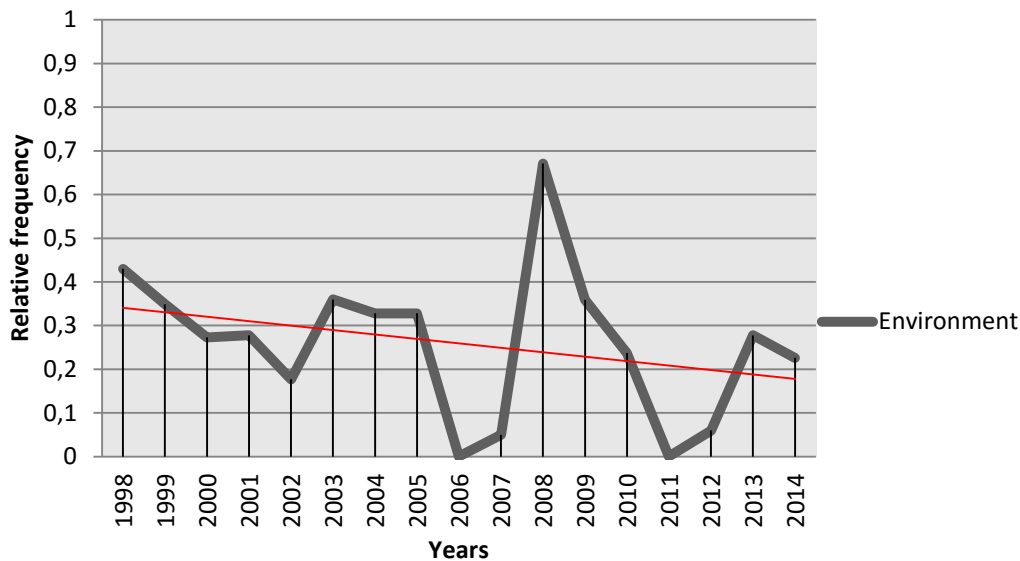


Figure 5. Unilever: the relative frequencies of the number of words devoted to the category "environment" during 1998-2014. The relative frequencies can be found in Appendix 6.

Figure 6 gives a graphical representation of the relative frequencies of the category "others". Observing the red line in Figure 6 one can say that Unilever used a decreasing number of words for the category "others" during the period 1998 to 2014.

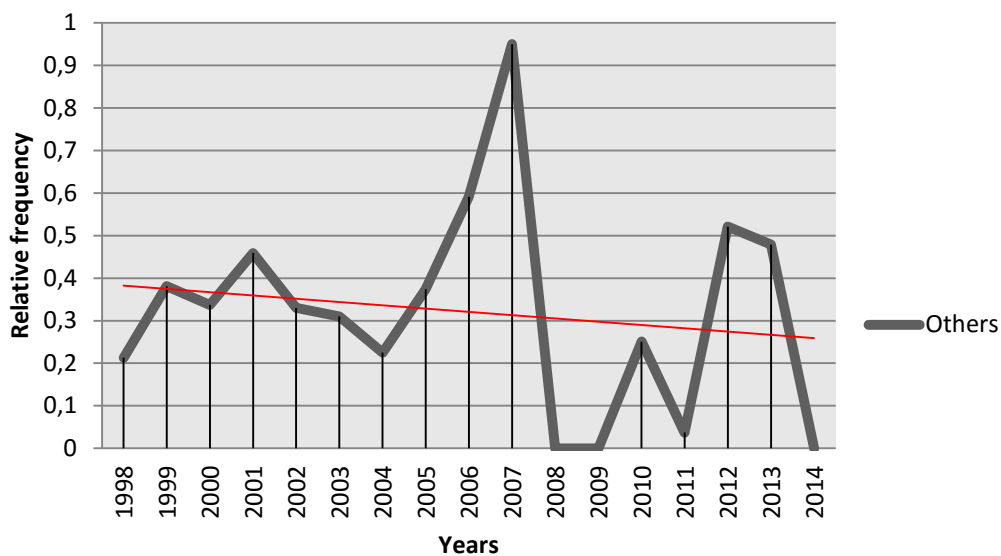


Figure 6. Unilever: the relative frequencies of the number of words devoted to the category "others" during 1998-2014. The relative frequencies can be found in Appendix 6.

Concluding Unilever used an increasing number of words for the categories "human rights", "labour" as well for the total number of words devoted to CSR in general. On the opposite Nestlé used a decreasing number of words for the categories "environment" and "others"

5.3 NESTLÉ'S CSR REPORTING

Nestlé was founded in 1867 by the German-born pharmacist Henri Nestlé. Nestlé created a product called "farine lactée" for infants who cannot be breastfed. In 1875 Henri Nestlé sold his company to

three businessmen and they employed chemists and skilled workers to expand production and sales. In 1905 Nestlé merged with his competitor Anglo-Swiss and was called the Nestlé & Anglo-Swiss Milk company. This company, due to the merger, becomes a global dairy company. As the years passed, the company expanded their business beyond the dairy industry, for example by introducing Nescafé in 1938. These mergers and continuous product innovations have led Nestlé to become the biggest food-producing company in the world, with yearly sales exceeding eighty billion Euros (Nestlé, 2014).

The first separate report that was not related to the financial situation of the company originates from 2001. Nestlé published a paper called the "the Nestlé Sustainability Review". According to Nestlé, this paper is their first attempt to report sustainable development. Nestlé describes sustainable development as "the process of increasing the world's access to higher quality food, while contributing to long term social and economic development, and preserving the environment for future generations" (Nestlé, 2001, p. 2). From this definition, it can be concluded that Nestlé is aiming to contribute to a sustainable society and long term development is preferred over short term profit.

In the years 2002 to 2006 (with exception of 2005), Nestlé addressed specific topics about their contribution to society each year. In the year 2002, it published "the Nestlé People Development Review", where people are the main topic. According to Nestlé "one of the most important parts of our business strategy and culture is the development of human capacity in each country we operate" (Nestlé, 2002, p. 2). Nestlé wants to contribute to communities by offering education and health programs. Nestlé believes that this strategy will pay off in the long run business results, and enhances their ability to make consistent profits (Nestlé, 2002).

In 2003 Nestlé's coffee production was highlighted. Nestlé stated that it wants to help the local coffee farmers to improve their results. This can be achieved via the development of disease resistant and productive coffee trees. Nestlé also offers free assistance (e.g. education) to coffee farmers. Nestlé teaches farmers new farming techniques whereby they produce more efficient.

In 2004 Nestlé published a report called "the Nestlé commitment to Africa". In this report the development of Africa and the role of Nestlé in Africa are crucial. Nestlé elaborates the current state of Africa and opportunities it sees in this continent for their future businesses. Like stated above, in the 2005 there was no additional report presented by Nestlé. In 2006 Nestlé published "the Nestlé water management report". Nestlé published this report because it wants to document the actions taken to improve the access to clean water.

After 2006 Nestlé stopped producing reports regarding individual topics. Nestlé published a new format in which it states how it contributes to society. This new format is called "the Nestlé Creating Shared Value Report". This format is Nestlé's first attempt to report corporate social responsibility and sustainability into one report (Nestlé, 2007). Nestlé aims, with these reports, to cover those businesses which impact Nestlé's stakeholders (Nestlé, 2007). A complete overview of the additional reports can be found in Appendix 3.

5.4 RESULTS NESTLÉ

This section will highlight the results from the analysis of Nestlé's annual reports. All data which is necessary for constructing the figures can be found in Appendix 4, 7 and 8. This section will make statements regarding the development of CSR reporting. In order to get a clearer view of the results, this chapter will also provide figures of these results. From the figures itself one cannot conclude whether there is a increase or decrease regarding a particular category, due to the high volatility of the relative frequencies. Therefore a red line is added to all figures in this section. This red line makes it possible to see at a glance a trend. This so called trend line will make it easier to construct conclusions about the figures. The figures for Nestlé show a gap for the year 2004, since the data obtained from this year was unreadable. However the missing data will not influence the trend line and therefore conclusions can still be drawn.

Figure 7 gives a graphical representation of the relative frequencies of the total number of words which are devoted to CSR. Figure 7 shows that the total number of words devoted to CSR in the annual reports are volatile. In some years, like 2007 and 2009, few words were devoted to CSR.

On the opposite in the years 2005 and 2008 more words were used to report the CSR activities. Observing the red line one can say that Nestlé used a decreasing number words which are devoted to reporting the CSR activities during the period 2001 and 2014.

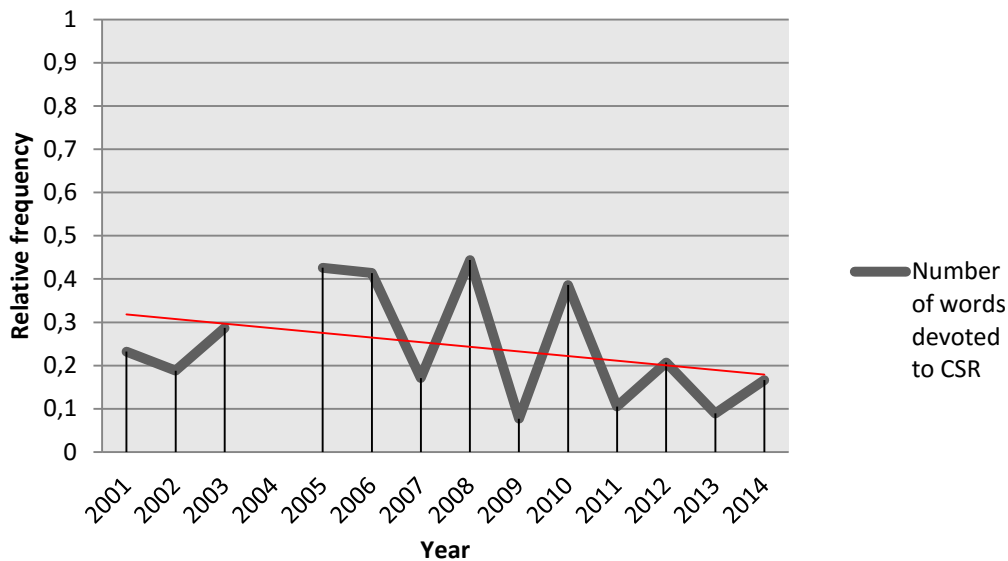


Figure 7. Nestlé: the relative frequencies of the number of words devoted to CSR during 2001-2014. The relative frequencies can be found in Appendix 8.

Figure 8 gives a graphical representation of the relative frequency of the category "human rights". For calculating this relative number not the "total number of words" is used as denominator but the "total number of words devoted to CSR". Via this calculation it is possible to observe whether one of the categories gained importance in the CSR sections of the annual reports. This method is applied to all the categories (human rights, labour, environment and others) which are displayed in Figure 8 to 11. The numbers, which form the basis for these figures, can be found in Appendix 8. Observing the red line in Figure 8 one can say that Nestlé used an increasing number of words for the category "human rights" during the period 2001 to 2014.

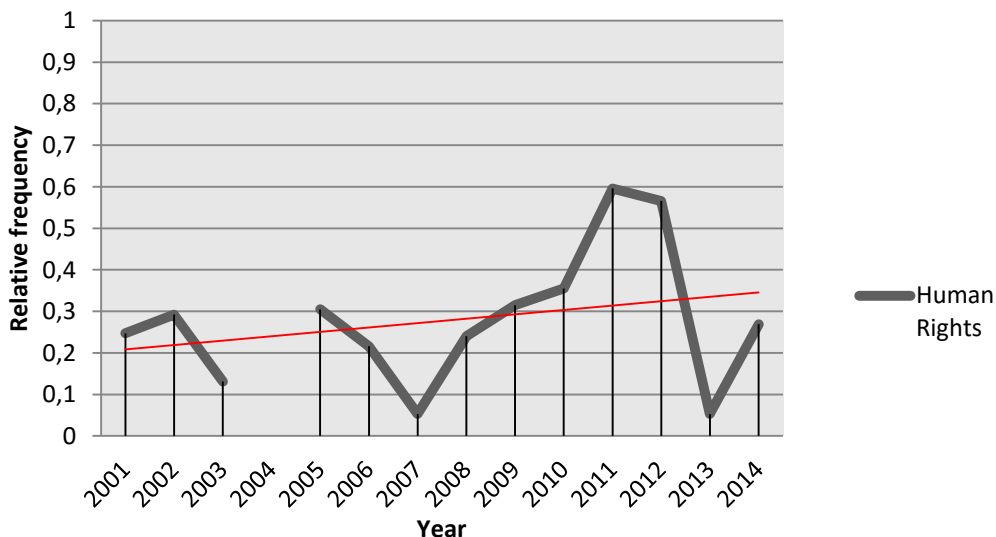


Figure 8. Nestlé: the relative frequencies of the number of words devoted to the category "human rights" during 2001-2014. The relative frequencies can be found in Appendix 8.

Figure 9 gives a graphical representation of the relative number of words which are devoted to the category "labour". In some years, like 2009 and 2011 Nestlé devoted no words to the category "labour" in their annual reports. Nestlé did the opposite in the years 2003 and 2014 where a substantial part of the CSR section was devoted to the category "labour". Observing the red line in Figure 9, one can say that Nestlé used an increasing number of words for the category "labour" during the period 2001 to 2014.

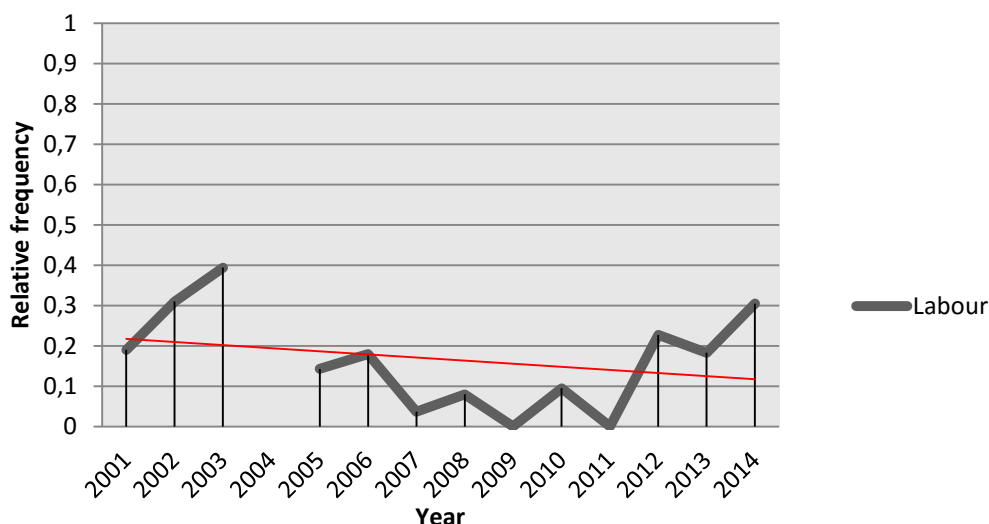


Figure 9. Nestlé: the relative frequencies of the number of words devoted to the category "labour" during 2001-2014. The relative frequencies can be found in Appendix 8.

Figure 10 gives a graphical representation of the relative number of words which are devoted to the category "environment". In some years, like 2009 and 2012, Nestlé devoted few words to the category "environment" in their annual reports. On the contrary, Nestlé devoted a lot of words to the category "environment" in the years 2005 and 2008. Observing the red line in Figure 10 one can say that Nestlé used a decreasing number of words for the category "environment" during the period 2001 to 2014.

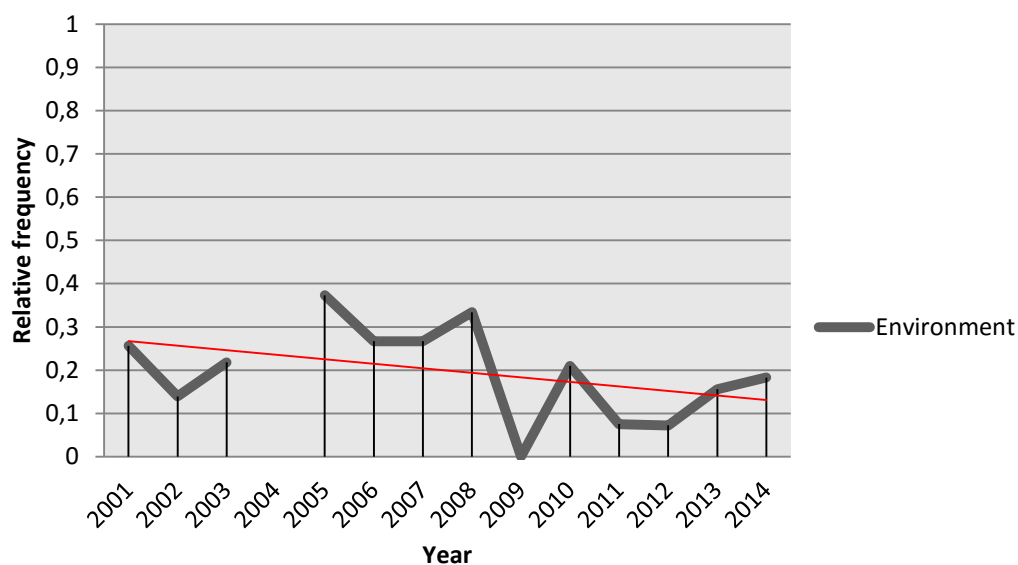


Figure 10. Nestlé: the relative frequencies of the number of words devoted to the category "environment" during 2001-2014. The relative frequencies can be found in Appendix 8.

Figure 11 gives a graphical representation of the relative number of words which are devoted to the category "others". In some years like 2005 and 2012 Nestlé devoted few words to the category "others" in their annual reports, however Nestlé did the opposite in the years 2007 and 2009. Observing the red line in Figure 11 one can say that Nestlé used an increasing number of words for the category "others" during the period 2001 to 2014.

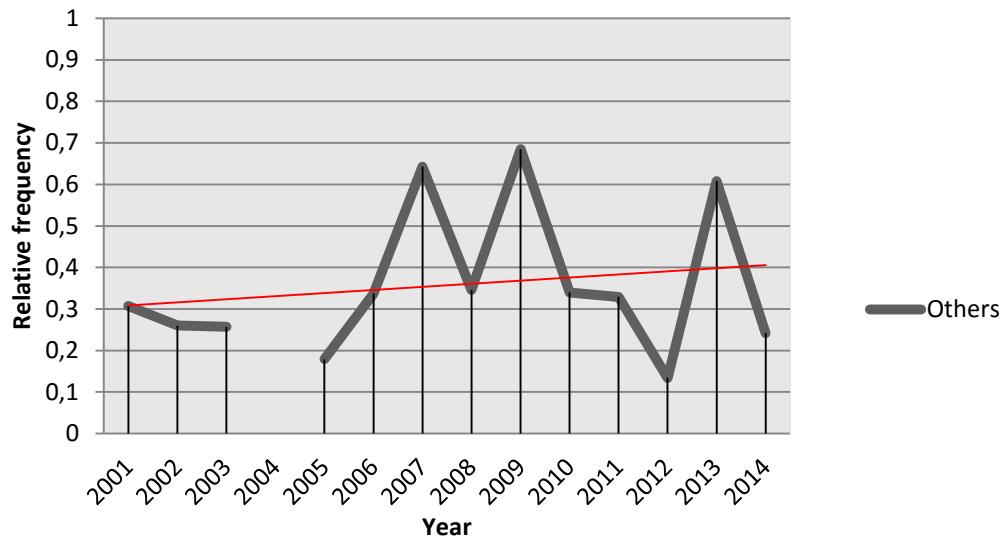


Figure 11. Nestlé: the relative frequencies of the number of words devoted to the category "others" during 2001-2014. The relative frequencies can be found in Appendix 8.

Thus, Nestlé used an increasing number of words for the categories "human rights" and "others". On the opposite, Nestlé used a decreasing number of words for the categories "labour", "environment" and as well for the total number of words devoted to CSR in general.

5.5 COMPARING UNILEVER AND NESTLÉ

This section will deal with the comparison of Unilever's and Nestlé's CSR reporting. Firstly the results presented in section 5.2 and 5.4 will be compared. Hereafter this section will also highlight Unilever's and Nestlé reporting on the indicators mentioned in chapter two.

Comparing the results some remarkable differences can be observed. First of all Unilever uses an increasing number of words in their annual reports for CSR while Nestlé is doing the opposite. This is presented in Figure 12.

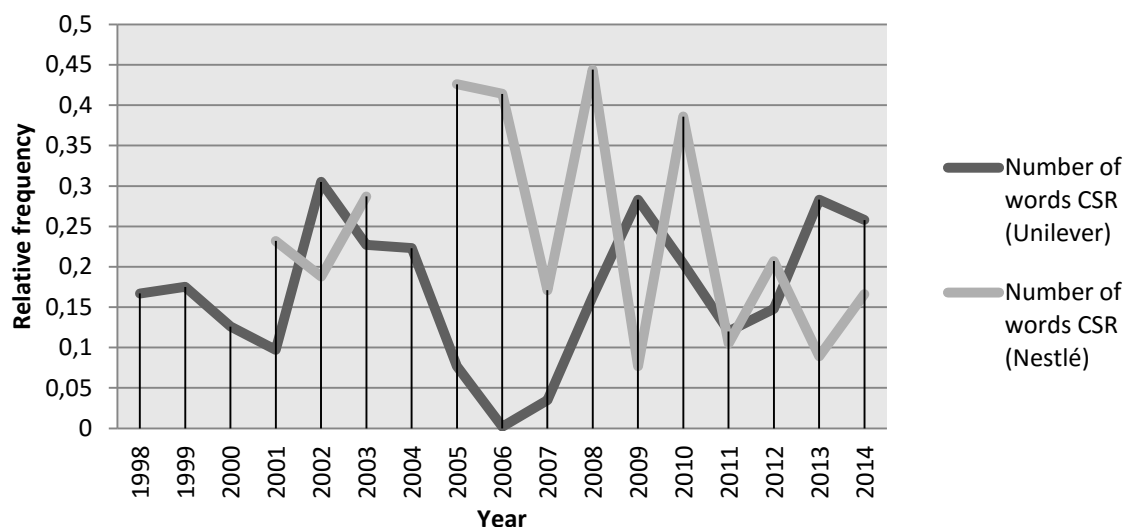


Figure 12. Comparison relative frequencies Unilever and Nestlé. The relative frequencies can be found in Appendix 6 and 8.

This difference in development is also perceived for the categories "labour" and "others". However for the categories "human rights" and "environment" the same development is observed from the two companies.

Besides the development as described above, there is another similarity between Unilever's and Nestlé's reports. Both companies are mentioning the Dow Jones Sustainability Index in the annual reports. Since this index started in 2002, Unilever is part of this index (RobecoSAM, 2015). Although both companies are mentioning the DJSI in the annual reports there is a difference in formulating. Unilever was and is proclaimed as group leader in the industry Food, Beverage and Tobacco since 2002 with exception of 2013. In this year, Nestlé was proclaimed as sector lead in this industry. Therefore Unilever states in the annual reports that it is sector leader, while Nestlé can only state that it is a part of the DJSI. The mentioning of this indicator in the annual reports of both companies may indicate that both Unilever and Nestlé consider the DJSI as an important measure for their CSR activities.

Other interesting developments can be derived from the CSR RepTrak model. Table 6 displays the results of the CSR RepTrak model since its existence. The Table contains the rank and (between the brackets) the company's CSR RepTrak score. For example Unilever ranked 79th in 2014 with a CSR RepTrak score of 64.1. What is remarkable is that Table 6 shows us that the overall CSR RepTrak scores increased when years passed. Yet, this increase did not result in a higher rank, on the contrary; both companies got a lower rank in the Most Reputable Companies. Therefore one can say that requirements for the CSR RepTrak are stricter. When the DJSI and the CSR RepTrak are compared, one can see there is a remarkable difference. In the DJSI, Unilever is proclaimed as group leader, while in the CSR RepTrak Nestlé is ranked higher than Unilever.

Table 6

The Most Reputable Companies in CSR dimensions; rank (and score) of Unilever and Nestlé

Year	Unilever	Nestlé
2013*	65 (64.15)	10 (69)
2014**	79 (64.1)	21 (68)
2015***	77 (72.73)	74 (72.77)

Note. *Reputation Institute (2013) *The 2013 CSR Reptrak 100 study results*. Retrieved from https://www.reputationinstitute.com/CMSPages/GetAzureFile.aspx?path=~\media\media\documents\repintel_v5n5_2013_csr_reptrak.pdf&hash=a379bb894e7fc3f44c225f231c1f24d036b12b51aabe4c92fb5d20e6f225b22&ext=.pdf ** Reputation Institute (2014) *2014 Global CSR Reptrak 100; annual corporate social responsibility (CSR) reputation ranking*. Retrieved from https://www.reputationinstitute.com/CMSPages/GetAzureFile.aspx?path=~\media\media\documents\2014_csr_reptrak_100-topline_report.pdf&hash=49a074f19bbf592bc2f5ecfdd4560caf5e2b6bcba4ad38d95b9879b03b1d3708&ext=.pdf *** Reputation Institute (2015) *2015 Global CSR Reptrak 100: the global CSR reputation ranking of the 100 most reputable firms by the general public across 15 countries*. Retrieved from <https://www.reputationinstitute.com/CMSPages/GetAzureFile.aspx?path=~\media\media\documents\2015-global-csr-reprtrak-results.pdf&hash=f375854351576541ae88db1e043e7417e9f057f83955bb3768454dd8e0417353&ext=.pdf>

6. DISCUSSION

This chapter will deal with some remarks that arose while conducting this research. Furthermore this chapter will elaborate some recommendations for future research.

Firstly it was hard to find an uniform and widely accepted definition of CSR. Future research should be conducted to formulate a widely accepted definition of CSR. When there is such definition of CSR, it is easier to conduct a research because your scope is known. Although such a definition would make life easier, it is hard to construct one, because the definition of CSR heavily depends on the developments in society.

Secondly there should be a universal form of reporting CSR policies. This enables researchers to make comparisons between different companies regarding their CSR policy. In the current situation companies can report their CSR policies in their own form. For example Unilever announces their CSR policy via reports called the Unilever Sustainability Living Plan. Unilever sets targets via ten subjects (Table 6). However Nestlé does not use these ten subjects and has his own approach to report the CSR policies. Due to this difference in reporting, it is hard to compare multiple companies. Comparing multiple companies' CSR policies is increasingly important because of the role CSR is playing in stakeholders' decision-making. Predetermined rules are already defined for financial matters and should be extended to CSR policies.

Thirdly there should be more research for developing a general CSR measure. In the current situation there are a lot of measures available but it is hard to define which measure is most reliable and consistent. Due to this fact not every measure can be applied on every company. Therefore company-specific indicators should be developed. When such a measure for CSR is constructed, it would be easier for stakeholders to compare companies based on their CSR results.

Fourthly this study heavily relies on the reports of the two companies. Therefore it should be taken into account that the reports can be biased. Companies are not eager to report negative subjects regarding their policies. For example it can be the case that companies will not report CSR projects who failed.

Fifthly this study only deals with the annual reports of Unilever and Nestlé. The separate reports, which are completely devoted to CSR related matters, are not taken into account in this study. Therefore this study cannot conclude whether Unilever or Nestlé puts less or more effort in their CSR reporting. Further research should take the separate reports into account. Adding these reports should give a precise view about the evolution of CSR reporting of Unilever and Nestlé.

Sixthly this study used different sources to make clear category descriptions. However it was hard to find enough sources for constructing the categories. Since this study heavily depends on these categories, ideally one would use multiple sources for each category. This could not be achieved. Therefore the categories are based on one or two sources.

Lastly the results obtained are not consistent. In the results, which are displayed in chapter five, two different developments are identified. Unilever devoted more words in their annual report to CSR and Nestlé did the exact opposite. More and thorough research will be needed to confirm these results. This can be achieved by adding the separate reports, which are published by Unilever and Nestlé, to the study.

7. CONCLUSION

This chapter will deal with the conclusions which can be derived from results presented in chapter five and make a comparison between the two companies regarding the trends in their reports. At last, the main and sub questions will be answered.

From the results in chapter five we can draw several conclusions. Firstly Unilever devotes more words to CSR in the annual reports, to an increasing extent. This trend also holds for the categories "human rights" and "labour". A decreasing number of words are used for the categories "environment" and "others" by Unilever. As is the case with Nestlé, a decreasing trend is seen for the words devoted to CSR in the annual reports. This decreasing trend is also inferred for the categories "labour" and "environment". On the contrary, Nestlé devotes an increasing number of words to the categories "human rights" and "others". The differences between Unilever and Nestlé as described above can be explained with findings from literature. Although Unilever and Nestlé both can be classified as FMCG-companies, Unilever and Nestlé have different product portfolios. Nestlé's focus is largely on food related products, while Unilever's portfolio has a larger scope including non-food products like shampoos. From literature, one can conclude when a company wants to benefit from CSR, the CSR strategies and policies have to be adapted to the company's existing products. Thus, different products ask for different CSR policies. Therefore the CSR reporting per company can differ even when they are operating in the same sector.

Moreover in the literature it was found that differences between companies can be explained because of differing cultures. Unilever and Nestlé are not located in the same country, and therefore cultural differences could explain differences in CSR reporting. This thought is strengthened by the fact that the personal values of the manager influences the implementation of CSR policies.

Besides differences, also some similarities between Unilever and Nestlé can be observed based on the results. The results show that both companies used a decreasing number of words for the category "environment" and an increasing number of words for the category "human rights". Literature found that CSR is hard to define due to the fact that the definition is subjected to the needs of society. As described in the literature, the needs of society are constantly changing. The changing needs of today's society could explain why both companies are using a decreasing number of words devoted to "environment" and an increasing number of words to "human rights".

The goal of this chapter is also to answer the main research question and sub questions of this study. From the literature study one can conclude that a single definition of CSR is hard to define, however the elaborated definitions do are similar to some extent and share some common ground. Companies implement CSR policies because of the different advantages that are attached to carrying out such a strategy. Furthermore there are several measurement methods to measure the level of CSR, although it is hard to determine which method is the most consistent and reliable. From the analysis, it can be concluded that the two examined companies (Unilever and Nestlé) have changed their ways of reporting CSR. Both companies worked towards an integral report in which all of their CSR related subjects are mentioned. However, from the analysis we cannot conclude whether having an integral report leads to a reduction of words related to CSR in the annual reports. To conclude, this study found that companies are putting more effort in their CSR reporting. Companies transformed their additional reports from subject related (e.g. society or environment) to one integral report. Even though conclusions can only be drawn for examined companies, one can cautiously note there is an increasing attention for the CSR related issues in reports of global corporations.

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APPENDIX

1. THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

Table 7

The Ten Principles of the United Nations Global Compact

Categories	Principles
Human Rights	businesses should support and respect the protection of internationally proclaimed human rights
	businesses should make sure that they are not complicit in human rights abuses
Labour	businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	businesses should the elimination of all forms of forced and compulsory labour
	businesses should the effective abolition of child labour
	businesses should the elimination of discrimination in respect of employment and occupation
Environment	businesses should support a precautionary approach to environmental challenges
	businesses should undertake initiatives to promote greater environmental responsibility
	businesses should encourage the development and diffusion of environmentally friendly technologies
Anti-corruption	businesses should work against corruption in all its forms, including extortion and bribery

Note. Figure Ten Principles of the UN Global Compact. Adapted from United Nations Global Compact, 2015, retrieved from <https://www.unglobalcompact.org/what-is-gc/mission/principles> Copyright 2015 by United Nations Global Compact

2. OVERVIEW ADDITIONAL REPORTS UNILEVER 1999-2015

Appendix 2 will give an overview on the additional reports Unilever published during the period 1999-2015. To obtain these reports Unilever's investors website is consulted.

Table 8

Overview additional reports Unilever 1999-2015

Year	Reports
1999	Unilever Environmental Performance 2000, How We Care For The Environment (covering data in 1999) 2000 Social Review of 1999 Data
2000	Unilever Environmental Performance Summary Report (covering data 2000)
2001	2002 Social Review of 2001 Data Unilever Environmental Performance Summary Report (2002 Report on 2001 data)
2002	Unilever Environmental Performance Report (2003 Report on 2002 data)
2003	Global Challenges: Local Actions Environmental Report 2003 Summary Social Review 2003
2004	Social Report 2004 Environmental Report 2004
2005	Environmental & Social Report 2005
2006	Sustainable Development Report 2006
2007	Sustainable Development Overview 2007 Sustainable Development Report 2007: People and Partners Sustainable Development Report 2007: Economic Development Sustainable Development Report 2007: Environmental Sustainability Sustainable Development Report 2007: Nutrition, hygiene & well-being Sustainable Development Report 2007: Introduction & Our business and impacts
2008	Sustainable Development Overview 2008
2009	Sustainable Development Overview 2009: Creating a better future every day
2010	Unilever Sustainable Living Plan
2011	Unilever Sustainable Living Plan Progress Report 2011
2012	Unilever Sustainable Living Plan: Progress Report 2012
2013	Labour Rights in Unilever's Supply Chain; From compliance towards good practice. An Oxfam study of labour issues in Unilever's Vietnam operations and supply chain A New Global Partnership: Eradicate poverty and transform economies through sustainable development Unilever Sustainable Living Plan 2013: Making progress, driving change
2014	Unilever Sustainable Living Plan 2014: Scaling for Impact
2015	Unilever Human Right Report 2015

Note. Adapted from Archive of Unilever Annual Reports and Accounts, retrieved <https://www.unilever.com/investor-relations/annual-reports-and-accounts/archive-of-annual-reports/> Copyright 2016 by Unilever

3. OVERVIEW ADDITIONAL REPORTS NESTLÉ 2001-2014

Appendix 3 will give an overview on the additional reports Nestlé published during the period 2001-2015. To obtain these reports Nestlé's investors website is consulted.

Table 9

Overview additional reports of Nestlé 2001 - 2014

Year	Reports
2001	The Nestlé Sustainable Review
2002	The Nestlé People Development Review
2003	Faces of Coffee
2004	Nestlé Commitment to Africa
2005*	-
2006	The Nestlé water management report
2007	The Nestlé Creating Shared Value Report
2008	The Nestlé Creating Shared Value Report
2009	Creating Shared Value Summary Report
2010	Creating Shared Value Summary Report
2011	Creating Shared Value Summary Report
2012	Nestlé in society: Creating Shared Value
2013	Nestlé in Society
2014	Nestlé In Society

Note. * None. Adapted from Nestlé Investors Publications, retrieved <http://www.nestle.com/investors/publications>
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4. TOTAL NUMBER OF WORDS ANNUAL REPORTS

Appendix 4 displays the total number of words counted in the annual reports in both Unilever and Nestlé. These words are counted via the method explained in chapter four.

Table 10

Total number of words in the annual reports

Year	Unilever	Nestlé
1998	9168	-*
1999	7739	-*
2000	6635	-*
2001	18091	9596
2002	9288	10622
2003	9164	8624
2004	9582	0**
2005	7516	6253
2006	9343	8202
2007	8649	4931
2008	8536	8664
2009	12429	3734
2010	10134	5431
2011	8600	8541
2012	12948	10608
2013	14329	4041
2014	13849	8730

Note. * Nestlé published their digital annual reports from 2001 **The 2004 report was unreadable and therefore excluded from the analysis.

5. CSR IN UNILEVER'S ANNUAL REPORT

Appendix 5 gives an overview of the number of words which are devoted to CSR and to each category. The column "number of words devoted to CSR" can be found by summing each category (human rights, labour, environment, others).

Table 11

Number of words regarding CSR present in Unilever's annual report

Year	Number of words devoted to CSR	Number of words devoted to "Human Rights"	Number of words devoted to "Labour"	Number of words devoted to "Environment"	Number of words devoted to "Others"
1998	1533	0	548	659	326
1999	1353	0	366	472	515
2000	833	0	325	227	281
2001	1760	134	328	490	808
2002	2837	616	783	502	936
2003	2081	56	629	750	646
2004	2136	322	633	700	481
2005	577	172	0	189	216
2006	22	9	0	0	13
2007	301	0	0	15	286
2008	1390	108	350	932	0
2009	3519	1327	930	1262	0
2010	2069	383	676	490	520
2011	1036	0	998	0	38
2012	1911	379	421	115	996
2013	4058	465	522	1128	1943
2014	3577	1369	1399	809	0

6. RELATIVE FREQUENCIES UNILEVER

Appendix 6 presents the relative frequencies of the number of words devoted to category x compared to the annual report. These frequencies for the column "number of words devoted to CSR" are calculated via the next formula: $\frac{\text{Number of words devoted to CSR}}{\text{Total number of words annual report Unilever}}$. The numerator can be found in Appendix 5 and the denominator in Appendix 4.

To calculate the relative frequencies of the four categories a slightly different formula is used: $\frac{\text{Number of words devoted to "CategoryX"}}{\text{Number of words devoted to CSR Unilever}}$. Via this formula we can see the relative changes of the different categories in the part which is devoted to CSR. In this sense, if you sum the columns which are devoted to a category (human rights, labour, environment, others) this should add up to one.

Table 12
Relative frequencies Unilever

Year	Number of words devoted to CSR (relative)	Number of words devoted to "Human Rights" (relative)	Number of words devoted to "Labour" (relative)	Number of words devoted to "Environment" (relative)	Number of words devoted to "Others" (relative)
1998	0.167	0	0.357	0.430	0.213
1999	0.175	0	0.271	0.349	0.381
2000	0.126	0	0.390	0.273	0.337
2001	0.097	0.076	0.186	0.278	0.459
2002	0.305	0.217	0.276	0.177	0.330
2003	0.227	0.027	0.302	0.360	0.310
2004	0.223	0.151	0.296	0.328	0.225
2005	0.077	0.298	0	0.328	0.374
2006	0.002	0.409	0	0	0.591
2007	0.035	0	0	0.050	0.950
2008	0.163	0.078	0.252	0.671	0
2009	0.283	0.377	0.264	0.359	0
2010	0.204	0.185	0.327	0.237	0.251
2011	0.120	0	0.963	0	0.037
2012	0.148	0.198	0.220	0.060	0.521
2013	0.283	0.115	0.129	0.278	0.479
2014	0.258	0.383	0.391	0.226	0

7. CSR IN NESTLÉ'S ANNUAL REPORT

Appendix 7 gives an overview of the number of words which are devoted to CSR and to each category. The column "number of words devoted to CSR" can be found by summing each category (human rights, labour, environment, others).

Table 13

Number of words regarding CSR present in Nestlé's annual report

Year	Number of words devoted to CSR	Number of words devoted to "Human Rights"	Number of words devoted to "Labour"	Number of words devoted to "Environment"	Number of words devoted to "Others"
2001	2223	549	423	568	683
2002	2000	583	620	278	519
2003	2472	323	974	540	635
2004*	-	-	-	-	-
2005	2665	812	380	995	478
2006	3398	735	611	907	1145
2007	845	45	31	226	543
2008	3843	921	309	1283	1330
2009	286	90	0	0	196
2010	2096	745	199	440	712
2011	899	536	0	67	296
2012	2198	1245	500	158	295
2013	360	19	66	56	219
2014	1452	391	443	266	352

Note. *The 2004 report was unreadable and therefore excluded from the analysis.

8. RELATIVE FREQUENCIES NESTLÉ

Appendix 8 presents the relative frequencies of the number of words devoted to category x compared to the annual report. The frequencies for the column "number of words devoted to CSR" are calculated via the next formula: $\frac{\text{Number of words devoted to CSR}}{\text{Total number of words annual report Nestlé}}$. The numerator can be found in Appendix 7 and the denominator in Appendix 4.

To calculate the relative frequencies of the four categories a slightly different formula is used: $\frac{\text{Number of words devoted to "Category X"}}{\text{Number of words devoted to CSR Nestlé}}$. Via this formula we can see the relative changes of the different categories in the part which is devoted to CSR. In this sense, if you sum the columns which are devoted to a category (human rights, labour, environment, others) this should add up to one.

Table 14

Relative frequencies Nestlé

Year	Number of words devoted to CSR (relative)	Number of words devoted to "Human Rights" (relative)	Number of words devoted to "Labour" (relative)	Number of words devoted to "Environment" (relative)	Number of words devoted to "Others" (relative)
2001	0.232	0.247	0.190	0.256	0.307
2002	0.188	0.292	0.310	0.139	0.260
2003	0.287	0.131	0.394	0.218	0.257
2004*	0	0	0	0	0
2005	0.426	0.305	0.143	0.373	0.179
2006	0.414	0.216	0.180	0.267	0.337
2007	0.171	0.053	0.037	0.267	0.643
2008	0.444	0.240	0.080	0.334	0.346
2009	0.077	0.315	0	0	0.685
2010	0.386	0.355	0.095	0.210	0.340
2011	0.105	0.596	0	0.075	0.329
2012	0.207	0.566	0.227	0.072	0.134
2013	0.089	0.053	0.183	0.156	0.608
2014	0.166	0.269	0.305	0.183	0.242

Note. *This report was unreadable and therefore excluded from the analysis.