

**Louvain School of Management**

**Do food retailers perceive benefits from the implementation of the SDGs? Are they a motivation for businesses to participate more to the SDGs?**

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## Introduction

The last scientific reports from the Intergovernmental Panel on Climate Change (IPCC) about the climate change are alarming and point out the importance of putting sustainability at the centre of our decisions. Indeed, according to the IPCC, the warming of the climate is unprecedented, which means that it is going faster than expected, and strong action is needed. Limiting the greenhouse gases are essential to minimize this heating, in view of all the disastrous consequences it already has and will have on the ecosystem and society. However, a rapid diminution of the emissions will require a strong change in the system (IPCC, 2021). Moreover, action is not only needed on the environmental side, but also on the social side. There are still catastrophes happening around the world; discrimination and multiple forms of violence affect people and mostly women and children (i.e. child labour, limited access to nutrition etc.) (United Nations, n.d.-a; Zhenmin, 2020). More than a necessity, it is now an urgency that countries and other actors act firmly on climate and people (Held, 2022).

Eyes are turning towards the private sector and change is expected from them. The success of the Sustainable Development Goals (SDGs) will heavily depend on the for-profit businesses, according to the United Nations (Rowling, 2015). While Corporate Social Responsibility (CSR) has existed for several decades now, it has been pointed out that these strategies have often lacked of a systematic structure, a common framework that would help businesses set up more easily a strategy. The Sustainable Development Goals were initially created for governments, but they also serve for businesses in the view of designing an outline, which is comprehensive and helps businesses find a structure. It stands for a long-term political guidance. The fact that they are globally known and recognized make them a strong tool. It allows a universal comparison based on standardized targets and indicators (Fallah Shayan et al., 2022).

*“As gatekeepers of the food system, supermarkets are in a powerful position to create a greener, healthier, fairer food system through their influence on supply chains, consumer behaviour and their own operations”* (Sustainable Development Commission, 2008, p.6).

This sentence very well describes the interest there is to pay attention to the food industry, and specifically to the food retailers. They indeed are positioned at a strategic point of the food

chain, because they form the connection between upward and downward actors while being in control of their own operations.

Importantly, food retailers are the main nutritional source of citizens. This means that every day people engage with them and supply themselves in food, which is one of the main influences of health (Centers for Disease Control and Prevention, 2022).

In addition, food retailers have an enormous presence in the world and are embedded to an important extent in local and national economies (they often have a presence even in small rural areas) (McKinsey & Company, 2022). All over the world, daily lives are dependent on an efficient global food production and delivery system. The industry is globally interconnected and consequently, minor disruptions in the supply chain can have impacts on people living far away from the disturbance (i.e. price inflation, stock shortage, food riots) (Macfadyen et al., 2016).

To give an economic measure, Belgians spent approximately 15% of household expenditures on food and non-alcoholic beverages in 2020 (Statbel, 2021).

Last but not least, the food system is seen as a major point of leverage to transform the world and achieve the SDGs within Planet Boundaries (PB) by 2050, according to Randers et al. (2018). A smarter and greener agriculture is the essential point: “*both low-tech and high-tech*” practices would allow a higher production of food without exploiting more land (i.e. no food waste, no use of pesticides, a plant-based diet, better water management, more direct links between producers and customers).

Enterprises often change in reaction to physical constraints (i.e. climate changes), transitioning constraints (i.e. laws and regulations) and/or physical gains (The Shifters, 2022).

In that logic, if the companies are expected to become ambassadors of the Goals, it seems essential that the SDGs not only call to a moral duty but also bring benefits to companies. It is therefore also very important that these benefits are real, and not only theoretical as described in a report from the GRI, UN Global Compact, & WBCSD (2015). If the motivation is not strong enough, it opens the road to greenwashing or cherry-picking the SDGs.

The thesis research is to verify if food resellers perceive benefits from putting in place the Sustainable Development Goals, and as such, if the SDGs are a motivational framework for companies to engage more and better with sustainability.

**Part I**

The first part of the thesis is a review of the literature. It will start by shortly describing the Sustainable Development Goals. Following, there will be a part about the progress in SDG implementation in the private sector worldwide and the trend in Belgium.

Next, the thesis will emphasize the food retailers' industry and the impact of the supermarkets on sustainability (both the environmental and social aspect). Finally, this dissertation will talk about the benefits of implementing actions for the SDGs.

**Part II**

There will be a first analysis regarding the implementation of the SDGs by the five biggest food retailers operating in Belgium.

In this section I identify SDGs that I consider coherent for the retail sector, and therefore on which I believe they should act. This identification is based on a literature search of the sector's impact on society. The self-developed framework will make it possible to compare the SDGs of the players with the SDGs identified, but also with each other. It will allow to get some insights about the implementation of the SDGs in the food retail industry.

The research part of the thesis will include a second analysis through a qualitative study. It will permit to get the opinion of representatives from the key actors from the food retail industry in Belgium, but also from experts on the SDGs, about the benefits perceived and about the use of the SDGs among the distributors. These interviews will also confront my first analysis to the perceptions of the food resellers. All in all, this qualitative study will allow a discussion around the research question and help make some final conclusions. Ultimately, the limitations of the work are presented and some recommendations will be stated to guide potential future research in this area.

## Part I: Theoretical background

### Chapter 1: Sustainable Development Goals

#### 1.1. Overview of the SDGs

##### *Origin and definition*

Discussions and actions about the climate change are not novel. The Sustainable Development Goals were built on the basis of years of work and previous actions. From June 1992 to present, several strong measures were implemented which started the path of global cooperation for sustainability (i.e. Agenda 21, MDGs etc). The whole history is available in Appendix 1 (United Nations, n.d.-b).

Eventually, the Sustainable Development Goals were designed in 2015 in the context of a summit organized by the United Nations, an international and intergovernmental organization addressing global issues, and they were approved by all the UN member states (193 countries) (United Nations, n.d.-c).

The Goals are part of the Sustainable Development Agenda, launched with the main objective of “*transforming the world*” by 2030, where Sustainable Development is defined as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*” (United Nations, n.d.-d). The Sustainable Development Goals were established as a continuation to the Millennium Development Goals for 2015 (SDG Academy, 2019) which achieved progress such as decreasing the number of people in extreme poverty and increasing the access to health and education. The SDGs were thus set up to follow this lead deeper and improve the world even more (Rowling, 2015). The SDGs are oriented in three directions: achieving economic prosperity, social justice and environmental sustainability, while leaving no one behind (SDG Academy, 2019). To achieve this, the Sustainable Development Agenda was translated into 17 different goals, and more precisely 169 sub-targets associated with 231 indicators (United Nations, n.d.-e) (cf. Figure 1).

Five pillars are at the centre of the Goals, also called the five Ps: planet, people, peace, prosperity and partnerships (World Health Organization, 2015).

### *Scope and data-issues*

Implementation of these Goals are strongly reliant on the different countries, who are also responsible to monitor, track and communicate the progress of these Goals, even though the commitment to the Goals are not legally binding (United Nations, n.d.-d).

Figure 1: The 17 UN Sustainable Development Goals



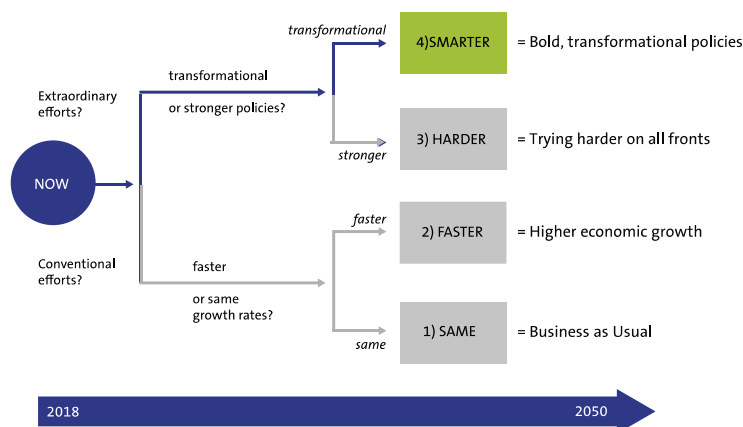
Source: *The Sustainable Development Goals*, 2018

Having universal ambitions is important due to the global dimension of the issues, nevertheless there are some data gaps at country-level. By that it is meant gaps regarding the progress of some SDGs per area and their evolution in time. Less than half of the signatory nations had data for four of the Goals in 2020, which is problematic to track progress and global trends. SDG 5 (gender equality), SDG 12 (sustainable production and consumption), SDG 13 (climate action) and SDG 14 (life below water) are the Goals for which there are the least available data per nation (or area) (United Nations, 2020).

### *Feasibility*

Even though such an impressive number of countries signed for the Goals, it is unlikely that they will be achieved by 2050, let alone by 2030 while respecting the planet boundaries (PB) and not worsening them, according to Randers et al. (2018). There are nine planet boundaries (Appendix 2) that needs to situate in a safe margin for a healthy earth. In the study, they analyse four different pathways of the world's evolution and the impact on the SDGs' chances of success, but also on the planet boundaries. These are represented in the following illustration (this study did not associate scenarios with probabilities of happening):

Figure 2: The key uncertainties for the pathway that leads to Scenario Smarter.



Source: Randers et al., 2018, p.30.

In this analysis, only the fourth scenario “Smarter” leads to a success of 13 to 15 SDGs by 2050, with planetary boundaries coming back to a safe margin. In all other scenarios, the success of SDGs is lower (the lowest being in scenario 1), and the planet boundaries are not respected (some of them would even be in high risk). This fourth scenario encompasses transformational changes that are:

- a) *“accelerated renewable energy growth to halve carbon emissions every decade,*
- b) *accelerated sustainable food chain productivity,*
- c) *rolling out new development models in the poor countries,*
- d) *unprecedented action for inequity reduction, and*
- e) *step changes in education, gender equality and family planning”* (Randers et al., 2018, p.30).

Moreover, there are some critiques about the SDGs’ content in general. The study that established the achievement of the SDGs within planet boundaries (PB) is a first indication that pursuing the SDGs only, without looking further could become detrimental for the planetary barriers, which is the opposite of what SDGs want to achieve. A study computed an incoherence between two aspects of the SDGs: environmental sustainability and economic growth. According to their result, achieving target 8.1<sup>1</sup> from SDG 8 makes it empirically

<sup>1</sup> “Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries” (IAEG-SDGs, 2016, p.10).

impossible to achieve environmental targets such as reducing carbon emissions to stay below a growth of 2°C (Hickel, 2019).

## **1.2. Actors for the Goals: the private sector**

All the sectors of society were urged by the UN secretary to act on the Goals. This would allow to get action on three levels: global, local and citizen-level. Therefore, the actors are the governments, institutions, cities, civil society, the public and the private sector (United Nations, n.d.-d).

The United Nations acknowledged that the for-profit businesses are vital to the success of the Goals (Rowling, 2015). It is believed that the private sector is a crucial changing agent and has the potential to have a big weight in achieving the Goals, through innovation, higher responsiveness, efficiency and provision of skills and resources (Scheyvens, Banks, & Hughes, 2016). Certainly, the private sector can invest in cleaner energy and other sustainable options. They are also main employers and are therefore key to offer or create jobs (United Nations, n.d.-f).

Moreover, businesses have an influence on policy makings and regulation proposals through lobbying. This ability to influence policy outcomes is conditional on several factors of course, such as the degree of business unity, the level of cooperation between business' leads, etc., which can lead corporations to succeed in their influence or not. Nonetheless, it has led to some cases where the business interest prevailed over common interest. This has been seen on the proposal from the European Commission about "*Regulation on Food Information to Consumers*" in 2008, where the intensive lobbying resulted in a decision that favoured the positions of the food industry at the expense of the consumers and health groups (Rasmussen, 2014). Businesses, if unified, could thus lead commissions and parliaments to adopt more sustainable legislations if they wanted to. All in all, businesses truly contain the ability to develop economic and social progress.

However, is it so evident that businesses participate to the SDGs? It is undeniable that the SDGs require businesses to succeed, as was demonstrated hereabove, due to all the resources that they possess and their power. But the reverse is not true per se. Currently, businesses do not rely on the SDGs to be successful and prosper. In addition, the Goals can be presented as being quite large and with "state-formulated" targets, which are not directly applicable to

companies' business. Some extra effort is required in the first place to make the Goals relevant, and in consequence, attractive to businesses (Mhlanga, Gneiting, & Agarwal, 2018).

The Business and Sustainable Development Commission released a business “story telling” for that objective, by replacing the initial question “*what can businesses do for SDGs*” by “*what can SDGs do for businesses*” (Mhlanga et al., 2018). The objective of the SDGs is indeed not to penalize businesses by forcing them to adopt strategies that are not advantageous for them, but to create a collaboration that is beneficial for everyone (Scheyvens et al., 2016). The SDG Compass documented potential benefits that businesses could capture by implementing these Goals in their corporate strategy (GRI et al., 2015). The Goals encompass the "triple bottom line" approach to sustainability, so emphasizing on social and environmental concerns as much as on the economic viability (Scheyvens et al., 2016).

The benefits will be discussed in a later chapter, as well as the interrogation if companies perceive them.

### **1.3. Progress on the Goals**

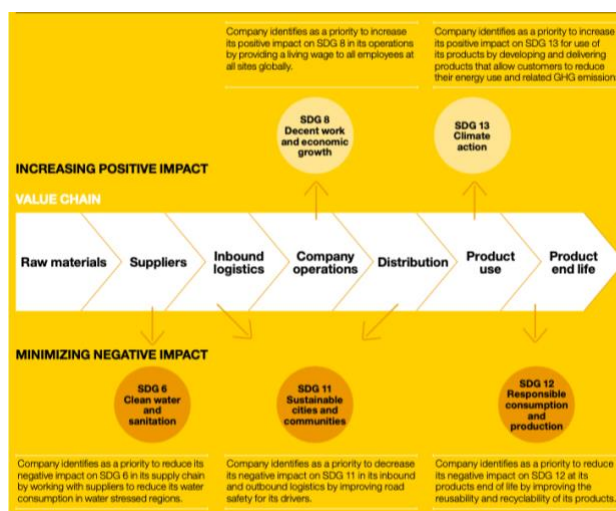
#### ***The five steps to implement SDGs correctly***

All around the world, businesses are expected to work on the realization of the SDGs. In order to help them do so, the SDG compass presented five steps on how companies should align their strategies with the SDGs (GRI et al., 2015).

First, businesses should understand the SDGs in order to make informed choices. Second, define the priorities of actions based on the impact (positive and negative) that their value chain has on the SDGs. Third, set specific objectives aligned with the prioritized SDGs. Fourth, integrate sustainability in the core business, which is probably one of the most critical steps. Finally, firms should report and communicate about the progress and the developments with the use of indicators. This is also important to have a global view on the worldwide improvement (GRI et al., 2015).

Thus, the advised process for companies when identifying and investing in SDGs is first and foremost to assess the impact that the whole value chain has on society. This means acknowledge the impact that each stage has, and after that, decide on actions to increase the positive impact and reduce the negative impact. Several tools for impact assessment are available to companies (i.e. SDG Action Manager).

Figure 3: In action: Mapping the SDGs against the value chain



Source: GRI et al., 2015, p.12.

This exhibit illustrates how the process is supposed to happen and the importance of mapping the value chain with their positive or negative impact on the consequent SDG.

If companies follow these steps, the result should be that companies target the right SDGs, that are coherent with their business.

However, if the company does it otherwise, it opens a possibility to greenwashing, or to another phenomenon: “cherry-picking”. This happens when companies choose Goals that are easier, not related to the core business of the company, and not related to an aspect on which the business has the most negative impact (PwC, 2015).

A study underlines the risk of a possible trend towards “cherry-picking” of SDGs that companies feel comfortable with and that represent “low-hanging fruits”. The authors underline therefore the importance of SDG-prioritization, so choosing the Goals that are meaningful and coherent with the business based on a deep internal reflection and analysis, to gain a profounder engagement with the SDGs and as such, improve their communication about it as well (Mhlanga et al., 2018).

### ***Progress of the private sector on the Goals***

Being at the middle of the timeframe agreed on for the achievement of the SDGs, it is interesting to make the point on the progress made. Several studies were done these last years to estimate the engagement level of businesses with the SDGs. In 2018, KPMG conducted a study on Forbes 500’ 250 largest worldwide companies, across 15 different sectors and concluded that 40% *discuss* the SDGs in a corporate report (sustainability report or other). This

number is lower than the one found in another study from PwC (Scott & McGill, 2018), who state that 72% out of more than 700 companies from 6 different sectors *mention* the SDGs.

Table 1: Comparison between results from 2 studies

<i>KPMG (2018)</i>	<i>PwC (2018)</i>
- 15 sectors	- 6 sectors
- Forbes 500' 250 largest companies	- >700 companies
- 40% of these companies discuss the SDGs	- 72% of these companies mention the SDGs

The difference in number might be because in the first case there is a real discussion around the SDGs, while in the latter it might be a unique mention of the SDGs (once or twice). It could also be that in the first case the companies are top-level while more mixed in the second study. The reporting score is a first indication about the implementation of SDGs in the private sector. However, the two studies agree that there is a gap between the mention/discussion about the SDGs and meaningful actions.

Oxfam conducted a study with a sample of “76 of the world’s largest companies” across different sectors and outlined five main conclusions about businesses and SDGs (Mhlanga et al., 2018, p.3). The first conclusion is about prioritization: companies do not consistently establish which SDGs are most important. Rather than selecting SDGs by a thorough investigation of how the firm affects the Goals, it appears that the chosen SDGs reflect companies’ already-in-place sustainability priorities (Mhlanga et al., 2018). This result is reinforced in the studies realized by KPMG (2018) and PwC (2018). Another research confirmed that among the few companies that highlighted SDGs, the explanation of why these were coherent with the companies’ impact and which process led to that choice is unsatisfying (1370 organizations from 97 countries) (Heras-Saizarbitoria, Urbieta, & Boiral, 2022).

Second, the way businesses approach corporate sustainability has not significantly changed as a result of the SDGs. Even though majority engaged in some degree with SDGs by connecting them to current activities, only few made the SDGs the starting point of a sustainability strategy. In addition, while 50% of the companies surveyed by PwC (2018) prioritized SDGs, only 23% associated meaningful KPIs for the Goals, which means that even though companies prioritize SDGs, it does not mean that it is backed up with monitoring or concrete actions.

Third, getting involved with the SDGs did not significantly improve the ambition of their corporate social responsibility (CSR), which means that it did not lead to bold and innovative changes based on new Goals (Mhlanga et al., 2018).

Fourth, despite the fact that they have a human rights' policy, companies often fail to link their human rights commitments with the SDGs. Put otherwise, companies often do not take the human aspect in consideration when discussing the SDGs (which does not mean companies are not active on human rights) (Mhlanga et al., 2018).

Finally, communication about the SDGs is not yet up to scratch. The relevance of reporting data has been variable and constrained due to the lack of universal SDG reporting standards (Mhlanga et al., 2018). The reporting frameworks that are the most used are the following: the Global Reporting Initiative (GRI), then the International Organization for Standardization (ISO), followed by UN Global Compact (but there are at least six other frameworks used). They are all different ways of approaching sustainability within companies, however PwC does not consider these frameworks to include "*specific or detailed guidance on disclosures for the SDGs*" (Scott & McGill, 2018, p.5).

In view of these results, it is unsure that the SDGs are the most adequate CSR tool for businesses. Indeed, as stated "*since national governments negotiated and adopted the SDGs, they are in the driver's seat to implement the Agenda 2030, which is a state-centric framework and does not include targets or review mechanisms for business*" (Mhlanga et al., 2018, p.5). As such, we understand that the Goals were not designed for businesses specifically. Putnam (2021) even stated that the SDGs do not provide a clear roadmap to identify the risks and opportunities for retailers and translate them into priorities.

When we look at some best practices of businesses in terms of sustainability-driven innovation, Patagonia is often cited as an example (Rattalino, 2017). However, they do not make use of the SDGs (Patagonia, 2021). This is an isolated example, but intuitively it could mean that this company can do good without the global Goals. The question here is about understanding if the SDGs successfully provide a useful framework and guide for businesses that need an accompaniment (Mhlanga et al., 2018) and this can be put into question in view of the previous results (Eisenmenger et al., 2020).

### *Progress of Belgium on the Goals*

Belgium was one of the signatory countries to adopt the SDGs in 2015. Out of 163 countries, Belgium stands on the 18<sup>th</sup> position for the SDG Index ranking and has a score of 79.7<sup>2</sup>, which is slightly more than the regional average.

However, this position is much lower when looking at the spill-over score: Belgium stands on the 156<sup>th</sup> position. The lower the position, the more the country generates negative impacts on other countries.

Country-wise, the major challenges remain on SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 14 (life below water). They require additional efforts in order to be met by 2030 (Appendix 3) (Sachs et al., 2022). It is interesting to compare this with the SDGs that Belgian organizations (businesses, governmental, non-governmental and educational organizations) find the least relevant, which are SDG 2 (no poverty), SDG 14 (life below water) and SDG 15 (life on land), whereas those found the most relevant are: SDG 13 and SDG 3 (University of Antwerp, Antwerp Management School & UCLouvain, 2022).

Table 2: Comparison of the mentioned SDGs

Major challenges for Belgium (Sachs et al., 2022)	SDGs organizations found the least relevant (University of Antwerp et al., 2022)	SDGs organizations found the most relevant (University of Antwerp et al., 2022)
- SDG 12	- SDG 2	- SDG 3
- <b>SDG 13</b>	- <b>SDG 14</b>	- <b>SDG 13</b>
- <b>SDG 14</b>	- SDG 15	

It could mean that SDG 13 (remaining a big challenge, but being considered as most relevant) is very pertinent in the eyes of organizations, but in the same time is a difficult SDG to achieve.

Several long-term strategies were put in place in Belgium to achieve the SDGs. They are spread among the different levels of government, the federal one but also among the three regionals' and three communities' levels. This is a complex system where every party integrates different CSR initiatives (European Environment Agency, 2020). There is however a Belgian network committed to sustainable business, called *The Shift* that was established. This network is based on the SDGs-framework and brings together NGOs, private corporations, and public

<sup>2</sup> "The SDG Index is an assessment of each country's overall performance on the 17 SDGs, giving equal weight to each Goal. The score signifies a country's position between the worst possible outcome (score of 0) and the target (score of 100)" (Sachs et al., 2022, p.9).

institutions with the goal of creating value for society together (The Shift, n.d.). This initiative develops business models and societal projects with the aim of achieving a more sustainable society. In 2020 they developed projects for their members around four main thematic: “*energy, redefining value, biodiversity and Work & Inclusion*” (The Shift, 2021).

Since 2018, three Belgian universities establish the progress of SDGs in Belgium through a report called “SDG Barometer”. In 2022, the report made the point regarding organizations’ engagement (businesses, governmental, non-governmental and educational organizations) with SDGs and several conclusions were drawn out of it.

An encouraging result is that almost all organizations have a lot of attention for the SDGs. A majority of organizations expressed a high willingness to implement SDGs in the daily operations, and this is also illustrated by the fact that SDGs have made their way into sustainability strategies. However, as said in the report, “*there is more talk than walk among organizations*” when it comes to integrating the SDGs.

Indeed, the SDGs are not yet part of educational and training activities nor part of performance assessments. In addition, most of the interrogated organizations still do not use any indicators or targets to track the SDGs’ progress. Few Belgian organizations actually conduct extensive SDG impact assessment, making it hard to evaluate the actual impact of organizations’ engagement on SDGs. This raises the question *why*; are there more costs than benefits to implement SDGs?

An interesting point is that those surveyed apparently do see an impact of SDGs on their organization. When asked which impact the SDGs have, the first two responses are the following: “*led my organization to look differently to sustainability*” and “*led my organization to develop a culture of sustainability*” (p.46). However, the responses showcasing that SDGs had a concrete change in the way of doing business are lower in the list of answers (see Appendix 4). Anyhow, it means that organizations start to see impacts of SDGs, even though they do not proceed impact analyses (University of Antwerp et al., 2022).

## **Chapter 2: Food retailers**

This part will focus on establishing a snapshot of the food industry and the context in which it operates. It will give an overview of the market evolution and the relationship between food retailers and producers.

## 2.1. Evolution of the market concentration and competition

The European food retail market has long been very fragmented into small independent and traditional retailers. However, it evolved to a much more concentrated market over the last years, as retailers transformed into large formats through mergers and acquisitions. They were able to acquire large national and international market shares and create a high level of concentration. In 1999, the Belgian market structure was ultimately recognized as an asymmetric oligopoly: this means that a few numbers of actors have enough market power. By asymmetric it is meant that there is a difference in market size between the biggest actors, but without having one dominant firm (Dobson, Waterson, & Davies, 2003). Nowadays, the market structure remains the same with three companies owning 67% of the market shares, namely *Colruyt* (Belgian) with 27%, *Ahold Delhaize* (Dutch) with 21% and *Carrefour* (French) with 18% (Mikolajczak, 2021; Statista, 2019). These companies have long been top three and competing to keep their market shares, as well as facing new competition such as online players. However, competition between brands behind the three leaders is also increasing as there has been impressive growth from the hard discounters *Aldi* and *Lidl*, being now 4<sup>th</sup> and 5<sup>th</sup> for the market shares, as can be seen on Figure 4 (Mikolajczak, 2021). This heavy competition does not make it easy for retailers and pushes them to compete on prices and ranges of products, and to integrate differentiation strategies (Li, Sexton & Xia, 2006).

Figure 4: The 30.8€ billion from the large-scale retailing



Source: Mikolajczak, 2021

## 2.2. Relationship between food retailers and suppliers

The supply chain also evolved over the past decades, in response to globalization and the need to become more diversified. From a basic supply chain, it has evolved to an “*ultimate supply chain*” involving multiple sub-suppliers, suppliers, manufacturer, retailers and finally customers (Mentzer et al., 2001).

The market evolution led top retailers to be able to achieve economies of scale, and a position of power in the food chain. For the consumers, the concentrated market resulted in lower prices as the greater efficiency of retailers and the benefits of costs of sales could be passed on to them (Dobson et al., 2003).

The implication on suppliers is that due to the limited competition of retailers, it gave less alternatives for food producers in the market and allowed retailers to eventually establish a strong bargaining power (Dobson et al., 2003).

A report from the European Commission counterbalances the affirmation that retailers always have a strong bargaining power (Bukeviciute, Dierx & Ilzkovitz, 2009). Interestingly, it is said that generalizing conclusions about the food chain and the state of power distribution is difficult, as the level of power of firms is very dependent on the product category. The three main sectors connected in the food supply chain, i.e. agriculture, food processors and the distribution (wholesalers and retailers), can have different degrees of concentration. While we have seen that a high level of concentration among retailers is present in Belgium and leads to a certain degree of power, this can also happen among food processors. For example, the concentration level is very high in the biscuit sector (above 60% in 2009). There are strong global brands, offering internationally branded products and securing high consumer loyalty. The balance of power with retailers is therefore more in the advantage of these food processors as retailers do not really have a choice of offering these products, also called the “must-stock” products. However, product categories such as bread, meat etc., are less concentrated and consequently leave more space for private labels. When analysing the bargaining power along the food supply chain, it becomes clear that there is no “black or white” situation. In the case of biscuits, the bargaining power of retailers is weaker. The next figure gives a snapshot of the level of concentration in 2001<sup>3</sup> by product category (Bukeviciute et al., 2009). In terms of

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<sup>3</sup> Unfortunately, no recent data was found.

sustainability, retailers could thus have more difficulties to impose any sustainability requirements to big international groups (de Suray, 2020).

Figure 5: Market share of top four producers (CR4), retailers' private labels, craft production and no-label products in Europe, 2001

Products	CR4 (%)	Private label (%)	Craft production (%)	No-label products
Chewing-gum	75,8	1,6		
Savoury biscuits	68,5	20,1		
Artificial sweeteners	66,0	12,6		
Soft drinks	64,0	15,7		
Ice cream	58,3	14,7	11,2	
Dairy spreads	56,3	8,8		
Melted cheese	54,3	12,6		
Sweet biscuits	47,9	22,4	0,3	
Sugar	41,7	15,9		
Dry pasta	38,2	23,7	2,4	
Sugar confectionery	35,1	14,7	0,1	0,2
Frozen prepared meat	31,2	19,7	1,1	
Natural cheese	30,1	16,7	1,0	1,8
Delicatessen	26,1	20,4	15,1	13,4
Butter	26,5	21,2	3,1	
Flour	25,6	32,1	9,7	
Beef	19,4	15,2	69,1	
Poultry	18,1	14,8	31,9	
Pork	14,0	10,3	69,6	
Bread	12,1	22,7	53,6	

*Notes: Craft production is defined as direct sales from producer to consumer (e.g. bakeries, delicatessen). No-label products are low-cost generic products sold without any branding. Countries covered are the EU15, Switzerland and Norway.*

*Source: 'Food for Thought' database (2003), reproduced in Palpacuer and Tozanli (2008)*

Source: Bukeviciute et al., 2009, p.22.

Most of the food retailers implemented the strategy of private brands (Baugnet, Cornille, Dhyne, & Robert, 2009) and use them to compete with manufacturers (Dobson et al., 2003), but also with hard discounters displaying mainly brands they own (Baugnet et al., 2009). While initially it was part of a low-cost strategy, private labels allowed retailers to introduce products on the market with a good cost-quality ratio and/or added value such as “organic” or “local”. The margins for these products are usually higher than for branded products. Being in contact with consumers allow supermarkets to collect and analyse all the market trends, and as such take less risks for their own-products (de Suray, 2020).

The development of private brands also affects the relationship between food retailers and producers. In Belgium in 2008, 42% of the products sold were private brands. This phenomenon creates higher competition between brands. But this is not necessarily a bad phenomenon, especially when it comes to sustainability. Indeed, if retailers push own brands to increase the sustainability aspect of the products, it could push other suppliers to similarly innovate on this aspect to remain competitive.

The rise of private products impacted the sustainability strategies of food chains. On the contrary to other products, retailers have more control of whole production cycle for their own brands. This implies to better manage social, environmental and the health aspects. Moreover,

they have higher control over the proper implementation of standards and agreements (de Suray, 2020).

It is interesting to understand the balance of bargaining power between retailers and wholesalers, as it helps determine to which extent supermarkets are able to dictate their own standards.

### **Chapter 3: Food retailers' impact on sustainability**

It is undeniable that sustainability has become an important matter for all businesses, first because it has become a world-wide urgency, but also because the society has now changed expectations from businesses, and companies will be constrained to be in accordance with current and future regulations. Food retailers are seen as key changing agents for several reasons already mentioned before: due to their large size, their certain bargaining power over food producers and their strategic position in the value chain. By strategic position, it is meant their proximity with suppliers and with end-consumers (Chkanikova & Mont, 2012). As stated by Chkanikova & Mont (2012, p.1) *“food retailers are in a position to enforce the sustainability agenda both in production and consumption practices”*.

#### **3.1. Food retailers' impact on customers**

Supermarkets have an impact on the customers, through the assortment offered in stores and the information made available about the health and nutrition of the products. Several articles studied the different ways in which supermarkets have an impact on consumers' health. Retailers have an impact on food preferences through the display models they develop and the methods to manage it (i.e. the four marketing Ps) (Dawson, 2012). Such things as food environment have a big impact on the consumer behaviour. For example, the shelves' lengths dedicated to fruits and vegetables (or other products) influence the consumption level of customers (Farley et al., 2009).

The food assortment and the in-store activities also have an influence. The retailer chooses the products to be sold and how it is organized into product assortments and categories. The retailer can also affect the consumer's choice within the stores through price and promotions (Dawson, 2012). Food makers can for example help promote healthy eating by giving consumers better options when making food purchases (Lähteenmäki, 2012). Promoting good food is essential as healthy food diet helps avoid future diseases (Sarwar, Sarwar, Khalid & Sarwar, 2015).

Supermarkets are in conclusion close to consumers and can be an influential power to educate and raise awareness among their customers (Claro, Laban Neto, & de Oliveira Claro, 2013).

### 3.2. Supply chain's social impact

In 2018, Oxfam International released a report exposing the social impact that supermarkets have via their supply chains. They denounce the terrible working conditions, their consequences and the responsibility of food retailers (Willoughby & Gore, 2018).

They summarize the labour exploitation as being the fault of the inequality of power, as showed on the following figure. The inequality of power is described by two trends: the declining power of small-scale farmers and workers and the increasing power of supermarkets. Several actors are responsible for this trend (governments, institutions and civil society, and consumers) and supermarkets are one among them (Willoughby & Gore, 2018).

Figure 6: Inequality of power is the root cause of labour exploitation in food supply chains



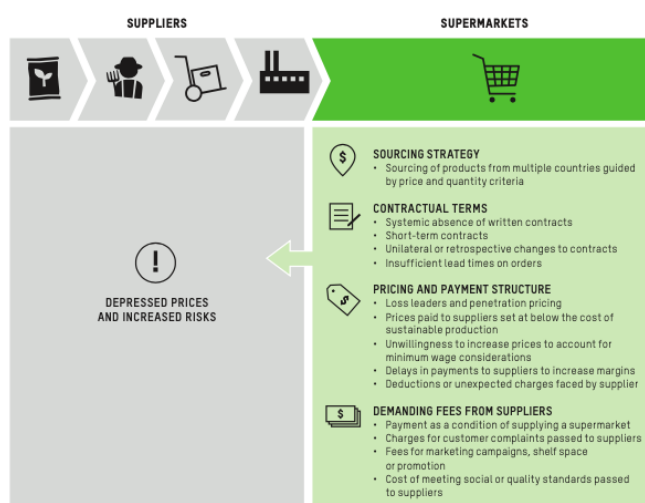
Source: Willoughby & Gore, 2018, p.6.

The declining power of farmers and workers would be due to several reasons according to Oxfam. Among others, here are some examples. There was a dismantling of state support for small-scale farmers in consequence of big institutions putting pressure on governments to liberalize global trade in agriculture at the expense of farmers' protection. Moreover, the minimum wage, if it exists, is far below the estimated wage necessary for an appropriate living and below the claims made by the union livings. Finally, extra gender norms in many countries means that women are the most affected by the situation (Willoughby & Gore, 2018).

The growing power of supermarkets is also a consequence of different trends (Willoughby & Gore, 2018). In the whole food value chain, market concentrations have reached extreme proportion. For the retailers in the European Union, ten supermarkets account for more than 50% of all food retail sales (*Agrifood Atlas*, 2017). The concentration rate in Belgium was already discussed in the preceding chapter, as our country is no exception to this trend of high level of concentration.

Then, supermarkets can have high buying power due to their privileged access to consumers and their ability to influence and shape consumer's purchasing behaviours, as was discussed in the previous section. When retailers have a strong bargaining power, it can result in unfair trading practices and influence the rest of the food market, impacting the most the small-scale farmers. Some examples can be found in the next figure (Willoughby & Gore, 2018).

Figure 7: Unfair trading practices depress prices paid to and increase risks incurred by supermarket suppliers



Source: Figure created by Oxfam using information from D. Vaughan-Whitehead and L.P. Caro (2017), Purchasing Practices and Working Conditions in Global Supply Chains: Global Survey Results; G. Ellison (2017), Grocery Code Adjudicator: Annual Survey Results; European Parliament (2018), Report on Unfair Trading Practices in the Food Supply Chain; and other reports.<sup>105</sup> See Appendix 1 for a list of unfair trading practices and references.

Source: Willoughby & Gore, 2018, p.8.

There is also a lack of transparency of the supply chains: they are very long and complex which facilitates the use of these unfair trading practices. Moreover, alongside the supply chains there is a lack of corporate social responsibility investments and initiatives that could help prevent this issue. Indeed, the fact that the supply chains are so complex, long and opaque makes all the problems and inequalities suffered by the workers seem very distant and generate a feeling of unaccountability of the supermarkets as well as a total disconnection with what is happening at the very beginning of the food chain. In a general way, Oxfam believes that the sustainable

policies implemented by supermarkets are inefficient and inadequate to prevent such exploitation of labour (Willoughby & Gore, 2018).

All these points have huge consequences on the lives of small-scale farmers and workers and make the human rights violations more likely. By human rights violations it is meant: insufficient incomes, even worse for women, and reduced access to adequate food leading to hunger and food insecurity (Willoughby & Gore, 2018). There are other examples to be found such as the case study for pineapples' production in Costa Rica (Consumers International, 2010).

### **3.3. Food retailers' environmental impact**

Supermarkets also have a big impact on the environment. There are several examples given by studies. Food retailers are not responsible for all the environmental impact from the food industry, but they have their role to play, and a certain influence on the chain.

In 2006, the European Commission issued a report regarding the environmental impacts of products and services during their life-cycle, destined to final consumption (food & drink, clothing, housing, healthcare etc.). Based on an analysis of these products in the European Union, the study identified three sectors with the biggest environmental impact: food & drink, private transport and housing. The food & drink represents 20% to 30% of all private consumption' impact. Meat and dairy products are the most impactful among this category. This information is to illustrate how the food retailers are responsible of products with high environmental impact (Joint Research Centre et al., 2006). This showcases their responsibility in the participation to the SDGs and sustainability.

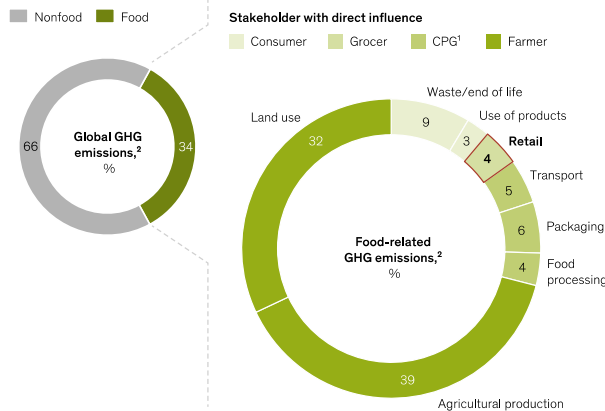
The food system industry is very energy intensive and accounts for 34% of the global greenhouse gas (GHG) emissions. Therefore, being able to implement sustainable systems would have a huge impact on the world. The food chain is however very complex, comprising farmers and workers, wholesalers, transportation, and finally grocery retailers. Within the food chain, retailers have a direct responsibility of 4% on the GHG (scope 1) but have an important influential position on other actors (figure 8). This happens through the choice of suppliers for instance, and action on scope 3 such as requiring transparency of the working conditions and production and helping farmers and workers put in place more sustainable processes (McKinsey & Company, 2022).

Figure 8: Greenhouse-gas emissions of the food system

**Food systems account for more than a third of global greenhouse-gas emissions.**

The global food system is a key contributor to global greenhouse-gas (GHG) emissions, accounting for 34% of emissions.

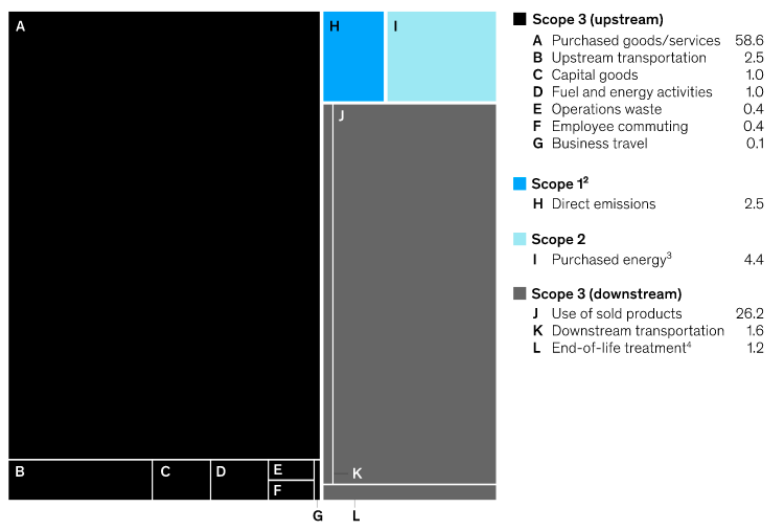
While grocers directly contribute only 4% of food-related GHG emissions, they are uniquely positioned to influence and support the decarbonization of suppliers and farmers upstream and enable sustainable consumption choices of consumers downstream.



Source: McKinsey & Company, 2022, p.51.

To be more precise, greenhouse gas emissions emitted by companies are separated in three scopes. Scope 1 represents the direct emissions of the company: the company facilities (ex: office) and company vehicles. Scope 2 represents the indirect emissions that are owned: for instance, the gas purchased for the company facilities. Finally, scope 3 represents all the other indirect emissions, upstream and downstream, linked to the company’s operations (Bernoville, 2022). As it becomes clear, the emissions mainly happen in scope 3. It would be 96% according to McKinsey & Company (2022) or 93% according to another estimation of the distribution of emissions from McKinsey (Figure 9) (Jesse et al., 2022). This is why hard work and transparency is needed for action on scope 3.

Figure 9: Greenhouse-gas emissions by source (%)



Source: Jesse et al., 2022

In the same way that food retailers impact the social aspect through their supply chain, they also impact the environment. It was said in the previous paragraph that due to several trends (i.e. higher competition, global crises etc.), pressure could become higher on small scale farmers and workers in order for food resellers to cut costs, which in addition to be detrimental for the people, is also detrimental for the environment as workers are expected to put in place cheaper practices that are catastrophic for the environment. Oxfam gives several examples of such practices: “*excessively extracting water, over-exploiting seas and eroding fertile land*” (Willoughby & Gore, 2018, p.70). Another striking number is that the food sector consumes almost 70% of the global available fresh water to irrigation (Foley et al., 2011).

Food waste is also an important aspect of environmental concerns. Succeeding to reduce food waste could diminish pressure on the planet, save money and address climate change as well as increasing food security. The results of a United Nations’ study that measured the food waste index in 2021, indicate three mains responsible for food waste: 61% of the global food waste happens among households, 26% come from food services and 13% from retailers (Forbes, Quested, & O’Connor, 2021). Grocers have thus a margin for improvement, but also could accompany their customers in this matter.

### **3.4. Drivers and barriers of food retailers to implement sustainability actions**

Until now, research concluded that even though large retailers are aware of their corporate social responsibility and take initiatives to transform the food chain, it is mainly limited to the first tier (de Suray, 2020; Jesse et al., 2022). Another study assessing the commitment of European food retailers to SDGs concluded that most of them concentrated on their own operations when tackling the Goals (Jones & Comfort, 2020). Actions seem disintegrated and weak in the supply chain (scope 3).

As will be seen, putting in place practices to achieve the SDGs is supposed to bring a lot of advantages to companies. It is however not clear if companies are truly aware of these, or if they capture some of these benefits in view of the insufficient changes put in place these last years, according to pre-mentioned studies. Having a comprehensive view of the different factors motivating or hindering sustainability practices could help understand and accompany companies (Chkanikova & Mont, 2012).

A study developed a framework identifying the different drivers and barriers that food retailers experience and that influence their willingness and motivation to put in place a corporate socially responsible supply chain. This latter means strategies for the whole process of “*farm to fork*”: production, transportation, and selling operations. They categorized it in several institutional factors (Chkanikova & Mont, 2012).

a. Regulatory factors

The first category of factors that influence the implementation of sustainability within the supply chain are regulatory ones, that means factors coming from governments and law-makers.

The drivers in this category are the pressure coming from governments, under the form of legislations or soft policy instruments (advices given). However, companies from another study (16 large food and beverage enterprises effective in Australia among which 11 multinationals) actually think they are often in advance of governments for sustainability challenges, and they consider that the delay of legislation compared to the advancement of the companies is rather a restraint (Adams, Donovan, & Toppo, 2022).

This is in line with the barriers within regulatory factors from Chkanikova & Mont (2012): there is a lack of clear vision and support. Whether it is from governments that do not support retailers enough, or the fact there is not always coherence between the different countries’ regulations, making it hard for international brands. The absence of a clear and co-developed business plan is a barrier.

b. Resource factors

The second category is the resource factors that include “*tangible resources (financing, material...) and non-tangible resources (reputation, image...) which are both critical to the prosperity of a business*” (Chkanikova & Mont, 2012, p.4). There is first an internal driver of potential financial returns or the cutting of operational costs when implementing sustainability actions. Moreover, keeping up with sustainability strategies is also a way for supermarkets to appeal new investors. Another internal driver mentioned by Adams et al. (2022), is the employee attraction and retention. The strengthening of their reputation and brand image among consumers is also an essential external driver that could lead to competitive advantage and thus higher profitability (Chkanikova & Mont, 2012).

There are however two main resources barriers when considering sustainable actions.

There are of course financial costs to consider when implementing changes in the upward chain, the more profound and impactful actions are often the costliest. Then, the lack of expertise and understanding of the supply chain also represents a barrier as it requires skills for “*high-level of non-retailing technical aspects*”. It also requires collaboration with suppliers which ultimately requires costs. However, collaboration (with suppliers or with competitors) can also represent a driver, to get novel ideas and best practices (Adams et al., 2022).

#### c. Market factors

Next, there are market factors that influence the willingness to implement sustainability actions. In this category, the drivers are the following: consumers’ demand is a big driver of entering the market of greener products. Moreover, industrial norms and the strategies of competitors create stimulation for being serious about sustainability.

There are also important barriers. While consumers’ demand for greener products is higher now than a few years ago, their willingness to pay more for eco-products is relatively low. Indeed, while customers are more and more aware and conscious about sustainability (social and environmental), there is still a paradox between the consumer’s interest and the real buying behaviour (Bukeviciute et al., 2009; Lehner, 2015). It can thus make retailers reluctant to invest too much in greener products.

Then, the globalization of the industry makes the value chain so complex, involving suppliers and other parties spread in the world, sometimes within countries with lack of regulations. This complexity represents a huge barrier for sustainable strategies. It questions again the possibility for real actions and leaves space for more greenwashing. Oxfam has in fact denounced the opaque supply chains and the weakness of governance to prevent problems from happening (Willoughby & Gore, 2018).

#### d. Social factors

These factors represent the last category. Here, the drivers are that a lot of new information published around the dangers of GMOs, pesticides etc., raises awareness among customers and pushes companies to find healthier alternatives. Moreover, NGOs and media play an important role through campaigns and documentary films that denounces unsustainable and “unhuman” practices, obliging companies to put these concerns at the centre of their strategy.

Some of the barriers are the lack of strong response and participation of consumers for sustainability issues, and the lack of agreed methodology on how to balance and prioritize

environmental and social aspects. For the latter, the SDGs are a first framework that tries to guide companies in the good direction.

Finally, the study assembled the different drivers and barriers per level of the supply chain in terms of their relative importance for initiatives taken in that level (upward, downward and own operations), and represented in the next figure. It is in the upstream that the drivers and barriers are the most present and as such have the most importance, meaning that there are a lot of factors to work on if change is expected in the supply chain (Chkanikova & Mont, 2012).

Figure 10: Relative importance of drivers and barriers for supply chain sustainability initiatives

Sustainability initiatives	Drivers	Barriers
IN-STORE -improving internal operational efficiencies	<p><i>Regulatory:</i></p> <ul style="list-style-type: none"> <li>Waste, energy legislation</li> </ul> <p><i>Resource:</i></p> <ul style="list-style-type: none"> <li>Cost-savings associated with operational efficiencies</li> <li>Reputation as good employer</li> </ul>	<p><i>Resource:</i></p> <ul style="list-style-type: none"> <li>Lack of financial resources</li> </ul>
UPSTREAM -developing sustainable supply	<p><i>Regulatory:</i></p> <ul style="list-style-type: none"> <li>Food safety and labeling requirements</li> <li>Expectation of new regulation, e.g. carbon labeling</li> </ul> <p><i>Resource:</i></p> <ul style="list-style-type: none"> <li>Cost-saving associated with material efficiencies, e.g. in regards to packaging and eco-design initiatives</li> <li>Managing high risk product supply, e.g. depleting fish stocks</li> <li>Brand and reputation</li> <li>Increased investor appeal</li> </ul> <p><i>Market:</i></p> <ul style="list-style-type: none"> <li>Supplier sustainability values</li> <li>Industrial norms (standards and voluntary industry agreements)</li> </ul> <p><i>Social:</i></p> <ul style="list-style-type: none"> <li>NGOs campaigns</li> <li>Risk of negative publicity</li> <li>Scientific alerts on what issues in supply chain should be prioritized</li> <li>Bringing retail company to court, e.g. due to abusive practices of treating suppliers</li> </ul>	<p><i>Regulatory:</i></p> <ul style="list-style-type: none"> <li>Conflict of interests between product sustainability policy and free trade provisions</li> <li>Lack of governmental leadership in outlining the vision for sustainability and responsibilities of food retailers</li> <li>Lack of governmental initiative to harmonize labeling requirements</li> </ul> <p><i>Resource:</i></p> <ul style="list-style-type: none"> <li>Lack of financial resources</li> <li>Lack of knowledge and expertise</li> <li>Lack of power over suppliers</li> </ul> <p><i>Market:</i></p> <ul style="list-style-type: none"> <li>Complexity of supply chain configuration</li> <li>Higher prices for sustainable products</li> <li>Tradition of established supplier relationships</li> </ul> <p><i>Social:</i></p> <ul style="list-style-type: none"> <li>Lack of scientific framework to identify the most profound sustainability impacts</li> </ul>
DOWNSTREAM -provision of sustainable alternative and removal of unsustainable products from assortment	<p><i>Market:</i></p> <ul style="list-style-type: none"> <li>Customer demand and expectations</li> <li>Competitors' strategies</li> </ul> <p><i>Social:</i></p> <ul style="list-style-type: none"> <li>Food scares regarding GMOs, pesticide use etc.</li> </ul>	<p><i>Market:</i></p> <ul style="list-style-type: none"> <li>Higher prices for sustainable products</li> <li>Customer confusions due to high number of labeling schemes</li> <li>Risk of weakened competitive position due to losing customers in case of removal of unsustainable products</li> </ul> <p><i>Resource:</i></p> <ul style="list-style-type: none"> <li>Lack of availability of sustainable supply</li> <li>Lack of high quality sustainable supply</li> </ul> <p><i>Social:</i></p> <ul style="list-style-type: none"> <li>Lack of consumer awareness &amp; interest about sustainability</li> </ul>

Source: Chkanikova & Mont, 2012, p.12.

The SDG barometer (University of Antwerp et al., 2022) investigated the motivations and barriers for implementing the SDGs in organizations (businesses, governmental, non-

governmental and educational organizations). The results indicate that the main reasons why corporations in Belgium engage with the SDGs are “*society-oriented or moral motivations*” (feeling a moral responsibility and duty), followed by the “*business-oriented motivations*”. This latter means that a lot of businesses are willing to engage with the SDGs because they believe to be able to retrieve something positive for their business thanks to it. This is very interesting as it is a first indication that companies perceive benefits from implementing actions for the SDGs and that it becomes a source of motivation. When it comes to barriers, the main one is the lack of knowledge of the SDGs from the internal and external stakeholders (1<sup>st</sup> and 2<sup>nd</sup> barrier). It is to be differentiated with the lack of interest from these stakeholders, which comes at fourth and fifth position in the list of barriers. In third comes the lack of resources (i.e. money and time) to engage with SDGs.

#### **Chapter 4: The benefits of implementing actions for the Sustainable Development Goals**

The Sustainable Development Goals-plan seems a very innovative and promising action as it is the result of a consensus with a world-wide scope: 193 countries signing and agreeing to achieve these Goals for 2030. In that sense, it is a common work, and if all these countries manage to achieve these ambitious and challenging targets, the impact could make a real difference around the world, and help a lot of global problems.

Collaboration and partnerships are necessary. We have seen why the private sector is a very important partner in this challenge, and why food retailers are as well. As a reminder, to be able to achieve the SDGs by 2050 without putting the planet boundaries in a riskier situation, the whole food system needs to transform (Randers et al., 2018). The SDGs however have a win-win aspect that is very important as it will better motivate actors to participate, knowing that they will benefit from investing in the Goals. The SDGs were also implemented to be used as long-term guidance and directive and truly create a market outlook for businesses. The Business & Sustainable Development Commission (2017) estimated \$12 trillion a year to be the potential economic reward from “*delivering solutions to the SDGs*”, and up to 380 million new jobs. More specific to the food and agriculture sector, the numbers are \$2.3 trillion a year for the market opportunities and up to 80 million jobs. But this does not come without price; according to the same study, an investment of \$320 billion is necessary annually, as well as

working with law-makers and governments and improving the business models (Business and Sustainable Commission & AlphaBeta, 2016).

The extent to which the SDGs will be able to bring benefits to companies is of course dependent on how well the sustainability strategy is close to the core business. In that sense, the SDG agenda could represent a risk for companies having non-SDG-fit business practices (Pedersen, 2018). Several reports were launched throughout the last years with the purpose of guiding companies in their integration of the Goals. There are several advantages that drive (financial) value that companies could benefit from. Indeed, studies have proved the positive correlation between a company's performance and its implementation of CSR and sustainability practices (Lin & Sheu, 2012).

I summarized the main benefits based on two sources: the SDG Compass report (GRI et al., 2015) and the SDG Accelerator from the United Nations Development Plan (UNDP, n.d.).

a. Generate new revenue by targeting unknown and promising business opportunities.

Targeting new markets give space for innovation and differentiation from competitors, especially the ones looking over sustainability, and thus create a new revenue pool (GRI et al., 2015). This benefit could be an interesting motivation in a time where the sales volumes are expected to decrease, especially compared to the previous years where sales increased due to Covid-19 (i.e. inflation, increase of online offerings and competition) (McKinsey & Company, 2022). This is also a stimulating driver from the resource-factors category (Chkanikova & Mont, 2012).

b. Consolidate the supply chain and make savings on the long-term

Adopting the SDGs would be an economic incentive for another reason: it would push companies to use their resources more efficiently, therefore increasing and consolidating a sustainable supply chain and invest in more sustainable alternatives. This would allow them to make savings on the longer term. The competitive edge can also be achieved through cost savings, quality enhancements and internal process improvement and consolidation (Yang, Lin, Chan & Sheu, 2010).

c. Increase attractiveness from several stakeholders

Following, this is another important resource factor (Chkanikova & Mont, 2012): implementing sustainability at the core would increase the attractiveness of the company significantly for several stakeholders as it would meet their expectations. First, it would help

companies increase their attractiveness as employer and thus increase the retention rate of their employees. Nowadays, employees are looking for companies that match their values, and sustainability is growingly an important value for them (GRI et al., 2015). This could be an important criterion, with the challenge of attraction and retention of talents being one of the next trends (McKinsey & Company, 2022).

But the attractiveness rate of the company would rise not only for employees but also for investors. Indeed, investors have become more attracted to sustainable finance as a result of its potential to produce financial gains, be consistent with social values, and achieve climate-related aims. ESG (environmental, social and governance) investing in particular has emerged as a key method of sustainable finance (OECD, 2021).

d. Better manage risk of future compliances

In addition, being ahead of any future legal constraints is always good as it allows the companies to already address future compliances in a strategic way and allow them to better manage risk (see regulatory factors). Oxfam identified a coming trend of governments being under increased pressure to implement sustainability, pushing companies operating in their countries to meet these new sustainability requirements and put in place due diligence for human rights for instance (Willoughby & Gore, 2018).

e. Better communicate to stakeholders

Finally, adopting the SDGs is a way of using a common language and shared purpose and therefore being able to communicate better and more effectively with stakeholders (UNDP, n.d.). Indeed, evidence was found that sustainability reporting has a positive and significant relation with the price consumers are prepared to pay, their purchase intent, and the loyalty and confidence in these brands (Cazier, Corley & Gora, 2011).

It is however important to note that this approach of “win-win situation”, or motivating businesses by putting forward the profit aspect, has sometimes been criticized. The reason given is that it reduces businesses actions for SDGs purely to a business *opportunity* rather than a business *responsibility*, pushing them to look for new (and more sustainable) prospects, rather than acknowledge that sometimes the better solution for the world is to reduce/restrain certain activities (Uwe, 2017).

## Part II: Research

### Chapter 5: Analysis of the SDGs chosen by the food retailers

#### 5.1. Purpose of the analysis and methodology

Before going further in the benefits potentially perceived by the company when putting in place the SDGs, this next chapter will first analyse the (sustainability) reports of food retailers in order to have a basis comprehension of the degree of implementation of SDGs among them. It will then try to determine if the SDGs chosen by the different supermarkets are coherent and adequate with the impact that their business has on the world (social and environmental impact). For this second part of this analysis, the existent literature will be analysed to see what the scientific worlds' opinion is on this matter. After, I will develop a framework to determine coherent SDGs.

#### 5.2. Degree of implementation of the SDGs among five retailers

The next paragraph is the analysis of the SDGs in the reports of five food retailers operating in Belgium: *Delhaize, Carrefour, Colruyt, Lidl* and *Aldi*.

This choice of retailers was done for several reasons. First of all, I believe it is interesting to pay attention to retailers whose business model was not built on sustainability, to truly analyse if the Sustainable Development Goals provide a useful framework to accompany businesses in a transition. Second, these five supermarkets are the largest operating in Belgium, when looking at the market shares (Mikolajczak, 2021). It means that they have a large influence and presence on the Belgian market and customers.

This evaluation will try to identify several aspects in their (sustainability) reports, based on criteria from several articles that analysed private companies' reports and based on the five steps from the SDG compass (GRI et al., 2015), all presented in Chapter 1.

The first criterion is if they talk about a motivation to invest in the Sustainable Development Goals, and if this motivation is well argued (Heras-Saizarbitoria et al., 2022). This is part of the first step presented by the SDG compass: does the company truly understand *why* they implement SDGs. Second criterion, if there seem to be a prioritization of SDGs and if yes,

what is the description of the process (Heras-Saizarbitoria et al., 2022; Willoughby & Gore, 2018). Prioritization is an important step to target the right SDGs (GRI et al., 2015). Following, if these companies made the SDGs their starting point of sustainability and added appropriate KPIs for them, or if the SDGs are just pin pointed next to already-in-place sustainable actions (PwC, 2018; Willoughby & Gore, 2018). Again, this is about integrating the Goals in the core business in order to truly have an impact (GRI et al., 2015). The next criterion is if human rights are linked to the Goals. Indeed, while most companies do have a human right policy, they often do not take the human rights lens when designing the SDGs (Willoughby & Gore, 2018). Finally, it will check which reporting standards the retailers use (Mhlanga et al., 2018).

#### a. *Delhaize*

Each year *Ahold Delhaize* publishes an annual report which integrates both financial and sustainable declarations. *Delhaize Belgium* launched its own sustainability report in 2019 going more in details in actions done in Belgium and Luxemburg.

In the report from *Ahold Delhaize Group* (2022), the company introduces the SDGs when talking about their business value model (economic, social and environmental value), and more precisely when talking about ESG, which seems to be their sustainability measure. There is no motivation about the SDGs in themselves as this statement proves: “*Our sustainability and ESG ambitions and strategy are further shaped by the UN SDGs and ESG benchmarks, MSCI and Sustainalytics*” (Ahold Delhaize, 2022, p.102).

The following SDGs are mentioned (Ahold Delhaize, 2021): SDG 2, 3, 5, 8, 10, 12, 13, 14, 15. There is no explanation about a prioritization process, in fact they actually link the SDGs with ESG objectives.

Interestingly, the SDGs mentioned in the sustainability report of *Delhaize Belgium* (2019) are not fully similar. In the latter report, they mention that they are contributing to 13 SDGs (i.e. SDG 2, 3, 4, 5, 7, 8, 10, 11, 12, 13, 14, 15, 17), but there is no explanation either about why these SDGs were chosen. The fact that they are different from the Group’s SDGs reflects their decision to have each country acting on own objectives, based on the customers; Belgium is for example more focused on health aspects (Valentine Papeians, personal communication, November 7, 2023).

In the case of *Ahold Delhaize*, ESG seems to be the starting point of their sustainability strategy. As such, there are no KPIs linked to the Goals, but indeed linked to the ESG objectives, with its benchmarks. They state to be using several reporting frameworks “*such as the TCFD, the*

*Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB)*” (Ahold Delhaize, 2022, p.102).

The Group has objectives related to human rights, but there is no real link with the SDGs, because as said, the SDGs are not the basis of their sustainability strategy.

b. *Lidl*

*Lidl*' latest sustainability report is from 2021. In terms of motivation, it is mentioned in the very beginning of the report that they are conscious of their responsibility as a retailer. But concerning the Sustainable Development Goals specifically, there is no clear motivation written. The SDGs are introduced in the end as being the “touchstone” of their strategy.

They do not specify that they prioritized any SDG. However, when we look at which SDGs they consider to be contributing to, they are only mentioning 13 Goals by giving concrete examples about how they contribute to them. SDG 3, 9, 11, 16 are not part of the sustainability report, and they do not explain this choice.

In the report (*Lidl*, 2021), the closest reference to suppliers is that *Lidl* is going to pay attention to the screening of suppliers, and in the part about the SDGs, there is no mention at all of human rights.

*Lidl* states the following about the SDGs “use them as a framework to benchmark its sustainability policies against them” (*Lidl*, 2021 p.66). This is clear that they validate already-in-place actions with matching SDGs. There are no KPIs for the SDGs directly. Interestingly, in their sustainability report, they make mention only of 13 SDGs while on their website, 16 SDGs are mentioned, with different examples about how they contribute to it than the examples from the report (*Lidl*, n.d.). There seems to be some incoherence on their SDG communication. In terms of reporting, they use the GRI norms.

c. *Colruyt*

*Colruyt* clearly communicated a motivation to achieve the SDGs in their Annual report 2021-2022. From all the annual/sustainability reports, the one of *Colruyt* emphasizes the most the SDGs. They decided to focus on seven SDGs based on a linking with the most important topics identified in a materiality matrix. They are thus the SDGs on which they believe to have the biggest impact and/or that are the most important for stakeholders. Their choice is the following: SDG 2, 3, 6, 7, 8, 12, 13. There is thus a form of prioritization. However, they do not completely exclude other SDGs, as can be found on their webpage “sustainable initiatives” (*Colruyt Group*, n.d.).

This report seems to be much more starting from the SDGs. As reporting framework for sustainability, they use GRI and SASB.

They summarize different targets under each SDG indicator and related KPIs. They mention that the SDGs served as a basis for creating KPIs. They probably translated indicators coming from the United Nation's Goals into business-written indicators that are achievable for them, but this is a supposition as they do not clearly explain how they arrived to these indicators. As said before, the Goals need to be translated by each business in order to become applicable. The scope of the targets is defined Goal by Goal: for some of them, it only includes own brands (i.e. Boni and Everyday), for others it is about the whole *Colruyt Group*.

*Colruyt* mentions the working conditions in the supply chain when talking about SDG 8. They also have several KPIs to measure this. This is a first step with linking human rights to the Sustainable Development Goals.

#### d. *Aldi*

*Aldi* introduces the Sustainable Development Goals only after a few pages in their sustainability report from 2019, but stays very brief in that paragraph. They claim to be *supporting* the Goals, and to focus on sustainable consumption and production mainly of their own brand, which represents 95% of the products sold in Belgium in 2019 (Aldi, 2019). This is a short motivation and it makes clear that the goals are not at the core of the sustainability strategy.

They quickly state that there are 6 SDGs that are of higher importance to them as retailers: SDG 7, 8, 12, 13, 14, and 15. Their justification is the following: SDG 12 because as retailers it is where they have the highest leverage to reduce impact of their business. SDGs 8, 14, 15 because they could influence these through their own activities and operations. Finally, SDGs 7 and 13 for a better use of their resources. It is one of the most extensive explanation about the choice of SDGs, but this choice seems focused on own operations. All in all, 37 sub-targets were identified by *Aldi* as being achievable and applicable to their business. However, all along the description of their actions and their progress, more than 6 SDGs are mentioned and associated with actions. Little inconsistencies are also present such as the fact that SDG 14, while being one of the SDGs they prioritize, is not present in the pages of the report where they describe in more details all the Goals. No quantitative KPIs were linked with them.

It is clear that the Goals were not the starting point of sustainability. In terms of reporting, there is again not a single one: they use the GRI framework, they also state the progress made on the 10 principles from the UN Compact.

*Aldi* states to have a human rights due diligence in place. However, there is no direct link made with the Sustainable Development Goals.

e. *Carrefour*

*Carrefour* talks about the Sustainable Development Goals in their Universal Registration Document (2022), in the part about their “*raison d’être*”, or what represents their core values. They have objectives for the 17 Goals, but adheres on seven of them in priority, according to the website of *Carrefour Group* (Carrefour Group, n.d.), without mentioning which ones. However, this number is different in a report called “Sustainability – Linked Bond Framework” (Carrefour Group, 2021) where they state to contribute to ten SDGs in priority (SDG 1, 2, 3, 5, 8, 12, 13, 14, 15 and 16). Finally, in their annual report, they mention fifteen SDGs as being contributed to (Carrefour Group, 2022).

This therefore denotes a little incoherence as well as to which SDGs are the most contributed to and as such it shows that they are not at the basis of the sustainability strategy. Moreover, in none of these cases do they explain why these SDGs are of higher importance. Interestingly, they did link KPIs from their sustainability objectives with the SDGs, which will allow them to track better progress of the Goals.

Their reporting encompasses GRI, TCFD and SASB (Carrefour Group, 2022).

To finish with the human rights aspect, they make a link between SDG 8 and human rights among the supply chain.

f. Some conclusions

An important point to disclaim is that this analysis does not conclude whether these brands are doing enough for sustainability or whether their sustainability strategy is efficient. It simply analyses the link with the SDGs and how the Goals are used as a “tool” for sustainability. It is a reflection based on how the literature and the United Nations consider they should be applied.

At first sight the sustainability reports correspond to the conclusions from studies discussed hereabove. The main take-aways are that indeed, food retailers are not very talkative about the motivation to invest in SDGs, except from the usual “need to be responsible”.

Second, while there is often a choice made of SDGs, there is no in-depth explanation about the prioritization process that led to the specific selection. What they all have in common is the fact that they seem to link SDGs with actions already in place, as so to indicate them if they

are in the right direction. As a reminder, the SDG Compass advises companies to choose SDGs via an impact assessment (GRI et al., 2015). Only *Colruyt* expressed to have directly linked their SDGs with their materiality assessment in their report. The SDG Compass furthermore encourages companies to not focus on all of the Goals but rather on a limited, nonetheless relevant amount of them. Instead, companies sometimes seem to insist on the fact that they contribute to a lot of SDGs. The SDG Compass' methodology does not seem to be the one implemented by the supermarkets.

Third, the link with the human rights is indeed almost fully absent. They seem very focused on their own operations and the customers, but miss the link with all the upward aspect of their value chain when addressing the SDGs.

Finally, the reporting of the SDGs is dispersed, but they all have the GRI reporting framework in common. They do not seem to use these frameworks to report specifically on SDG progress.

### **5.3. Determination of coherent SDGs for the food retail sector**

This analysis will be closed with a comparison of the SDGs chosen compared to the ones I identified as being coherent for food retailers.

#### ***Scientific base***

The available studies address more the general engagement of the food retailers to the SDGs as we have seen in the first part of this analysis. While the Business & Sustainable Development report (2017) acknowledges that only a sectorial shift in the same direction could create an impactful change, there does not seem to be identified targets for the sector and the scientific research is very poor in terms of linking the food retailers directly with SDGs. Often the subject is approached through individual aspects *related* to the food sector (not to food retailers directly), for example food waste, water management, the impact of agricultural intervention on food security etc. (Bizikova, Jungcurt, McDougal & Tyler, 2020). Nonetheless, we will try to explore the few studies targeting this.

A study tried to link SDGs and their targets to the main actors of the food chain (farmers, food processors, food traders and consumers). Several SDGs are identified to be impacted by food traders (composed of both retailers and distribution) (Djekic, Batlle-Bayer, Bala, Fullana-i-Palmer & Jambrak, 2021).

First SDG 2 (Zero hunger) and 3 (Good health and well-being) as food retailers have the ability to make healthy food available at a reasonable price.

SDG 7 (Affordable and clean energy) and 9 (Industry, innovation and infrastructure) are also impacted by food traders' decisions regarding sustainable practices: the choice of energy and infrastructure respectively.

In a related way, they also have an impact on SDG 13 (climate change) (GHG emissions etc.). Finally, food traders are believed to have an impact on SDG 12 (sustainable production and consumption) by informing consumers of the sustainable “price” (environmental, social and health) through sustainable labels.

Some shortcomings in this study are that it concerns not only retailers but also distribution. In addition, the study develops arguments about why the SDGs just mentioned are impacted by food traders, but in their final visual representation (Figure 11), there are more SDGs stated and SDG 3 is not present. It therefore seems a little incoherent.

Figure 11: Food supply chain, facts and figures and UN sustainable development goals



Source: Djekic et al., 2021, p.11.

Legend:

D=direct correlation with an SDG; I=indirect correlation with an SDG.

In the United Kingdom, a workshop was organized in 2016 with the food retail industry, NGOs, academia and food manufacturing businesses (for example Nestlé) to identify which SDGs are the most relevant to the UK food retail and manufacturing business. Several SDGs were voted as most relevant: SDG 15, 12, 2, 13, and 8. Four Goals were also designated for being a big opportunity for the industry: SDG 12, 3, 2 and 8 (Kougioumoutzi, 2016). However, there is no explanation about why these were selected, and which targets in specific (because some SDGs have several targets that are not all applicable to an industry).

All in all, there do not seem to be a scientific base about which Sustainable Development Goals food retailers should engage with.

### *Own framework*

To evaluate which SDGs are the most coherent with the food retail sector and which SDGs should be prioritized is not an easy exercise. Moreover, while supermarkets have an influence on so many actors, a lot of this influence is also indirect which makes it harder to evaluate the impact on the adequate SDGs. Finally, the fact that the targets and indicators are not “business-written” is an additional challenge.

It is interesting to differentiate the responsibility that supermarkets have: first as private companies, and second as actors of food retailing. First, they have an impact simply because they are private companies. This makes them responsible for aspects such as decent work, but it makes them responsible at the same level as other private companies. It is not specific to the industry they are operating in. However, most interestingly, they have responsibilities as *food retailers*. It is the aspect on which their business has an impact, which is specific to the sector of food retailing and not solely linked to the fact they are a business. It is this latter part that is the most interesting in my opinion when mapping their business’ activity (negative and positive impacts) with the adequate SDGs.

To make a proposition of which SDGs large food retailers should be following, I will follow the most important step described by the SDG Compass (GRI et al., 2015): assess the impact that the whole value chain has on society. I will base my analysis on the impact examination done in a previous part of the thesis (cf. Chapter 4). There are three parts to it: the impact on customers, the social impact and the environmental impact of the supply chain. I will then associate these impacts with matching SDGs and specifically sub-targets. I will also base my matching on a framework proposed by the Business & Sustainable Development Commission (2017) that maps out a “Roadmap to a sustainable food and agriculture system” (Figure 12).

Figure 12: “Roadmap to a sustainable food and agriculture system: the vision”

Value Chain Area	Current Value (US\$ Billions)	From...	To...
<b>Inputs</b>	520	<ul style="list-style-type: none"> <li>▪ Traditional fertilisers</li> <li>▪ Limited public/private collaboration</li> <li>▪ Basic cross-breeding</li> <li>▪ Aqua- and land-based feedstocks operating in silos</li> </ul>	<ul style="list-style-type: none"> <li>▪ Microbial fertilisers</li> <li>▪ New PPPs focused on adapting technology to local conditions</li> <li>▪ Precision phenotyping and bioinformatics</li> <li>▪ Consideration of sustainability of blended approach of aqua- and land-based feedstocks</li> </ul>

<b>Production</b>	2,175	<ul style="list-style-type: none"> <li>▪ Water, energy and land intensive products (e.g., beef)</li> <li>▪ Forest degradation through unsustainable farming practices</li> <li>▪ Heavy deforestation products (e.g., unsustainably sourced palm oil)</li> <li>▪ Arms length dealings with smallholder farmers</li> <li>▪ Loss-making fishing fleets</li> <li>▪ Limited monitoring of animal welfare</li> <li>▪ Low water-efficiency agriculture</li> <li>▪ Limited innovation in production</li> <li>▪ Low data, traditional farming</li> <li>▪ Farming remote from markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on crop and meat selection with lower environmental footprint</li> <li>▪ Sustainable forestry management (e.g., agroforestry, reduced impact logging)</li> <li>▪ Sustainable agriculture approaches (e.g., holistic grazing; low till/no till agriculture)</li> <li>▪ Contract farming and new partnership models</li> <li>▪ Sustainable fishery models/aquaculture</li> <li>▪ Animal health monitoring &amp; diagnostics</li> <li>▪ Micro-irrigation techniques</li> <li>▪ Precision agriculture</li> <li>▪ Big data farming</li> <li>▪ Urban farming</li> </ul>
<b>Food processing</b>	1,377	<ul style="list-style-type: none"> <li>▪ High food waste processors</li> <li>▪ High sugar/fat products</li> <li>▪ Unfortified food production</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low food waste processors</li> <li>▪ Product reformulation, low fat/sugar products</li> <li>▪ Food fortification</li> </ul>
<b>Logistics</b>	>300	<ul style="list-style-type: none"> <li>▪ Limited storage systems</li> <li>▪ Limited traceability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cloud storage systems</li> <li>▪ Fully traceable product systems</li> </ul>
<b>Retail &amp; disposal</b>	7,180	<ul style="list-style-type: none"> <li>▪ Limited consumer differentiation for sustainable products</li> <li>▪ Low food safety focus</li> <li>▪ High levels of food waste</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sustainably sourced and fair trade products</li> <li>▪ Food safety as business opportunity</li> <li>▪ Composting and energy capture</li> </ul>

Source: Business & Sustainable Development Commission, 2017, p.60.

#### a. Impact on end-users

Food grocers influence customers with the food offer, the food information (labels etc.) and they influence the buying behaviour (through stores' organization, promotions etc.).

It impacts SDG 12 (Sustainable consumption and production), target 12.8 “*ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles (...)*”. More precisely, and using the terms of the associated indicator 12.8.1, it participates to raise “*global citizenship education and education for sustainable development*”. This means giving people the right information about the products to allow them to make a transparent and fully self-conscious choice. The food retailers have here a direct impact on “*sustainably sourced and fair-trade products*” (Business & Sustainable Development Commission, 2017) mentioned in the Roadmap, by promoting such products and highlight them in the shops.

In addition, food directly influences health of customers, therefore food retailers impact SDG 3 (Good health and well-being), target 3.4: “*reduce by one third premature mortality from non-communicable diseases through prevention (...) and promote (...) well-being*”, indicator 3.4.1: “*Mortality rate attributed to cardiovascular disease, cancer, diabetes (...)*”. This can be done by promoting products with less sugar and fat added, or fortified food (Business & Sustainable Development Commission, 2017).

The food retailers also have an impact on SDG 2 (End hunger), target 2.1 “*end hunger and ensure access by all people, in particular the poor and people in vulnerable situations (...) to safe, nutritious and sufficient food all year round*”. The choice of products, their nutritious aspect and affordability directly influences this target (IAEG-SDGs, 2016). Moreover, transforming food waste into food donations could also be a means to help for that matter.

#### b. Social impact of supply chain

For several reasons explained in the chapter about the impact, we could understand that the whole food value chain has a terrible impact on social lives in the supply chain. It is mention of human rights violation (too low income, hunger and food insecurity).

This situation seems to be linked with several targets from SDG 2 (Zero hunger). More particularly, the food chain has an impact and thus should act on target 2.3: “*Double the agricultural productivity and income of small-scale food producers (...) through secure and equal access to land (...) financial services, markets and opportunities*”. Working on target 2.3 also helps achieve target 2.1 higher up in the supply chain as a decent income should increase the access to sufficient food all year.

Linked to labour exploitation, there is target 8.8 from SDG 8 (Decent work and economic growth) stating “*protect labour rights and promote safe and secure working environments for all workers (...)*”. Food retailers can support these initiatives among their suppliers and have thus an impact on it. This can be linked with the point “*Better contract farming*” from the Roadmap (Business & Sustainable Development Commission, 2017; IAEG-SDGs, 2016).

#### c. Environmental impact of supply chain

Finally, the food chain has a strong impact on the environment. There are first the greenhouse gases emitted that are very high, especially in the retailers’ scope 3 of suppliers. Supermarkets thus need to act on SDG 9 (Industry, innovation and infrastructure) with the indicator 9.4.1: “*CO<sub>2</sub> emission per unit of value added*” coming from the target 9.4 “*(...) retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean*

*and environmentally sound technologies and industrial processes (...). Fossil fuels should be exchanged for clean energy; SDG 7 (Affordable and clean energy), target 7.2 “Increase substantially the share of renewable energy in the global energy mix” but mainly on the scope 3 (IAEG-SDGs, 2016; United Nations, n.d.-g).*

More precisely, the food production has a terrible impact on the planet, through (bad) agricultural practices or fishing.

These practices thus have an impact on two targets: on SDG 2 (Zero hunger), target 2.4: *“ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality”*, and on SDG 12 (sustainable consumption and production), target 12.2: *“achieve the sustainable management and efficient use of natural resources”* (IAEG-SDGs, 2016).

Next, there is also an impact on SDG 14 (life below water), 14.4 *“regulate harvesting and end overfishing, (...) and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, (...)”*. The associated indicator here is 14.4.1 *“Proportion of fish stocks within biologically sustainable levels”*.

And there is also an impact on SDG 15 (life on land), target 15.2: *“promote the implementation of sustainable management of all types of forests, halt deforestation, (...) and increase afforestation and reforestation globally”*. As well-written by the Roadmap Business & Sustainable Development Commission (2017), food retailers have an impact by stopping promoting products coming from deforestation (ex: *“unsustainably sourced palm oil”*).

And finally another impact on SDG 12, linked to the (over)use of chemical fertilizers in food production: target 12.4 *“achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment”*, with the indicator 12.4.2 *“Hazardous waste generated per capita and proportion of hazardous waste treated, by type of treatment”* (IAEG-SDGs, 2016).

Last but not least, there is the food waste problem. It is tackled in SDG 12, target 12.3: “By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses”.

When looking more largely at all the Goals and their targets/indicators, it is possible to find other appropriate SDGs for food retailers, such as the following (IAEG-SDGs, 2016):

- 12.6 “Encourage companies (...), to adopt sustainable practices and to integrate sustainability information into their reporting”
- 7.2 “Increase substantially the share of renewable energy in the global energy mix” on scope 1 and 2;
- 5.5 “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life”

However, the SDG Compass states that making priorities is an essential step to focus on the most important SDGs (the most impacted by companies’ business) (GRI et al., 2015). Therefore, I do not believe that food retailers should focus on these, as they are either more low-hanging fruits or not related to their role as food retailer, and more to their role as private company. In addition, all the SDGs are inter-correlated, therefore acting on several SDGs will have an impact on others.

#### d. In summary

Table 3: Summary of identified SDGs classified by their impact on a supply chain stream

SDGs	Downward stream	Own operations	Upward stream
2: Zero hunger, achieve food security and nutrition & promote sustainable agriculture	2.1		2.3 2.4
3: Good health and well-being	3.4		
12: Sustainable consumption and production	12.3 12.8	12.3	12.2 12.4
8: Decent work and economic growth			8.8
9: Industry, innovation and infrastructure			9.4
7: Affordable and clean energy			7.2
14: Life below water			14.4
15: Life on land			15.2

I finally created this table to summarize the SDGs identified, and determine whether they concern the downward, upward or own operations stream. Most of the SDGs thus concern the upward part, which also means that resellers can only act indirectly on them.

The fact that food retailers have the most impact on these SDGs and as such should act on them in priority does not mean it is an easy task. Unfortunately, food retailers do not have the full power on all aspects, they are dependent on consumers buying behaviour (will consumers buy more sustainable products that could be at a higher price?), dependent on competitors' behaviours (will competitors offer less-sustainable products at cheaper price and attract more customers?) and on some supplier's decisions. However, food retailers should make use of their bargaining power over suppliers to dictate new standards, when possible.

#### 5.4. Comparison between identified SDGs and SDGs chosen by retailers

Here is the overview of the SDGs that I identified based on an impact analysis of the food retail business, compared to the SDGs identified and sort of prioritized by food retailers. The SDGs could only be compared at the highest level as four out of five retailers did not mention the sub-targets and indicators of the SDGs.

Table 4: Comparison between my identified SDGs and the SDGs prioritized by five food retailers  
(Ahold Delhaize, Lidl, Colruyt, Aldi and Carrefour)

SDGs	My identified SDGs	Ahold Delhaize	Lidl	Colruyt	Aldi	Carrefour
1: No poverty			x			x
2: Zero hunger	x	x	x	x		x
3: Good health and well-being	x	x		x		x
4: Quality education			x			
5: Gender equality		x	x			x
6: Clean water and sanitation			x	x		
7: Affordable and clean energy	x		x	x	x	
8: Decent work and economic growth	x	x	x	x	x	x
9: Industry, innovation and infrastructure	x					
10: Reduced inequality		x	x			

<i>11: Sustainable cities and communities</i>						
<i>12: Responsible consumption and production</i>	x	x	x	x	x	x
<i>13: Climate action</i>		x	x	x	x	x
<i>14: Life below water</i>	x	x	x		x	x
<i>15: Life on land</i>	x	x	x		x	x
<i>16: Peace, justice and strong institutions</i>						x
<i>17: Partnerships for the goals</i>			x			

Legend:

- SDGs adopted by all retailers
- SDG adopted by only one retailer
- SDGs adopted by no retailer

An interesting conclusion is that there is no full consensus among these food retailers regarding which SDGs are coherent with their business. There are three SDGs however for which all retailers agree: SDG 8, SDG 12 and SDG 13.

SDG 11 and SDG 9 seem to be the least relevant with the food retailers, even though I identified SDG 9 as being important for their CO<sub>2</sub> emissions.

We might recognize that there could be some differences in SDGs between players that are mainstream supermarkets (*Colruyt, Carrefour* and *Ahold Delhaize*) and hard discounters (*Aldi* and *Lidl*) in terms of business model and in terms of impact, due to the fact that the latter sell much more private brands on which they can have more control (de Suray, 2020). This difference in strategies could justify differences in choices of SDGs. *Colruyt, Carrefour* and *Delhaize* for example have sometimes the same suppliers (Papeians, 2023), but even between these three the final SDG-choice is not the same.

The Business & Sustainable Development Commission (2017) wrote that a sector shift will allow much bigger and interesting opportunities. The entire industry must change together; sustainable innovation from a few entrepreneurs will not be enough to bring about the change (Business & Sustainable Development Commission, 2017), especially if the SDGs are adopted by the majority of supermarkets to only challenge own operations (Jones & Comfort, 2020).

## **Chapter 6: Conclusions from the first analysis and the literature review**

Here are some first conclusions taken from the literature review and the first analysis. The first one is that, while the SDGs were set up to become a framework and a guide for companies, there are some doubts about the Goals being the perfect CSR tool for businesses. This can be seen in some articles that criticize the feasibility of the Goals and their translation in business-language, but also in the results of concrete implementations of the SDGs among private businesses. The extent to which companies engage with the Goals is often limited. The result of a first breakdown of the sustainability reports is in accordance with the literature research done about SDG implementation among private companies: the SDG engagement seems superficial.

However, organizations start to see impacts coming from SDGs actions. At the moment, it is “only” impacting the culture and the view on sustainability, and organizations fail to implement impact analysis and performance measures (University of Antwerp et al., 2022).

The food retail business, and more generally the food value chain has big impacts on the world, and is considered as being an important leverage for change. Food retailers have a strategic position in the chain, because they are in direct contact with both consumers and suppliers. They thus have an impact on customers (on their health, their buying behavior, and their awareness about sustainability), and on the supply chain. In this upward part, there is on the one hand the social impact (poor human rights among small farmers/workers, insufficient incomes etc.), and on the other hand the environmental impact (scope 3 GHG emissions, detrimental agriculture and fishing practices, and food waste).

Companies are supposed to get engaged with Goals to reduce these negative impacts of their business and increase the positive impact. By doing so, they will supposedly get some benefits (i.e. new revenue from new markets, better use of resources leading to long-term savings, increased attractiveness towards stakeholders, better manage risks and better communicate with stakeholders) from it. When comparing these incentives with drivers identified for sustainability initiatives, we understand that these benefits are good motivations.

An analysis of the SDGs put in place by food retailers allows to say that there is no agreement between the different food retailers about which SDG is most coherent for them. But scientific research generally agrees that only a sectorial move can have a big impact.

It appears thus that the SDGs are not quantified nor standardized among the different supermarkets. The GRI's purpose is to create a standard for reporting between companies. Concurring to Dirk Le Roy (personal communication, May 16, 2023), the SDGs are not a reporting framework, in contrary to the Global Reporting Initiative (GRI) which is the only reporting norm. According to him, this is also why research showed that the SDG communication is rather superficial among companies. The reports are adapted to integrate the SDGs instead of using the Goals as basis. It is therefore all the more difficult to measure concrete/quantifiable impact from a framework such as the Goals.

Businesses are recommended to make a materiality matrix in order to get input for the reporting content in line with GRI standards (GRI & United Nations Global Compact, 2018). GRI assembles a list of important topics per sector, however they do not provide quantifiable targets for each topic. GRI frequently updates a table that links materiality topics with SDGs (GRI, 2022) (Appendix 5). So, it is a bridge in term of reporting on the SDG, however not for measuring quota, which apparently remains non-existent. As a reminder, a study from PwC also considered the reporting frameworks (GRI and others) to not contain specific or comprehensive instructions on reporting for the SDGs (Scott & McGill, 2018).

As long as it remains like this, there is no recollection of progress for the SDGs per industry and as such for the private sector. Progress on SDGs seem to be more assessed on a geographic basis (worldwide or country-wide) or per SDG, such as this report by the FAO on "*Tracking Progress on Food and Agriculture-Related SDGs Indicators*" (2021). There is no public data that gathers information on SDG progress within this sector. It is often mentioned that the lack of data is a challenge that hinders good progress-tracking on the Goals (Arora & Barua, 2022).

## **Chapter 7: Qualitative research and methodology**

### **7.1. Purpose of the analysis**

The previous research helped build a basis comprehension of SDGs' implementation among five supermarkets. The following analysis will have the goal to go deeper in the study about SDGs and food retailers, and answer to several research questions. To assert whether companies actually perceive some benefits from implementing the UN Goals is one way to establish why SDGs are implemented and consequently whether food supermarkets are motivated to make efforts to lessen their negative impact. It will give one angle to determine if the SDGs are a good framework for businesses to engage further and stronger in sustainability.

The following questions guide the analysis.

- ⇒ Are the SDGs a good CSR framework?
- ⇒ What motivates companies to implement the SDGs?
- ⇒ Is the difference of SDGs among actors from the food retail a problem?
- ⇒ Do companies get benefits from the Sustainable Development Goals?

### **7.2. Data collection**

While the SDG Compass released a case explaining the multiple benefits that companies could perceive by implementing the SDGs, the literature about concrete cases where companies captured benefits from it is very poor. Most of the papers analysed the extent of the implementation of the Goals only, that means if companies are mentioning the Goals (KPMG, 2018), prioritizing any (Mhlanga et al., 2018) and the process that led to any choice of SDG (Heras-Saizarbitoria et al., 2022), which is the first analysis of food retailers that was done in this thesis (see Chapter 5).

Therefore, it is an exploratory research to see if these supermarkets have the perception to benefit from the SDGs, and there is no hypothesis that can be quantifiably verified. A qualitative research will allow to collect the opinion of managers and experts working in that field, and gather their direct impressions about the SDGs. It will allow to discern if their reality

is in accordance with what is written in theory. The qualitative analysis was done through personal, semi-directive interviews.

The goal was to interview the five food retailers with the biggest market shares operating in Belgium, that have a traditional business (i.e. *Carrefour*, *Delhaize*, *Colruyt*, *Aldi* and *Lidl*). In addition, persons with an external point of view on the SDGs among the private sector were also questioned. Seven interviews were done and are attached in the appendix (Appendices 6 - 12). The persons that were interviewed are the following:

- Valérie Swaen (researcher and CSR professor at the *LSM*),
- Gaëlle Janssens (Member Relations Manager at *The Shift*),
- Pascal Léglise (CSR and Quality Director at *Carrefour*),
- Charlotte De Vroey (Sustainability Manager at *Delhaize*),
- Valentine Papeians (Health Manager at *Delhaize*),
- Ines Verschaeve (Sustainability Coordinator at *Lidl*),
- Dirk Le Roy (Managing director at *Sustenuto*)

Concerning *Colruyt*, an interview date could not be arranged, however Els De Greef (Sustainability Associate at *Colruyt*) answered some questions through email, but as a consequence, the answers were not as in depth as for the other interviewees (Appendix 13). Unfortunately, *Aldi* refused to participate.

## **Chapter 8: Results of the qualitative study**

### **8.1. Are the SDGs a good Corporate Social Responsibility framework?**

The results from the interviews were mostly positive about the SDGs being an adequate framework for companies to do Corporate Social Responsibility. Several reasons were mentioned by the different respondents.

Firstly, it is a good framework as it was inspired partly by actions that some companies were already working on. They came to put themselves in alignment with these actions (Pascal Léglise, personal communication, February 17, 2023). *Carrefour* and *Delhaize* both mentioned that they were doing sustainability before the born of the Sustainable Development Goals, even though not for the same reasons as today, as nowadays companies have a higher sense of responsibility (Charlotte De Vroey, personal communication, February 22, 2023; Léglise, 2023). In addition, the SDGs changed the way businesses handle sustainability in several ways.

- They first support companies to go further in sustainability, and allow them to add aspects to the CSR strategies they were doing. The sustainability strategies were mostly around the 3 Ps: people, profit, planet. Since then, it evolved into 5 Ps, so two aspects were added (peace and partnership) and profit changed for prosperity (Léglise, 2023). Els De Greef (personal communication, February 24, 2023) mentioned that in the past, the environment was the focus for *Colruyt*, and the SDGs helped broaden that scope.
- The SDGs allow to make the link with the priorities of the world, and as such enable industries to better understand where their business lies against the civil society's needs (De Vroey, 2023; Léglise, 2023).
- Next to that, they transformed the way businesses look at sustainability. Companies were not only asked to reduce their negative impacts, but also to increase the positive impacts. There was a new, positive aspect linked to sustainability strategies (Gaëlle Janssens, personal communication, February 10, 2023). However, as mentioned by Valérie Swaen (personal communication, February 10, 2023), it creates the risk that companies only look at the SDGs on which they have a positive impact and overlook the most important part.

Finally, the interviewees believe that it is a good CSR framework in the sense that it is the only roadmap that exists (Swaen, 2023) and one of the most serious (Léglise, 2023). It is a reference that is easy and accessible to all (De Vroey, 2023; Léglise, 2023). Ines Verschaeve (personal communication, May 19, 2023) thinks that its main advantage is the fact it is so well-known worldwide. This framework helps integrate sustainability in the strategy (De Greef, 2023). Food retailers therefore seem to perceive the value of the SDGs as a compass, even though some reports emitted doubts about their use as a roadmap (Putnam, 2021).

However, there were also reasons mentioned why the SDGs are not the perfect framework. First, because the SDGs do not achieve their objective to be at the basis of sustainability strategies of companies. De Greef (2023) mentioned that their CSR strategy was not based on the SDGs in the first place. Following, both Swaen and Janssens (2023) mentioned the fact that the Sustainable Development Goals were not created for businesses in the first place, which does not make them actionable directly. They require businesses to do a translation/appropriation work, as was also stated in the literature review by Mhlanga et al., (2018).

Finally, they do not offer quantitative aspects and do not give clear instruction about the process (Verschaeve, 2023).

## **8.2. What motivates companies to implement the SDGs?**

In addition to some reasons already mentioned in the first question, which are to align more easily with global ambitions and go further in sustainability, the interviewees mentioned some other reasons.

The SDGs are also clear objectives, that are inter-correlated, even though one has to pay attention to not harm one SDG when working on another (Swaen, 2023).

Beyond that, there is a form of social legitimacy that plays an important role according to Swaen (2023). It is a matter of remaining a credible actor and the SDGs could bring that to the retailers and companies in general (Swaen, 2023). Verschaeve (2023) indeed mentioned that they also use the SDGs because they are there, and also because they are used by other players. Indeed, *Lidl* mentioned to be looking a lot at *Colruyt*, the number one reseller in Belgium, for making moves on sustainability.

Janssens (2023) also mentioned that it could be a risk to not engage with the SDGs. As stated by the WBCSD (n.d.) *“neglecting to integrate the SDGs strategically also poses a long-term regulatory risk and a reputational risk as governments move to reflect the SDGs in national policy and stakeholders look to business to engage meaningfully in this agenda”*.

Moreover, they certainly know there are opportunities for them, whether these are communication tools, increase of the employee retention rate etc. (Swaen, 2023).

## **8.3. Is the difference of SDGs among actors from the food retail a problem?**

The first analysis of the sustainability reports about SDG choices and reporting revealed that the SDGs are not the same among supermarkets. The literature in general believes that a sectorial move is the most impactful, it is therefore interesting to compare that with the respondent's opinions.

All the respondents approved that there should be a sectorial agreement. Verschaeve (2023) mentioned that it is especially problematic for the comparison between retailers. It is impossible to judge who is acting more on the SDGs than others, or if there are progress compared to the year before. Several causes of this situation were stated by respondents.

Swaen (2023) mentioned that there is the envy of differentiation strategies that retailers have by focusing on one aspect of sustainability, and as such on certain SDGs rather than others. However, this “niche” positioning represents an individual marketing decision and is certainly not the appropriate manner to reach sectorial objectives. Each one of them will be able to achieve its own objectives, but the impact on the society will be zero (Léglise, 2023). Léglise acknowledges that there should be a consensus about what is expected from the whole sector regarding every matter.

Verschaeve (2023) then also states the lack of clear guidance coming from the SDGs. They give general advice but do not explicitly explain how to achieve this or that.

There could be different ways to change that. Léglise (2023) suggest a certification of SDGs based on quantifiable objectives. For example, a company could obtain a certification and thus the right to communicate about a certain SDG if it meets a certain requirement (ex: if 60% of the fish sold is sustainable). Janssens (2013) and Le Roy (2023) also agree with the logic of having common objectives, attainable for example through working groups to define clear aims.

However, Le Roy and De Greef (2023) acknowledges that it is also normal to see differences, as often the SDGs are chosen after a materiality assessment (which depends on stakeholders and the impact of the company itself). Verschaeve (2023) also moderates her answer by saying that differences could also be a source of inspiration, that they could learn from one another.

#### **8.4. Do companies get benefits from the Sustainable Development Goals?**

After getting some more general insights about companies’ perception of the SDGs and the role of the SDGs as CSR’ framework within this sector, this part will go deeper in the main question of the thesis: the perceived benefits. According to the GRI et al. (2015), companies can grow stronger and get benefits from putting in place actions for the SDGs. These benefits were discussed in a latter chapter of the work, and the goal is now to verify first if food retailers are aware of them.

When asked why they put in place the SDGs, none of the food retailers mentioned spontaneously the potential benefits. As mentioned in the question 8.2. *What motivates companies to implement the SDGs?* the main answers are about the use of the SDGs as a reference. This is in line with the findings from the SDG Barometer about motivations for

organizations to implement the SDGs. They found out that the motivations were mostly “*society-oriented or moral obligations*” (University of Antwerp et al., 2022). However, Swaen (2023) do seem to consider that these businesses are aware of some benefits such as a nice communication tool (colours and good-looking stickers) and a position as engaged actor.

When asked if getting some of the benefits represented a motivation to engage with the Goals, De Vroey (2023) answered that they were not a motivation in itself, as the Goals are mainly a frame of reference. Verschaeve (2023) believes that the SDGs are used because they are there and are an easy framework, but do not represent the cause of changes in sustainability.





This means that getting the benefits does not seem to be the main motivation of companies, but rather an indirect effect if they perceive them.

Next, here is a table summarizing the different answers concerning the question about the benefits. Els De Greef (Colruyt) was taken out of this table because she did not answer to this question.

Table 5: Overview of answers to the question: “*do you believe that (your) company(ies) perceive these different benefits?*”.

	<i>Generate new revenue</i>	<i>Make savings by efficient use of resources</i>	<i>Attract investors and employees</i>	<i>Better manage risks due to legislations</i>	<i>Better communicate with stakeholders</i>
<i>Dirk Le Roy</i>					
<i>Valérie Swaen</i>	±	±	±	±	+
<i>Gaëlle Janssens</i>			+	±	±
<i>Valentine Papeians</i>	±	-	±	-	±
<i>Pascal Léglise</i>	-	+	±	+	+
<i>Charlotte De Vroey</i>	-	-	±	-	-
<i>Ines Verschaeve</i>	-	-	+	-	+

Legend:

	Answered “no” to the question		No opinion
	Answered “yes” to the question		Did not fully agree with it

This table helps to get an overview of the answers, but it is to consider with precaution because it remains my interpretation of the interviewees' opinions.

- a. Generating new revenues by reaching a new market, innovating and differentiating from others.

This benefit does not seem to be perceived by food retailers. *Carrefour*, *Delhaize* and *Lidl* did not agree with this criterion being considered a real advantage. However, Papeians (2023) still mentioned that for *Delhaize*, they saw an increase in sales of healthy products. That means products from the *Delhaize* brand that the company marks as being healthy and on which they made marketing and promotions. She mentioned that this is however a very specific case and she does not believe that everything brings new revenues. Like *Delhaize*, *Lidl* launched new products (i.e. "Free to go-chocolate"), but they do not consider it to be a source of extra revenue (Verschaeve, 2023).

Swaen (2023) reflected that it could be a benefit but on the long term. She also mentioned that at some point, it would not be about gaining more, but about not losing revenues. This was in line with her opinion that food retailers need to engage with sustainability to remain a credible actor. About the differentiation aspect, Swaen (2023) mentioned that retailers might decide to focus on one SDG to differentiate from each other: *Colruyt* focuses on the eco-score, *Delhaize* on food waste and health, *Carrefour* on the local food etc., however when evoking the aspect of differentiation, the SDG Compass did not mean to use one part of sustainability only, but rather to embrace all its facets (GRI et al., 2015).

- b. Make savings on the long-term with more efficient use of resources and consolidated supply chain

Léglise (2023) could totally relate with this one and *Carrefour* thus probably makes savings and manages to consolidate the supply chain, notably by using resources more efficiently such as energy. This is in line with the answer of Swaen (2023) stating that by being more innovative, companies could probably be able to achieve this advantage. However, De Vroey (2023) was not as convinced, stating that on the short-term it was mostly costly for *Delhaize* to put in place sustainability actions, but still mentioning that on the longer-term they could maybe achieve this advantage. Verschaeve (2023) for *Lidl* acknowledges that changes were made in the supply chain and the efficient use of resources, so eventually reaching this benefit, but that this is not due to the SDGs, and this opinion was shared by Le Roy (2023). They would have had to make these changes eventually.

*Aldi* did not participate to the interviews, however when analyzing their justification of choices of SDGs in their Sustainability Report (Aldi, 2019, p.77), they stated this: “*we see opportunities above all in even more efficient use of resources (SDG 7, 13)*”. This could mean that they see this second benefit as a reason to engage with some SDGs.

c. Increase attractiveness towards investors and employees

This criterion got more positive reviews than the previous ones, but remains uncertain. Verschaeve (2023) believes that the SDGs help for investors because they are very recognizable. De Vroey (2023) mentioned a strong example of investor’s interest in SDGs and sustainability: a couple of years ago, *ING* lent money to *Delhaize* at very favourable interest rates for sustainability actions.

However, this answer still needs to be mitigated. First, because as *Delhaize* and *Carrefour* mentioned, they are publicly traded companies, which means that they are obliged to make non-financial reporting and as such to talk about their sustainability actions. Second, because investors also need to justify their investments, according to Swaen (2023). Finally, investors are more familiar with the concept of ESG (environment, social and governance) and as such, the SDGs are less relevant, even though they allow to use a common language (Léglise, 2023; Swaen, 2023).

The same conclusion goes for the attractiveness towards employees. All mentioned that sustainability is a very important driver for the new generation especially, that it becomes expected from them (if we talk about people having the choice of their job (Swaen, 2023)) (De Greef, 2023; De Vroey, 2023; Léglise, 2023; Verschaeve, 2023). However, as mentioned by Léglise (2023), and implied by others: “*don’t ask them if they are motivated by the SDGs, the answer will be no, but are they motivated by sustainable development, the answer is yes. It is because they do not know the SDGs*”. Therefore, we cannot say that the SDGs directly motivates (future) employees, but rather that it is again an indirect effect as talking about sustainability is talking about SDGs but in another way.

d. Manage risks of future legislations

For the fourth argument, there is no consensus among the respondents if the SDGs are able to help companies manage risks, notably linked to legislations. For *Carrefour* it is definitely helpful, reinforced by the opinion of Swaen (2023) that SDGs could support companies in defining what needs to be done. In addition, Janssens mentioned the legislation as a risk of not

engaging with the SDGs. However, it was an opposite answer for *Delhaize* and *Lidl*. For them, information about future regulations does not come from SDGs (De Vroey, 2023; Verschaeve, 2023).

e. Better communicate with stakeholders

Finally, concerning the enhanced communication with stakeholders, opinions are divergent but it is the criterion with the most positive answers. For *Carrefour* and for Swaen (2023), the SDGs are helpful, even though Valérie Swaen expressed that it could also be a risk of SDG-washing. Moreover, Janssens (2023) stated that the way companies are doing reporting now is useless and that they should stop focusing on reporting but instead using the SDGs for concrete actions. Verschaeve (2023) however considers this the biggest benefit of the Goals. De Vroey (2023) had an interesting point of view on this question. When *Delhaize* does a sustainability action, it is not justified with the use of the Goals. This means that for them, the SDGs are not the reference of communication to people. Linking this with a comment from Swaen (2023) that final consumers do not necessarily know the SDGs, we could imagine that this is the reason why this brand does not use the SDGs to communicate actions to clients, as most consumers are not aware of the Goals.

In conclusion, the criterion about better communicating with stakeholders is the most perceived, however the one about attracting investors would be the biggest motivation for food retailers based on interviewees' responds. Getting new revenue is the one the least perceived by the participants.

### **8.5. Collaboration to push companies for sustainability**

Another element was put to attention during the interviews about getting the retailers to go further in sustainable actions. The SDGs are not the sole determinant to push companies. There is also an essential factor which is collaboration. According to Janssens (2023), food retailers can be aware of some big things to change, but if all retailers do not agree to make a similar move, one might just take the risk to lose clients. Retailers cannot discuss with each other about prices, however collaboration is a *sine qua non* factor, without which SDGs have less sense, or at least less impact. Verschaeve (2023) however mentioned that there is also competition on sustainability, that everyone wants to be first mover, but there are risks associated with this position (i.e. financial risks).

Another aspect where collaboration is important is in the relationship with suppliers. As mentioned by Papeians and Swaen (2023), it happens that producers/suppliers have multiple retailers as clients. But if the retailers do not agree on the same expectations they want from these suppliers, it will become very hard for them to manage respecting all the different guidelines and expectations, increase pressure on them and ultimately hinder progress on sustainability. According to De Vroey (2023), sustainability is a discussion that the sector has with *The Shift*.

## Conclusion

### Food retailers motivated by SDGs' benefits

Companies do perceive benefits, but in view of how the SDGs are embedded in the firms, the benefits are probably not coming from the SDGs directly. Food retailers do not measure these benefits specifically. They can have the perception that one benefit is indeed perceived, but unfortunately it will remain a perception.

The benefit that respondents associated the most with the SDGs is the “*better communication with stakeholders*”, which is a qualitative benefit. This result is interesting as it is also paradoxical in my opinion. Indeed, the SDGs are not a reporting framework, but their biggest benefits to supermarkets operating in Belgium is to help them better communicate.

The criterion that motivates the most the supermarkets is the attractiveness to investors. This is a resource factor as it allows companies to get tangible resources (financing), which is a strong driver (Chkanikova & Mont, 2012) and an important element in the decision process to launch sustainability actions (Verschaeve, 2023).

Moreover, as the SDGs are not at the basis of companies' actions and as they are not quantified, it is logic that the consequences (benefits) of these actions are not linkable directly to the Goals (Le Roy, 2023; Verschaeve, 2023).

The SDG Compass and the United Nations Development Program presented incentives that are an interesting mix of drivers (resource- and regulatory), which only need to be measured in order to become real encouragements, but omitted to communicate a measurement method. As such, these potential benefits put forward by the GRI and the United Nations Development Plan seem like a nice project but too vague.

Finally, it is interesting to observe the divergent opinions from the interviewees for example among the representatives of the food retailers. Of course, the fact that the opinions are not based on quantifiable basis gives more space for differences in opinions.

Overall, companies seem a bit more negative about the benefits, but the sample is too small to be able to generalize this observation.

### SDGs as common framework

A roadmap, a reference, these were the words used the most by the respondents to describe the SDGs and its value to the private sector. Still according to the interviewees, the SDGs are

useful to connect with the societies' needs, with global ambitions and to make a comparison track with other businesses and other sectors. They are a common language and framework, and allow to be on the same page as others. But are they really?

When comparing these answers with external information presented in the literature review, we understood that the SDGs are not directly applicable to businesses as they were created for governments, that companies need to translate them to their own business in order to integrate these in the strategy. In addition, no retailers actually monitor performance from the SDGs as the Goals are not associated with measurement tool.

There are main problems associated with the integration of the SDGs among the food sector such as the difference of SDGs within this industry, the lack of thorough analysis, the lack of incentives and quantitative indicators.

a. Difference of SDGs among the food retail industry in Belgium

The difference of SDGs can be due to the fact that retailers are still keeping the competitive edge in mind and try to differentiate also on the sustainability aspect. Food retailers do not want to be fully similar, and they also like to be considered first movers in sustainability (Verschaeve, 2023). It is understandable that companies remain competitive by differentiating from one another. I believe that entertaining different ways to achieve the Goals is interesting because it can indeed inspire others. But as most of the respondents, I do not think it is acceptable that it leads to different targets within the same sector as there will not be a significant impact.

I also link this difference of SDGs to another aspect. There is the problem that the UN-guides and all similar reports that explain to companies how they should integrate the SDGs only give general advice. The fact that there is no rule on which SDGs to implement from an internationally recognized organization that could have the power to judge the SDGs' integration (like the UN for example), leaves too much space for interpretation to businesses. I took an example from a report written by GRI and United Nations Global Compact (2018) that explains how to integrate SDGs in reporting.

*“Step 1.1: Understand the SDGs and their targets:*

*Consider targets you had not foreseen under certain SDGs and to which your company could make a critical difference by tackling risks associated with your operations and value chain.*

*For example, SDG 3 on good health and wellbeing includes a target to halve the number of global deaths and injuries from road traffic accidents. Road accidents might be a high risk for people working for extractive companies or companies with large distribution networks; reducing deaths and injuries from road accidents could therefore be a legitimate priority SDG target for these companies” (GRI & United Nations Global Compact, 2018, p.10).*

In this specific case, people working in one company might identify road accidents as a critical aspect to tackle, whereas another company in the same industry might not.

b. Lack of thorough analysis of the Goals

I believe that there is a lack of thorough analysis of SDGs & their sub-targets and indicators., based on the first analysis of the food retailers’ reports (sustainability or annual). The Goals have very broad titles (i.e. SDG 13: Climate action), that I think are there also part of a marketing, but it looks like companies stop at these headlines without digging into what the indicators really are and really mean. I find that the headlines are sometimes misleading because when you look at the indicators, they are usually extremely precise and sometimes different from what you would expect them to be when you read the headline. If businesses are not aware of what targets and indicators define each Goal, it could be one of the reasons the SDGs are not the same within this sector: each company links already-in-place actions with the Goal whose headline seems the most appropriate.

Here, a link can also be made with a result from the SDG Barometer (University of Antwerp et al., 2022) on Belgian organizations that identified the lack of time as a barrier to engage with the SDGs. It is just a hypothesis as I did not explore the barriers specifically in thesis.

c. Lack of incentives

Following, there are not clear incentives. The benefits cited in the SDG Compass are mostly not perceived by the food retailers as a consequence of SDG implementation. The reports’ content about the benefits seems more like a nice storytelling rather than a true promise. They might however be accurate for sustainability actions in general.

d. No quantitative indicators

The main problem remains foremost the lack of KPIs linked to the SDGs. Organizations were asked to participate fully to reach the Goals, without being given a quantitative tool to track

the impact of their participation. Without KPIs, there is no way to measure progress, nor from the sectorial level, nor from a time-perspective (are they doing better/more than the year before?). As such, I believe that the Goals will remain associated with already-in-place actions for which they could have KPIs (i.e. Science-based targets).

### **Final conclusion**

The Goal of the thesis was to verify if food retailers perceive benefits from implementing actions for the Sustainable Development Goals.

This specific focus on food resellers was chosen because they are embedded in an industry that is an essential leverage for a big change towards sustainability, and because their position in the food system is particular: they are positioned between an upward stream that has a lot of negative impacts on the world, and a downward stream on which they have a lot influence and responsibility.

The literature review helped construct foundations of the analyses. The evaluation of the biggest food retailers' reports and the qualitative analysis then allowed to answer to the research question.

Several big institutions released a story-telling to involve businesses more to reach the Goals by citing several benefits that companies could perceive. These benefits represent strong drivers for sustainability initiatives according to the literature, however a qualitative study among food retailers could assess that unfortunately they do not perceive most of these benefits. This is also due to the fact that the SDGs are only implemented superficially, as the earlier analysis in this work has proven. Even more, the interviewees mainly mentioned barriers that made change slow and sometimes risky. The competition is a big factor here.

As such, we understand that there are few motivations for retailers to engage with the Goals, except for the sense of responsibility. The qualitative analysis however identified that the Goals bring the companies' benefit of better communication to stakeholders.

The question was also more generally to assess if the SDGs represent a good framework for CSR among the food retailers. Next to the benefits, the SDGs are also supposed to bring the opportunity of a universal comparison based on standardized targets (Fallah Shayan et al., 2022). However, a comparison between SDGs I identified as being coherent and the SDGs prioritized by supermarkets shows that there is no comparison possible as they do not choose the same Goals to achieve, and they do not associate the Sustainable Development Goals with

KPIs. As a reminder, even on country-level there are still data gaps. This result is also in line with the result from the SDG Barometer of 2022 about Belgian organizations.

It is now clear that businesses should invest in sustainability, as positive correlation could be made between sustainability actions in general and a firm's performance. Even more and according to the interviewees, it is also about avoiding the risk of not engaging with sustainability. However, as of now, in their current form and use, I conclude that the Sustainable Development Goals are not an adequate framework for companies, even though they include positive elements such as offering a common comprehension of global objectives. I believe that the SDGs are a compass, and a useful framework at national level, but not a driver of change for food retailers.

To finish, Le Roy and Verschaeve (2023) mentioned the creation of a European regulation the Corporate Sustainability Reporting Directive (CSRD) that would integrate targets and be a framework that enables comparison. Through their work on the SDG Barometer 2022, Swaen wonders if the SDG craze will not fade away. Verschaeve (2023) also question if the SDGs will stay after the implementation of the CSRD, even though the latter is only European in scope while the Goals are worldwide.

### **Limitations of the working method**

There is a risk of potential bias coming from the qualitative study, both from me and from the interviewees, even though I tried to remain neutral in the work and the analyses.

There is also a limitation coming from the number of interviews. A larger sample of interviewees would have enriched the analysis and reduced potential biases. Moreover, it has not been easy to get in contact with everyone. One brand did not want to participate in the interviews, and another did not answer fully to the questions.

### **Recommendations for future research and projects**

For the future, it would be interesting to conduct this analysis with a larger sample of interviewees, potentially on an international scope, to reduce biases and increase the reliability of the findings.

The creation of common/sectorial targets per SDG could be very interesting to allow better tracking of the progress done per sector, and as such for the private sector in general. For that, there should be KPIs associated with each of these standardized targets.

Next, in order to increase motivation for companies to act on sustainability, it could be interesting to develop KPIs related to each potential benefit developed by the SDG Compass. Companies could then measure benefits coming directly from actions on the SDGs.

Finally, a more political recommendation is that it could be interesting to develop a certificate awarded to companies that reach certain levels of SDG targets (for example sector-targets). This certificate should be internationally recognized and developed by an organization that would be non-biased in this matter. In Belgium, *CIFAL Flanders* (a local branch of Unitar, affiliated to the UN) can grant a certification that is internationally recognized based on actions done for the 17 Goals (Belgian Chambers, n.d.). It is not clear which different steps are required to obtain this certification, it could therefore be interesting to look into this accreditation: not only how it works but also if it is based on quantitative achievements.

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## Abstract :

The aim of the thesis is to verify if food retailers perceive benefits from implementing actions for the Sustainable Development Goals, and more generally if the SDGs are a good framework for CSR among supermarkets. If the companies are expected to become ambassadors of the Goals, it seems essential that the SDGs not only call to a moral duty but also bring benefits to companies. This specific focus on food resellers was chosen because they are embedded in an industry that is an essential leverage for a big change towards sustainability, and because their position in the food system is particular: they are situated between an upward stream that has a lot of negative impacts on the world, and a downward stream on which they have a lot influence. Two analyses are done in this work, the first one helps to understand the degree of implementation of the SDGs among the 5 biggest food retailers operating in Belgium. The second one is a qualitative analysis that helps establish if retailers capture some benefits from the Goals. The interviews allowed to show that food retailers do not capture most of the benefits, except from a better communication to stakeholders.

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