

Green in the Aisles and Accountable at Checkout:  
A Comparative Study of Canadian Grocery Industry's Sustainability Efforts

By

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# Abstract

Climate change is a global issue that touches everyone's lives, and everyday activities, such as grocery shopping, play a significant role in its impacts that concern us all. Our choices at the grocery store, from the products we select to the way they are packaged, contribute to the larger sustainability challenges we face.

This research delves into the multifaceted domain of sustainability requirements and standards in the grocery sector, recognizing their pivotal role in shaping the practices of stakeholders in the Canadian grocery industry. Sustainability requirements are comprised of environmental, social, economic and quality metrics that are monitored and reported on as part of the Environmental, Social Governance (ESG) and Corporate Social Responsibility (CSR) commitments in the Canadian food retail industry. The thesis begins with a literature review exploring the foundational concepts of ESG and CSR. A comparative analysis of the ESG/CSR reporting undertaken by four major grocery chains in Quebec is then presented, identifying commonalities, differences, and best practices. Based on these findings, a novel framework building on the Triple Bottom Line (TBL) is proposed to assist with moving beyond profit-centric models to avoid the potential for rhetorical misuse of the TBL. The proposed framework also sheds light on how a holistic evaluation of corporate sustainability success can support the transformational change required to address the Canadian grocery sector's environmental, social, and economic impacts. Future research needs are also identified.

## Abstract (French)

La crise climatique constitue un enjeu crucial qui affecte l'existence de chacun. Nos gestes quotidiens, même les plus ordinaires comme celui de faire l'épicerie, exercent une influence considérable sur l'empreinte environnementale collective. En effet, de la sélection des produits à la promotion des modes d'emballage, nos décisions lors de nos achats alimentaires contribuent de manière significative aux défis majeurs en termes de durabilité et de responsabilité écologique auxquels nous sommes collectivement confrontés.

Cette thèse, reconnaissant le rôle central des pratiques en matière d'éco-responsabilité et de responsabilité d'entreprise au sein de l'industrie des épiceries canadiennes, explore le domaine complexe des exigences et des normes en matière de durabilité dans le secteur de la vente au détail alimentaire canadien. Celles-ci abordent des préoccupations environnementales, sociétales et économiques au sein de l'industrie. Ces critères reposent sur les concepts fondamentaux de gouvernance environnementale et sociale (ESG) ainsi que sur la responsabilité sociale de l'entreprise (RSE) dans le domaine de la vente au détail alimentaire. La communication des enjeux liés à l'ESG devrait découler d'une stratégie d'entreprise intégrant pleinement les préoccupations de durabilité. Ainsi, cette thèse commence par une revue de littérature explorant les concepts fondamentaux de l'ESG et de la RSE. De surcroît, une analyse comparative des rapports en développement durable réalisés par quatre grandes chaînes d'épiceries au Québec est ensuite présentée, mettant en lumière leurs similitudes, leurs différences et leurs meilleures pratiques. Sur la base de ces conclusions, un nouveau modèle s'inspirant du concept de "Triple Bottom Line" (TBL), est proposé dans le but de transcender les modèles capitalistes axés uniquement sur le profit, tout en évitant l'abus rhétorique potentiel du TBL. Le cadre suggéré vise également à souligner les retombées positives d'une évaluation globale du succès en développement durable, englobant les aspects environnementaux, sociaux et économiques spécifiques au secteur de la vente au détail alimentaire au Canada. Enfin, cette étude identifie les besoins de recherches futures nécessaires pour obtenir des changements transformationnels significatifs.

# Chapter 1. Introduction

## 1.1 Background and context of the research

The Canadian grocery sector, like various industries worldwide, has increasingly found itself at the intersection of commerce and sustainability. Over the years, the sector has witnessed a transformation driven by the mounting importance of Corporate Social Responsibility (CSR) and the adoption of voluntary sustainability standards in line with Environmental, Social, and Governance (ESG) principles. This shift towards conscientious business practices, driven by an increased awareness of the sector's social and environmental impacts, lays the foundation for a deeper exploration of the Canadian Grocery sector's commitment to sustainability. Specifically, this commitment is manifested through the adoption of voluntary sustainability standards aligned with ESG principles.

An essential aspect of this evolution is the rise of voluntary sustainability standards, often established by industry consortia, non-governmental organizations (NGOs), or multi-stakeholder initiatives. Unlike mandatory regulations, these standards surpass minimal regulatory criteria. They provide sector-specific guidelines on deforestation prevention, land preservation, responsible resource management, child labour and forced labour avoidance in supply chains (Bergstrom & Randall, 2016). Despite their voluntary nature, these standards frequently entail rigorous certification and compliance assessment protocols. Various actors within the Canadian Grocery sector, including producers, processors, traders, and retailers, ensure the application of these standards (Bergstrom & Randall, 2016).

Sustainability standards are not limited to environmental concerns; they often encompass socio-economic dimensions. Some standards include provisions to stabilize trade relationships or ensure a minimum income for producers, mitigating the inherent price volatility within most agricultural commodity markets. Notably, these standards can be applied at multiple levels of the value chain, whether at the individual farmer level, within producer groups, or even at the manufacturing and processing levels (Bergstrom & Randall, 2016).

The 1960s were a period of agricultural and chemical advances that kindled ecological consciousness after the post-war population boom (Bergstrom & Randall, 2016). This shift towards environmental consciousness has echoed within the Canadian grocery sector, where stakeholders have started aligning traditional business models with sustainability strategies. For instance, major grocery

chains have actively participated in international cooperation by adopting organic and fair trade practices and adopted voluntary sustainability standards to address the climate crisis and promote responsible resource management (Latapí et al., 2019).

Then, the 1990s represented a turning point in the formalization and rapid growth of sustainability efforts within the sector. Social issues gained prominence as globalization took hold, and the international policy discourse increasingly embraced the concept of "sustainable development." (Latapí et al., 2019) This shift was accompanied by a growing sense of corporate responsibility, with companies developing their own CSR initiatives to safeguard their reputations, sales, and profits and to preempt stricter regulations.

To show tangible positive impacts and address specific challenges within their value chains, companies embraced voluntary sustainability standards as pragmatic tools. Simultaneously, global roundtables emerged to address specific agricultural commodities, such as soy, palm oil, and sugar, reinforcing the momentum toward sustainable practices within the Canadian Grocery sector (Bergstrom & Randall, 2016).

## 1.2 Research Objectives and Questions

**How effectively do Canadian grocery chains demonstrate corporate sustainable responsibility through their CSR and ESG reporting initiatives?**

This thesis aims to assess the ESG and CSR reporting practices of four leading food retail companies in Canada within the Province of Quebec. The objective is to analyze and compare their reporting practices to identify areas for potential improvements. The ultimate goal is to track industry sustainability reporting practices and provide practical recommendations for Canadian grocery chains to refine their reporting approaches to their communities and other stakeholders.

## 1.3 Significance of the study

### Research Problem

Among all the sectors in the global economy, the food retail industry is one with tremendous socio-economic and environmental impacts. Indeed, all aspects of this industry can be held accountable in the fight against the climate crisis. For instance, supply chains, livestock and fisheries, crop production, and land use together account for 26% of global greenhouse emissions (Ratio Institute & Dragiff, 2023). Additionally, food supply chains, including food processing, transportation,



packaging, and retail, account for an additional 5% of global greenhouse emissions (Ratio Institute & Dragiff, 2023). If food waste and loss were a country, it would be the world's third largest emitter of GHG emissions (United Nations Environment Programme, 2022). If food waste were reduced by only 25% worldwide, there would be enough food to feed an additional 1.26 billion people yearly (United Nations Environment Programme, n.d.). The production and consumption of sufficient, affordable, and nutritious food, all while conserving the natural resources and ecosystems upon which food systems depend, is critical. Food systems hold a crucial role in societies worldwide, serving as the foundation for sustainable development. Sustainable food systems are indispensable in addressing challenges related to food security, poverty alleviation, and ensuring adequate nutrition for populations. They help build resilience within communities confronted by the rapidly changing global environment. Canadian retail food systems face an intensifying crescendo of complex challenges. These challenges encompass a spectrum of concerns:

First, the escalating demands for food, characterized by the need for greater quantity, quality, and diversity, will intensify significantly. Projections show that the global population, which stood at 7.2 billion in 2010, is expected to exceed 9 billion by 2050, with a corresponding 60% surge in food demand (United Nations, 2015). Several potential effects on food demand and supply in Canada and Quebec could include increased agricultural imports, changing dietary preferences, greater food insecurity, and greater focus on agricultural innovation and technology to improve crop yields and efficiency.

Second, food loss and waste must be addressed. Nearly 30% of the food produced worldwide is lost or wasted annually. In Canada, 35.5 million tonnes (nearly 60% of food produced) are lost and wasted annually. 32% of that food is still edible and could have been redirected to fight food insecurity (Canada, 2019).

Third, chronic hunger remains a pressing concern in developing regions, where 12.9% of the population grapples with food insecurity. In Canada, at least 15.8% of households, accounting for 5.8 million people, have inappropriate access to food (Canadian Public Health Association, 2023).

Fourth, obesity-related health conditions have reached alarming proportions. In Canada, 29% of adults are considered obese, while 36% are considered to be overweight (Overweight and Obese Adults, 2018, 2019). More sustainable food production practices can improve global public health and benefit the environment. Indeed, plant-based diets produce up to 75% less greenhouse gases, generate 75% less water pollution and use 75% less land than meat-rich diets (United Nations Environment Programme, n.d.).

Fifth, the impact of food prices on food security and overall well-being cannot be understated, particularly in economically disadvantaged areas where individuals allocate a substantial portion of their income, ranging from 50% to 80%, toward food expenditures, rendering them highly susceptible to price fluctuations. In Canada, severe food insecurity is almost nonexistent among higher-income households. However, the prevalence rises sharply as adjusted household income falls below \$30,000, highlighting the extreme material deprivation that characterizes this condition (Tarasuk, 2017).

Sixth, climate change casts a shadow of uncertainty over food systems, given their reliance on natural resources that are increasingly vulnerable to the rapid shifts in climatic conditions. According to the Ratio Institute and Dragiff (2023), climate risks such as fires, floods, droughts, and extreme temperatures impact food retail operations and the supply chain. For instance, 12 million hectares of land worldwide are lost annually to desertification, which could be enough to produce 12 million tonnes of grains (United Nations Environment Programme, n.d.). Changing temperature and precipitation patterns worldwide will increasingly impact how crops can be grown (Dragiff, 2023). As a result, food retail companies will face more product supply uncertainty without a comprehensive strategy to improve their processes by supporting climate resilience while still increasing profits (Ratio Institute, 2023).

Last, large-scale ecosystem change is a matter of grave concern. Food production serves as a significant driver of deforestation and loss of biodiversity. This is further exacerbated by the sector's profound dependence on natural resources. For instance, farms release dangerous pollutants, like pesticides, threatening species at risk of extinction (United Nations Environment Programme, n.d.). According to the IPCC, the agricultural sector contributes both directly and indirectly to environmental degradation, exacerbating the triple planetary crisis through deforestation, soil pollution, biodiversity loss, and by emitting a quarter of global GHG emissions (United Nations Environment Programme et al., 2023). Addressing these multifaceted challenges is imperative for the sustainable future of food systems and, by extension, the well-being of our global community.

When it comes to social issues worldwide, conflict-related disruptions to key grains have pushed food prices up, the pandemic has increased the number of hungry people, and the triple planetary crisis of climate change, nature and biodiversity loss and pollution and waste is causing disruption everywhere (United Nations Environment Programme, 2022).

Finally, there are governance concerns regarding transparency, accountability, and regulatory compliance within the Canadian food retail sector. Construction, agriculture, and food and beverages are the three largest sectors highly dependent on nature (United Nations Environment Programme, 2022). They are all highly interconnected to the Canadian grocery sector, and all three are highly

profitable. However, with the triple planetary crisis, this cannot last. These sectors stand to lose the most from the long-term destruction of nature.

The United Nations Environment Programme has been working on standardized Key Performance Indicators (KPIs) with banks and impact investors (United Nations Environment Programme, 2022). These KPIs measure the positive impacts of climate, forests, biodiversity and livelihoods. Within the complexity of this issue, my thesis seeks to decomplexify the lack of standardization of sustainability reporting by showing the disparities in how major Canadian grocers report on their ESG and CSR initiatives. I believe it is evident that the Canadian grocery industry holds a pivotal role in shaping a more sustainable future, especially when considering the increasing demands for food, the persistent issues of food loss and waste, and the environmental and socio-economic impacts of climate change. This thesis aims to make recommendations to enhance transparency, accountability, and regulatory compliance within the food retail sector by addressing these multifaceted challenges. Therefore, the United Nations Environment Programme's initiative on standardized Key Performance Indicators aligns with the goals of my thesis, emphasizing the importance of measuring positive impacts in all spheres of sustainability. Through this research, I aim to shed light on the urgent need for concrete actions to foster a resilient and responsible future.

## Why research matters and potential impact it may have

The United Nations Environment Programme defines a sustainable food systems as a food system that “delivers food security and nutrition for all in such a way that the economic, social, and environmental bases to generate food security and nutrition for (current and) future generations are not compromised” (Food and Food Waste, n.d.). Indeed, a sustainable food system must consider elements relevant to the environment, people, inputs, processes, infrastructures, institutions, etc. and activities relating to the production, processing, distribution, preparation and consumption of food and the outputs of these activities, including socio-economic and environmental outcomes (Food and Food Waste, n.d.). Through the transformation of food systems, we can address social issues, such as hunger and malnutrition, mitigate the effects of climate change, prejudice biodiversity loss, and reduce pollution, all in an economically Pareto-inducing way.

Sustainable productivity improvements are key to meeting increased demand without exerting additional pressure on fragile ecosystems while addressing the problem of inadequate access to food (UN Environment Programme et al., 2023). Indeed, there are several pathways for government and business sector actors to attain such improvements through sustainability requirements and standards. Such standards include both mandatory and voluntary requirements and can take different forms, including national regulations, international criteria, compliance and certification systems, monitoring

and traceability mechanisms, and technological innovations (UN Environment Programme et al., 2023).

Grounded in Critical Corporate Social Responsibility (Vargas-Hern et al., 2016), this thesis sheds light on the practical limitations of the theoretical framework. My research suggests that since companies are part of bigger social, economic, and environmental systems, they have inherent obligations to society. Specifically, to appeal to stakeholders, companies are expected to address sustainability challenges and minimize harm (Aluchna, 2016; Hanlon & Fleming, 2009). CSR inherently assumes that companies strive to balance economic performance with social and environmental responsibilities while still practicing corporate governance, aligning with the interests of various stakeholders (Aluchna, 2016). However, a noteworthy limitation evident in the existing literature on critical CSR is the tendency of companies to treat CSR as an ideology, using it to respond to external stakeholder practices and legitimize potentially harmful activities through selective ethical practices (Porter & Kramer, 2011). I believe this selective implementation only enhances the firms' reputations in the eyes of customers and regulators. Therefore, this framework's explicit ambiguity in practice is a significant limitation. As companies interpret and apply CSR in diverse ways, emphasizing different aspects of sustainability, this ambiguity creates an opportunity for firms to define CSR solely in their own best self-interest (Garriga & Mele, 2004).

Understanding the ESG and CSR practices of grocery chains is vital for consumers. Indeed, improvements in ESG and CSR have the potential to lead to more environmentally responsible, socially equitable, and economically sustainable industries (Garcia-Torres et al., 2017). Therefore, this research can inform policymakers and stakeholders on effective strategies to promote sustainability in the Canadian food sector.

This thesis delves into the intricate landscape of CSR and ESG efforts within the Canadian Grocery sector, exploring the motivations, challenges, and outcomes associated with adopting voluntary sustainability standards. It highlights the sector's transition towards more sustainable and responsible business practices driven by internal and external forces. This research seeks to provide valuable insights into the complex interplay between commerce and sustainability, as well as the potential benefits and dilemmas faced by stakeholders in the Canadian Grocery sector as they strive to navigate this evolving landscape.

## 1.4 Scope and limitations

Although I attempted to conduct my research in the most systematic and unbiased way possible, there are inevitably essential limitations to consider.

As a researcher in Sustainability, I recognize the inherent subjectivity that influences my worldview and, consequently, my interpretation of this research. Although I tried to be as objective as possible to mitigate bias, I admit that no research can ever be entirely devoid of personal perspective.

My background and experiences provide me with a particular lens through which I see the world. I grew up as a white settler in Tiohtiá:ke/Montreal, the traditional territory of the Kanien'kehà:ka. My academic focus on Sustainability, Science, and Society, with a minor in International Development Studies, positions me to approach research with a lens of sustainable development, emphasizing environmental, social, and economic policies.

My involvement in advocacy for sustainable food systems, dating back to my first engagement with Oxfam Quebec in 2014, has instilled in me a critical viewpoint towards any food industry. Furthermore, having worked as a Corporate Social Responsibility Intern for one of the four grocery chains under examination in this thesis, I bring a specific viewpoint regarding their CSR efforts without divulging confidential information. My interpretations of the results are based on the data rather than my experience with this company.

I am committed to objectivity in my research. I have consciously based my results solely on publicly available corporate sustainability reports, aiming to ensure the impartiality of my analysis. To conclude, this statement of positionality aims to provide transparency regarding the factors that might influence my approach to research.

Regarding empirical research limitations, the data is based on the availability and quality of CSR and ESG reports from the four Canadian grocery companies. Some initiatives or data may have yet to be reported in these documents. The analysis is, therefore, limited to the information provided by the companies and does not encompass the impacts of these sustainability initiatives. It is also crucial to note that this research speaks to the reporting of sustainability in the food retailing industry and does not include an audit of reported initiatives.

This research adheres to ethical standards, respecting intellectual property rights. It solely relies on publicly available sustainability reports, and no confidential information was accessed.

## 1.5 Structure of the thesis

This thesis is structured systematically to analyze Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) reporting within the context of the grocery retail industry in Quebec. I start with a literature review in Chapter 2, where I delve into the foundational concepts of ESG and CSR, exploring critical theories and frameworks. Following this, the methodology in Chapter 3 outlines the systematic qualitative coding approach employed, detailing the criteria for the selection of each grocery chain. Chapter 3 also creates a sustainability issues database and develops a presence/absence matrix for the comparative analysis. Chapter 4 examines the sustainability initiatives mentioned by each grocery chain, using an industry-specific lens to focus on crucial ESG/CSR topics within the food retail industry. These results are discussed using linkages to the United Nations Sustainable Development Goals and educated speculations for company-specific priorities. I engage in a thorough comparative analysis, identifying commonalities, differences, and best practices among the selected grocery chains. Finally, the thesis concludes with Chapter 5, summarizing key findings, implications and potential avenues for future research. This structured approach ensures a standardized comparative exploration of sustainability practices in the Canadian food retail industry, offering insights into current trends, challenges, and opportunities in the pursuit of a more sustainable future.

## Chapter 2. Literature Review

### 2.1 Introduction to ESG and CSR concepts

#### Definition and overview of ESG and CSR

ESG refers to “Environmental, Social Governance,” and CSR refers to “Corporate Social Responsibility”. For the purpose of this dissertation, I will refer to these terms interchangeably, as companies generally consider ESG and CSR reports to be equivalent. The environmental criteria of ESG encompasses topics such as climate change and carbon emissions. The social criteria include issues like labour relations and diversity and inclusion. Finally, the governance criteria relate to the procedures a company adopts to govern itself, make effective decisions, comply with the law, and meet the needs of external stakeholders (Henisz et al., 2019).

Stakeholder demands are constantly shifting, which can, over time, significantly affect competitive dynamics (Vargas-Hern et al., 2016). Indeed, continuous, thoughtful analysis is essential when it comes to foreseeing potential hazards and advantages and assessing the significance of stakeholders’ interests. ESG should be viewed as an ongoing procedure rather than a final result. Its journey starts with mapping, then defining, goes on to embedding and ends with engaging (Pérez et al., 2022):

1. ESG mapping considers what the stakeholders have at stake to regularly and judiciously benchmark accordingly;
2. ESG defining means thinking systematically about the trade-offs to measure and assess decisions appropriately;
3. ESG embedding means discerning what the reported numbers say and do not say about a company’s ESG initiatives, following through on these initiatives, and ensuring impact;
4. ESG engagement is used to sharpen strategy and show investors the business proposition;
5. When ESG is core to the business model, reporting on ESG will become part of the ordinary course of doing business (Pérez et al., 2022).

Every letter of the ESG acronym represents a trade-off between maintaining the status quo or breaking free from it by making more sustainable decisions. The complicated reality of ESG stems from its recent widespread transformation into a pressure-inducing acronym that every corporation

shivers at the sound of. ESG is the elephant in the room that people are not necessarily excited to approach. However, as Henisz et al. (2019) put forward, a strong ESG proposition links to value creation, manifesting in five pivotal dimensions:

First, ESG acts as a catalyst for top-line growth, enabling companies to tap into new markets and expand within existing ones.

Secondly, when executed effectively, ESG strategies yield considerable cost reductions in operations, such as raw-material costs and the actual cost of water or carbon (Henisz et al., 2019).

Third, ESG practices are instrumental in mitigating regulatory and legal interventions. Companies can preemptively reduce the risk of costly legal entanglements by adhering to responsible environmental and social standards.

Fourth, ESG propositions can uplift employee productivity. Positive social impact is directly linked to increased job satisfaction, as employees enthusiastically respond to companies that engage in socially responsible practices (Henisz et al., 2019).

Fifth, ESG is instrumental in optimizing investments and capital expenditures. When companies have their operations aligned with sustainable and ethical objectives, they actively seek opportunities to deliver triple wins, which benefits the company itself, its suppliers, stakeholders, and the environment.

Due to ESG considerations being present in all spheres of corporations, decisions range from supply chain sourcing to packaging to advertising (McGill, 2023). However, expecting companies to make complex trade-offs within and among all ESG dimensions is somewhat unrealistic. Pérez et al. (2022) established the three levels of ambition in ESG, ranging from risk management-driven to impact-driven behaviours. At the minimum practice level are the risk mitigation and the “do no harm” measures, including addressing external vulnerabilities, reporting baseline standards, and donating resources. At the common practice level are the substantive efforts, mainly outside the core business. These include tracking significant trends affecting the business with contingency plans in place, complying with voluntary industry standards and performing above industry averages, and creating a comprehensive sustainability policy that engages with stakeholders (Pérez et al., 2022). Finally, “next level” practices include full integration of ESG into strategy and operations. This can be done by viewing ESG as a differentiator and core to overall strategy, embedding ESG in capital and resource allocation, and ensuring that ESG disclosures cover the company’s operations (Pérez et al., 2022).

## Relevance of ESG and CSR in Canadian food industry

Although ESG reporting remains voluntary in many jurisdictions, the Canadian government announced that places will introduce mandatory climate disclosure requirements by 2024 (Dhillon, 2023). In the meantime, many ESG requirements are already in place for Canadian companies



engaged in sustainable government procurement tenders. For example, Canadian corporations must already annually report on the diversity of their board of directors and senior management, focusing on women, Indigenous peoples, persons with disabilities, and members of visible minorities (Brightest, 2023).

Canada possesses several critical advantages that position it as a frontrunner in the realm of food production and processing. With its abundant land and water resources, the country has great potential for sustainable agriculture (Agriculture Canada, 2023). Furthermore, Canada's access to international markets is a strategic asset that fosters the expansion of its agri-food sector (Canada, 2019). Complementing these resources, Canada possesses a robust research and development capacity, enabling ongoing innovation and growth within the industry (Brightest, 2023). The country's commitment to being strong stewards of the land aligns with the growing demand for environmentally conscious food production, positioning it for increased demand and premium pricing. Indeed, the agriculture and agri-food sector stands as one of Canada's most economically promising domains (Agriculture Canada, 2023).

Within the International Sustainability Standard Board (ISSB), regulators are required to report on topics consistent with the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures, including qualitative disclosures around the governance of climate-related risks, the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy and financial planning, and how the company identifies, assesses and manages climate-related risks (Ort & Lalani, 2023). To do so, the Canadian Securities Administrators (CSA), regardless of their lack of consistency between regulatory frameworks, have set a mandate that all Canadian publicly traded companies must disclose climate risks aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) by 2024 (Dhillon, 2023). Moreover, the Canadian Sustainability Standards Board (CSSB) is currently reviewing the International Sustainability Standard Board (ISSB) global baseline for use in Canada (PricewaterhouseCoopers, 2023). Such standards in Canada would align with the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD): governance, strategy, risk management, and metrics and targets (PricewaterhouseCoopers, 2023). Finally, starting in January 2024, the S-211 Act on supply chain reporting will mandate companies to disclose measures preventing forced and child labour through Public Safety Canada (Brightest, 2023).

One of the significant challenges for ESG in Canada is that while 78% of companies disclose their scope one and two emissions, only 47% disclose scope 3 emissions, the emissions of their supply chain (PricewaterhouseCoopers, 2023).

## 2.2 Introduction to international ESG and CSR standards

When it comes to sustainability standards, the global challenge is two-fold: there is a need to improve production and access to food and deliver the Sustainable Development Goal zero hunger target by 2030, and the need to do so in a way that protects ecosystems, restores biodiversity, maintains soil productivity, rationalizes water use, and reduces greenhouse gas emissions (UN Environment Programme et al., 2023).

A persistent problem is that we do not yet have a universal ESG standard or framework used worldwide. Companies and industries have, therefore, fallen back towards diverse, widely-used standards as a substitute. Nonetheless, it is essential to distinguish between these standards and frameworks. On the one hand, ESG reporting frameworks are more about principles (The Corporate Governance Institute, 2023). They focus on the more significant questions, such as how information is structured, what information is collected, etc. On the other hand, ESG reporting standards are more technical. They give specific requirements, like precise metrics for reporting each topic (The Corporate Governance Institute, 2023). Both standards and frameworks should be used together. Over the years, several prominent frameworks and standards have emerged to guide organizations in their disclosure efforts (Cravins, 2023).

From the definitions above, sustainability standards play a pivotal role in shaping sustainable practices within industries, especially in their voluntary form. These standards offer sector-specific guidance, offering insights on strategies to mitigate critical issues such as deforestation, land degradation, resource depletion, and eradicating child labour and forced labour from supply chains (UN Environment Programme et al., 2023). By focusing on these sector-adapted practices, sustainability standards help industries tread a more responsible and ethical path. While voluntary in nature, these standards often incorporate robust certification and compliance assessment protocols. These stringent measures are set in place to ensure that producers, processors, traders, and retailers adhere to the prescribed sustainability guidelines (UN Environment Programme et al., 2023). This commitment to certification and compliance ensures that sustainability is applied within every level of the supply chain.

Among the notable reporting frameworks, the Task Force on Climate-Related Financial Disclosures (TCFD) stands out for its dedicated focus on climate-related aspects, making it the go-to choice for the "Environmental" component in ESG (Task Force on Climate-related Financial Disclosure, 2017). The International Integrated Reporting Council (IIRC) framework, on the other

hand, offers a comprehensive approach, encouraging integration across various facets of ESG reporting (Stewardship of the International Sustainability Standards Board, 2023). The Global Reporting Initiative (GRI) framework is the most versatile, designed to encompass various ESG dimensions (Global Reporting Initiative, 2022). Finally, the Climate Disclosure Standards Board (CDSB) framework shares the TCFD's climate-centric emphasis, aiming to establish standardized climate-related information (Climate Disclosure Standards Boards, 2022).

Regarding ESG reporting standards, several key players stand out in reporting practices. The European Financial Reporting Advisory Group (EFRAG) standards, closely linked to the European Commission's Corporate Sustainability Reporting Directive (CSRD) of 2021, place a strong emphasis on the intersection of sustainability and financial matters (Sustainability Reporting Standards Roadmap, 2023). Spearheaded by the International Sustainability Standards Board (ISSB), the IFRS Sustainability Disclosure Standards are geared towards global adoption, streamlining accounting reporting to enhance transparency within financial markets (Task Force on Climate-related Financial Disclosure, 2017). Additionally, the Sustainability Accounting Standards Board (SASB) standards provide a holistic approach by addressing all three pillars of ESG, making them closely intertwined with the IFRS standards (Stewardship of the International Sustainability Standards Board, 2023).

In summary, ESG reporting frameworks provide guiding principles for ESG reporting, while ESG standards provide the tools to follow through on these principles (The Corporate Governance Institute, 2023).

## Chapter 3. Methodology

### 3.1 Research design and approach

In this thesis, I will use the terms “CSR,” referring to Corporate Social Responsibility, and “ESG,” referring to Environmental, Social, and Governance, interchangeably. As mentioned in Chapter 2, these terms collectively refer to the multifaceted concepts that encompass an organization’s commitment to ethical, sustainable, and responsible business practices. While CSR generally focuses on a company’s obligation to stakeholders, ESG typically takes a broader aspect, linking environmental and governance issues to social responsibility. By using these terms interchangeably, I acknowledge the evolving nature of sustainability reporting and recognize that Canadian grocers increasingly adopt a holistic ESG approach.

I refer to corporate sustainability as the intersection of social-, environmental-, and governance-related actions that meet the needs of the current generations without compromising the needs of future generations. Therefore, I refer to “sustainable responsibility” as CSR actions that integrate social, environmental, and governance considerations to meet the needs of the current business model without jeopardizing the needs of future generations.

Similarly to Türker and Altuntaş (2014), this research employs a systematic and exploratory content analysis approach. I investigated and compared the sustainability initiatives reported by four major Canadian food retailers in their respective CSR reports and sustainability policies. The analysis is qualitative and inductive in nature, focusing on extracting and categorizing the sustainability efforts presented by the companies’ reports.

### 3.2 Data collection and analysis

#### Case Study Selection

Like Garcia-Torres et al. (2017), I first selected four prominent Canadian food retailers operating in Quebec based on their market significance and the availability of comprehensive sustainability reports. The primary data source for this research is the sustainability reports (CSR and ESG) published by the selected companies and obtained from the companies’ official websites. Therefore, I systematically reviewed relevant literature to identify the key ESG topics and sustainability initiatives in Canadian food retailing. These topics touched upon environmental, social,

and economic areas, including decarbonization efforts and climate change, animal welfare and labour rights, and other pertinent areas. Using an industry-specific approach by focusing on the grocery retail sector, I sought to establish a baseline for sustainability performance to enable the monitoring of Key Performance Indicators (KPIs) over time.

To identify the key players in the Canadian food retail industry, I limited the study to grocery chains to maintain industry specificity, included only those companies with established sustainability policies to ensure commitment, and focused on grocery chains operating within the Province of Quebec. I defined these critical players as grocery chains with over 5% of the Canadian market share. This criterion helps ensure that the selected companies already significantly influence the Canadian food retail industry. Therefore, the four selected Canadian grocery chains are METRO Inc., COSTCO, Walmart, and Loblaw Companies Limited.

First, Walmart Canada was established in 1994 and has its headquarters in Ontario. Their mission is to help people save money and live better by creating opportunities and through environmental sustainability (Walmart, 2023). As this company advocates for a more inclusive society, their “Women in Retail” program champions development, education, and networking for their internal talent (Walmart, 2023). This retail chain has also invested in energy-efficient stores and distribution centers to help customers save money and minimize their environmental footprint (Walmart, 2023). Walmart’s sense of community extends to philanthropy efforts, focusing on hunger relief, children’s health, and disaster relief (Walmart, 2023). Although Walmart is an American multinational retail company, it owns roughly 8% of the Canadian market share, positioning the company as the fifth leading grocery retailer in Canada in 2021 by market share (Grocery Retailers Market Share Canada | Statista, 2023). Moreover, in 2019, the most popular store in Canada for purchasing food and beverages was Walmart (Grocery Retailers Market Share Canada | Statista, 2023).

Second, Loblaw Companies Limited is a Canadian grocery retail company founded in 1919. Their goal is to be the best in food, health, and beauty to help Canadians “live life well” (Loblaw, 2023). Loblaw has ranked as one of Canada’s top 100 employers, with 190,000 Canadians employed in full- and part-time positions (Loblaw, 2023). One of the predominant positions in their business models is to make food affordable and wellness accessible. Indeed, 90% of Canadians live within 10 kilometres of one of the 2,400+ Loblaw stores (Loblaw, 2023). Loblaw’s approach to addressing ESG issues is focused on two priorities where they judge they can make the most significant impact: fighting climate change and advancing social equity (Loblaw, 2023). In 2021, Loblaws/Shoppers Drug Mart held the top spot with about 28% of the Canadian grocery retail industry’s share, placing it

as the leading grocery retailer in Canada in 2021, by market share (Grocery Retailers Market Share Canada | Statista, 2023).

Third, METRO Inc. has been one of Loblaw's top competitors in recent years. Indeed, METRO ranked third as the leading grocery retailer in Canada in 2021, by market share, accounting for 11% of the market (Grocery Retailers Market Share Canada | Statista, 2023). Its purpose is to nourish the health and well-being of the communities it serves (METRO, 2023). As a retailer, franchisor, distributor, manufacturer, and provider of eCommerce services, the company operates under several banners, including Metro, Metro Plus, Super C and Food Basics, Jean Coutu, Brunet, Metro Pharmacy and Food Basics Pharmacy (METRO, 2023).

Fourth, COSTCO has ranked third as the most popular store in Canada for purchasing food and beverages in 2021 and ranked fourth as the leading grocery retailer in Canada's market share, with 9% of the market (Grocery Retailers Market Share Canada | Statista, 2023). Costco Wholesale is a multi-billion dollar global retailer with warehouse club operations in eight countries (COSTCO, 2023). Although the first Canadian Costco Wholesale warehouse opened in 1985, the general public could only start purchasing memberships in 1993 (COSTCO, 2023).

## Matrix Analysis

I initially identified 58 CSR reports for all four grocery chains combined. These include CSR and ESG reports, Governance policies, Animal Welfare policies, Labor Rights Policies, etc. Reports lacking considerable details to support their claims were omitted. Since my aim was to capture the emergence of sustainability initiatives within important Canadian food retail organizations, I focused on official corporate reports and policy statements published by the companies.

A structured data collection matrix was developed in Excel to systematically record, categorize and compare the sustainability initiatives presented in the CSR reports. The content analysis was both extractive and inductive but primarily focused on extracting and categorizing sustainability initiatives across the CSR reports. I established a database to catalogue the main sustainability issues and initiatives touched upon by the four companies, using a presence/absence matrix to record the presence or absence of specific sustainability initiatives, providing a structured format for comparative analysis. One of the key objectives of my approach was to reveal the self-presentation of the four food retailing companies through their sustainability reports.

I opted for a manual categorization approach, as did Schreiber et al. (2021). Segments were classified into three main categories (Environmental, Social, and Governance), further refined into smaller subcategories, facilitating a qualitative analysis. This hybrid coding approach combined

predetermined codes from existing literature with emergent codes from the data itself, aligning with an inductive model (Schreiber et al., 2021). To do so, each report was systematically coded to identify and extract segments detailing tangible actions related to corporate sustainability. The coding process involved categorizing these segments into overarching themes, specifically Environmental, Social, and Governance. Subsequently, a further coding step was employed within each primary category to create smaller subcategories, such as food waste, Equality, Diversity, and Inclusion (EDI), packaging, and more. This iterative coding approach allowed for the systematic organization and exploration of nuanced sustainability initiatives disclosed in the reports, enhancing the depth and granularity of the analysis.

Then, these categories subdivided themselves into the main themes. The resulting Excel table outlines the sustainability initiatives as categorized and cross-referenced with the four selected Canadian grocers.

## Chapter 4. Results and Discussion

### ESG and CSR Analysis of Grocery Chains in Quebec

Table 1a-c provides a clear and concise visualization of the comparative analysis. Within the “Environment” category, 22 initiatives have been listed and subdivided into the following categories: “Biodiversity,” “Water,” “Transport,” “Energy,” “Climate Change,” “Waste,” and “Food Waste.” Within the “Social” categories, 23 initiatives have been listed and subdivided into the following categories: “Socio-Economic Contributions,” “Employee Well-Being,” “Equity, Diversity, and Inclusion (EDI),” and “Occupational Health and Safety.” Finally, the “Economic” categories seemed to include the most initiatives (37 in total), subdivided into three main subcategories: “Responsible Procurement,” “Packaging and Printed Materials,” and “Health, Nutrition, and Well-Being.” With the four companies’ sustainability reports, a total of 82 mainstream initiatives have been recorded into the presence/absence matrices (see Tables 4.1a-c).

CRITERIA	WALMART	METRO	LOBLAW	COSTCO
<b>ENVIRONMENT (n = 22)</b>	<b>5</b>	<b>4</b>	<b>12</b>	<b>10</b>
<b>Biodiversity</b>	40%	25%	8%	10%
Assessing commodity risks (identify biodiversity risks associated with material commodities)	X		X	
CDP forests	X	X		X
<b>Water</b>			8%	10%
Responsible water use			X	X
<b>Transport</b>			8%	30%
Evaluate electric vehicles, including piloting electric tractors, yard trucks and electric terminal tractors				X
Pilot electric equipment within warehouses				X
Conduct electric vehicle charging tests at multiple warehouse locations to evaluate feasibility of installing electric vehicle charging stations				X
Decarbonization of fleet			X	
<b>Energy</b>			8%	
Refrigerant conversions and leak detections (reduce impacts of refrigerants)			X	
<b>Climate change</b>		25%	42%	20%
Reduction of scope 1, 2, 3 CO2e emissions by local and international locations				X
Reduce Scope 1 emissions from refrigerants				X
Reduce GHG emissions by 37.5% by 2035 compared to 2020 (average reduction 2.5% per year)		X		
Achieve net-zero by 2040 for enterprise operating footprint and 2050 for scope 3 emissions			X	
Reduce Scope 1 and 2 footprint by 50% from 2020 baseline by 2030			X	
Operate net-zero short-haul outbound corporately owned and operated truck fleet by 2030			X	
Achieve net zero for Scope 1 and 2 footprint by 2040			X	
Achieve net zero for scope 3 emissions by 2050			X	
<b>Waste</b>		25%		
Improve average diversion rate of all establishments compared to 2020 with view to achieving zero waste		X		
<b>Food waste</b>	60%	25%	25%	30%
Partnerships with food banks to prevent food waste	X			X
Continually decrease amount of waste to landfills, until 80% diversion				X
Zero food waste by 2030			X	
10x20x30 initiative	X		X	
Reduce food waste in activities	X	X	X	X

*Table 4.1a. Environment-related initiatives represented in the ESG comparative matrix*



CRITERIA	WALMART	METRO	LOBLAW	COSTCO
<b>SOCIAL (n = 23)</b>	<b>14</b>	<b>11</b>	<b>16</b>	<b>5</b>
<b>Socioeconomic contribution</b>	43%	36%	44%	
Dedicate amount equal to 1% of average adjusted net earnings of past 3 fiscal years to supporting communities		X		
Foster access to local fruits and vegetables in food stores year round		X		
Facilitate identification of local products in food stores		X	X	
Improve variety of local products in pharmacies		X		
Charity will feed 1 million children annually by 2025			X	
Support initiatives that improve women's access to care			X	
Donate to support and address childhood hunger and improve food skills	X		X	
Increase accessibility to menstrual products to address period poverty			X	
Disaster and humanitarian response	X		X	
Launch initiative to embed financial literacy into American culture	X			
Initiatives in education	X			
Initiatives to improve criminal justice	X			
Provide food to community-based charities	X		X	
<b>Employee Well-being</b>	29%	36%	25%	80%
Promoting safe and healthy work environment	X	X	X	X
Combating forced and underage labor	X	X	X	X
Providing fair and inclusive work environment	X	X	X	X
Treating workers with respect	X	X	X	X
<b>Equity, Diversity and Inclusion</b>	29%	27%	31%	
Increase number of women and culturally diverse people in management positions	X	X	X	
Expand efforts to hire more persons with disabilities			X	
Develop pool of diverse talents	X	X	X	
Achieve representation goals for management, executives and Board of Directors	X		X	
Strengthen inclusive organizational culture by raising awareness, educating, and developing employees' skills as they pertain to EDI issues	X	X	X	
<b>Occupational Health and Safety</b>				20%
Corrective Action Plans (CAP) required				X

*Table 4.1b. Social-related initiatives represented in the ESG comparative matrix*

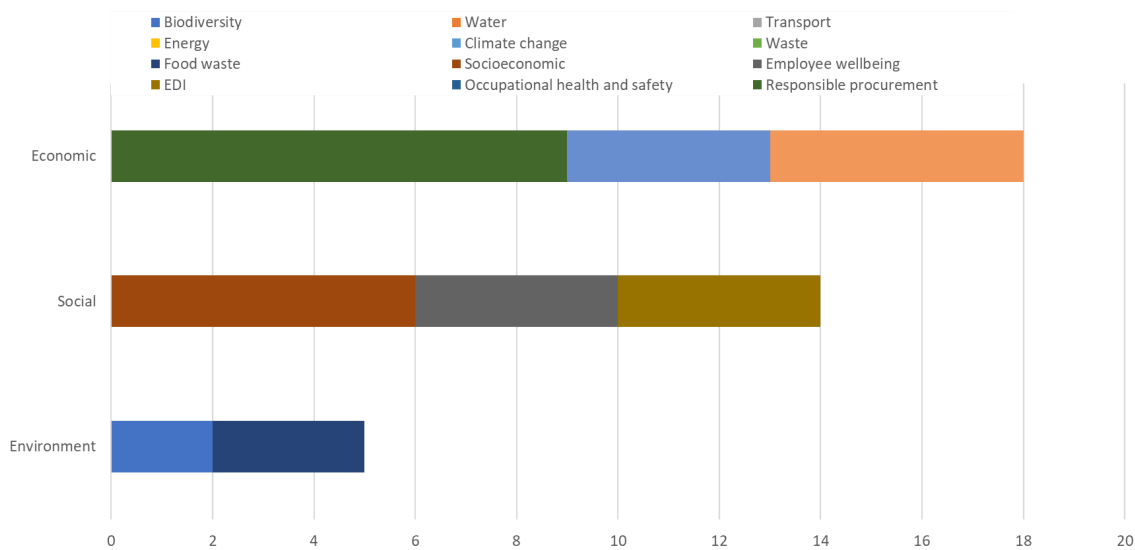
CRITERIA	WALMART	METRO	LOBLAW	COSTCO
<b>GOVERNANCE (n = 37)</b>	<b>18</b>	<b>24</b>	<b>19</b>	<b>16</b>
<b>Responsible procurement</b>	50%	58%	68%	81%
Not market the main genetically modified products on the Canadian market for sweet corn, apples and potatoes in the produce section		X		
Require suppliers to respect working conditions across the supply chain		X	X	X
Offer products derived from sound animal health and welfare practices	X	X	X	X
Cage-free eggs		X	X	X
Gestation-stall-free sows		X	X	X
Require practices that aim to ensure animal health and welfare by suppliers for unprocessed meat and cultured salmonids, milk, cheese and eggs	X	X	X	X
Suppliers follow the Codes of Practice for the Care and Handling of Farm Animals developed by NFACC or equivalent	X	X	X	
Offer fish and seafood products from responsible sources to preserve natural resources and encourage sustainable operating methods	X	X	X	X
Reduce deforestation across food supply chain	X	X	X	X
Facilitate customers' access to organic products by providing them with more visibility and better promoting them in stores and on community platforms		X	X	
Access the private brand cosmetic product portfolio to offer a responsible product line		X		
Enhance cosmetic and beauty product offer for people from diverse background		X		
Vegan certified beauty products			X	
Source RSPO-certified palm oil				
Trade-in and refurbishment program	X			
Promote reuse and upcycling	X			
Increase recycled fiber in apparel products	X			
Convert cotton-rich products to more sustainable and organic cotton	X		X	X
Responsible antibiotic use		X	X	X
Protecting High Conservation Value (HCV) and High Carbon Stock (HCS) forests		X		X
Require free, prior and informed consent of indigenous people				X
Promoting pollinator-friendly agricultural practices				X
<b>Exploring regenerative agriculture</b>			X	X
<b>Packaging and printed materials</b>	22%	17%	16%	13%
Reduce overpackaging and single-use plastic	X	X	X	X
Optimise private brand food packaging	X	X	X	X
Eliminate single-use packaging and disposable utensils and tableware at administrative sites	X	X	X	
Source certified deforestation-free pulp and paper	X			
Optimize promotional material used in food and pharmacy activities		X		
<b>Health, nutrition and well-being</b>	28%	25%	16%	6%
Develop tools to help customers make better food choices based on their lifestyles	X	X	X	
Define the offer of products that foster health and well-being in pharmacy network	X	X		
Raise awareness of the importance of vaccination and make it as widely accessible as possible	X	X		
Raise awareness of appropriate use of medication and encourage people to take part in program to recover expired and discontinued medication for safe disposal at pharmacy	X	X		
Raise awareness and support people who want to stop smoking		X		
Eliminating neonicotinoids to improve pollinator health			X	X
Removing unnecessary ingredients			X	
Reduce priority chemicals in formulated consumables	X			
Increase total number of private brand products that foster healthy eating by 10% each year		X		

*Table 4.1c. Governance-related initiatives represented in the ESG comparative matrix*

## 4.1 Analysis by selected grocery chain

### Walmart

Walmart's reporting is guided by frameworks such as Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Boards (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals. They also report through programmes such as the Carbon Disclosure Project (CDP), a global environmental disclosure system.



*Figure 4.1 Representation of Walmart's sustainability efforts, by sector*

Figure 4.1 illustrates the repartition of initiatives taken by Walmart, subdividing the initiatives into the three spheres of ESG. It seems like Walmart places the most effort into economic and governance-related investments ( $n = 18$ ) while mentioning environment-related tangible actions the least ( $n = 5$ ).

For Walmart, the pandemic acted as a turning point in its sustainability initiatives. As more communities turned to the organization for access to affordable foods, consumables, vaccines and other essentials, it became more apparent than ever that delivering customer propositions is itself a central ESG contribution. Based on Tables 4.1a to 4.1c, it seems like Walmart puts the most emphasis on the Governance aspect of ESG, although their sustainability reporting mainly focuses on community-based actions and social responsibility. According to Walmart (2022), a company's

long-term success depends on its performance on the societal issues most relevant to its business and stakeholders.

Of the 22 tangible actions related to the Environmental scope of ESG, Walmart only mentions 5 of them in its sustainability reports (22.72%). Its environmental criteria relate to biodiversity and to food waste. Within the environmental-related issues tackled by Walmart's sustainability report, 60% are related to food waste, while 40% are related to biodiversity. Then, out of the 23 social innovations, Walmart applies 14 of them (60.87%). Walmart's social criteria relate to socioeconomic contributions, employee well-being, and equity, diversity and inclusion. "Socioeconomic contributions" received the most mentions related to social issues (43%), while "employee well-being" and "equity, diversity, and inclusion" each received 29% of the social issues mentions. Finally, Walmart's sustainability report includes 18 of the 37 identified Governance tangible sustainable actions (48.65%). Walmart's economic criteria relate to responsible procurement, packaging and printed materials, and health, nutrition and well-being. Within the economic issues mentioned in Walmart's report, the subcategory that encompasses the most effort is "responsible procurement" (with 50% of governance-related mentions attributed to this subcategory). In comparison, the one that receives the least amount of mentions is "packaging and printed materials" (with 22% of governance-related mentions attributed to this subcategory).

When it comes to ESG reporting, the central values exhibited by Walmart are acting with integrity, striving for excellence, serving the customer, and respecting individuals. Walmart creates value for customers with convenient access to quality, affordable products and services. They provide value for shareholders by strong long-term returns through financial, environmental, social and governance leadership. The value created by suppliers is through customer access and support for development and growth. Walmart also strongly emphasizes creating value for communities and the planet by building more inclusive communities and adopting a regenerative approach to nature (Walmart, 2022). Walmart's environmental initiatives aim to reduce the company's environmental footprint, including energy efficiency improvements, renewable energy adoption, waste reduction, and sustainable sourcing practices (Walmart, 2022).

The section on social responsibility discusses Walmart's commitment to employee well-being, diversity and inclusion, and community engagement. It covers worker wages, training programs, and charitable giving. Indeed, Walmart's safety programs focus on preventing employee and customer injury by having trained safety professionals in every store. Additionally, Walmart creates standards to protect workers who use high-risk chemicals or machinery. These proactive measures go beyond local laws and industry standards and improve employee conditions (Walmart, 2022).

When it comes to governance, Walmart discloses the organization's governance around climate-related risks and opportunities in their "Climate Change" and "CDP Response" reports. As for strategy, Walmart aims to disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning, where such information is material in the same reports as mentioned above. These also disclose how the organization identifies, assesses and manages climate-related risks. Finally, Walmart discloses the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Examples of concrete reporting include the percentage of certified or sustainably sourced commodities, including fresh and frozen seafood, tuna, coffee, bananas, pineapples, palm oil, and pulp and paper. They also disclose their annual GHG emissions and carbon intensity (Scope 1 and 2) compared to their total revenue and how it correlates. Their primary environmental efforts include addressing secondary packaging, unsold food and general merchandise, automotive waste and unused assets. They recycle corrugated cardboard, use reusable packaging containers, recycle rigid plastics and plastic films, refurbish fixtures, improve sell-through of food, donate to food banks and convert food that is no longer edible to animal feed, compost, or energy.

Walmart's engagement with sustainability topics, as outlined by the SASB, spans across various industries, including those discussed in their ESG reporting. As my thesis focuses on the sustainability of the Canadian food retail industry, I will narrow the attention to the industries most pertinent to this sector.

On one hand, when it comes to the consumer goods sector, one of these relevant industries is "Multiline & Specialty Retailers and Distributors." In this category, Walmart addresses five key SASB topics related to ESG: "Energy management in retail and distribution," "data security," "labour practices," "workforce diversity and inclusion," and "product sourcing, packaging and marketing." These topics directly align with their commitment to ESG.

For the first topic, "Energy management in retail & distribution," Walmart tracks metrics such as total energy consumption, the percentage of grid electricity used, and the percentage of renewable energy sources. These data are documented in their "climate change" report. In the context of the second topic, "data security," Walmart provides insight into their approach to identifying and addressing data security risks, a description available in their "Digital Citizenship" report. Walmart also reports on labour practices, focusing on two key metrics: the average hourly wage and the percentage of in-store employees earning minimum wage by region. This information is available in their "human capital" report. Regarding "workforce diversity and inclusion," they disclose data on

gender and racial/ethnic group representation for both management and all other employees in their “Equity and Inclusion” report. Lastly, to address the topic of “product sourcing, packaging, and marketing,” Walmart’s reports, such as “safer, healthier food and other products,” detail processes for assessing and managing risks associated with chemicals in their products. The “Waste: Circular Economy” report discusses their strategies to reduce the environmental impact of packaging.

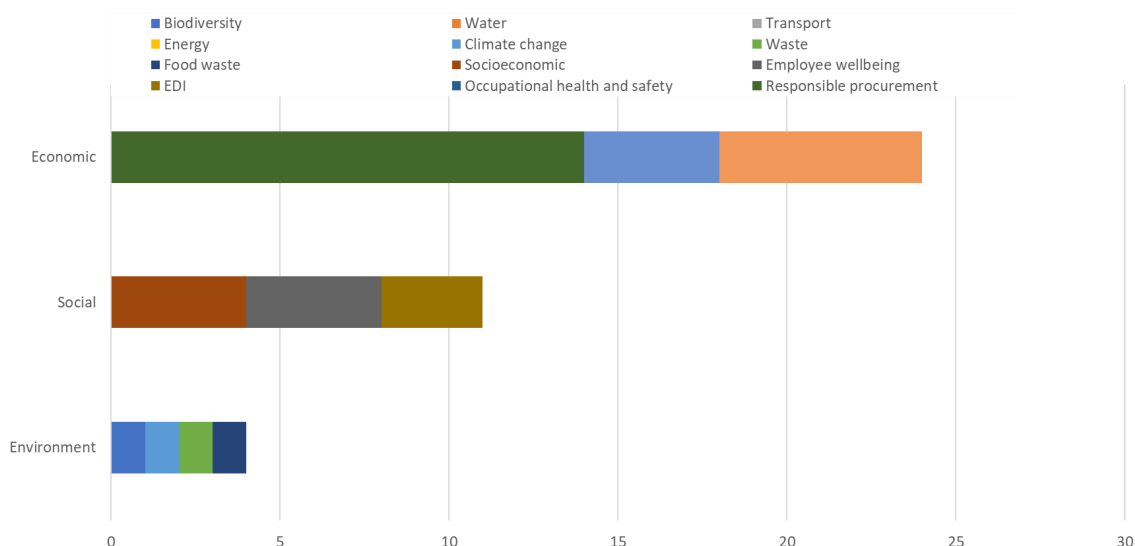
Moreover, Walmart also has a Grocery Delivery service. It is, therefore, essential to consider their e-commerce industry. Within the “Product packaging and distribution” domain, their “Climate change” and “Waste: Circular economy” reports delve into strategies aimed at reducing the environmental impact of product delivery, further emphasizing their commitment to sustainability.

On the other hand, regarding the food and beverage sector, the two targeted industries are “Food retailers and distributors” and “Processed foods.” The first focuses on air emissions from refrigeration, food waste management, product health and nutrition, labour practices, and management of environmental and social impacts in the supply chain. Walmart’s “Climate Change” and “CDP Response” reports focus on gross global Scope 1 emissions from refrigerants. Their “Waste: Circular Economy” report discloses the amount of food waste generated and the percentage diverted from the waste stream. It also discusses strategies to reduce the environmental impact of packaging. Then, their “Safer, Healthier Food & Other Products” report discusses the processes to identify and manage products and ingredients related to nutritional and health concerns among consumers. When it comes to food safety in the processed foods industry, this report also includes the Global Food Safety Initiative’s (GSFI) audit non-conformance rate and corrective action rate for major and minor non-conformances. Furthermore, Walmart’s “Human Capital” report addresses the average hourly wage, the percentage of in-store and distribution center employees earning minimum wage by region, and the percentage of the active workforce covered under collective bargaining agreements. Also, their report on “Animal Welfare” discloses the percentage of revenue from eggs that originated from a cage-free environment and pork produced without the use of gestation crates. When it comes to foods and beverages, Walmart has a few other public reports, including “Product Supply Chain Sustainability,” “Regeneration of Natural Resources: Forests, Lands, Oceans,” “People in Supply Chains,” and “Supplier Opportunity” that discuss the strategies to manage environmental and social risks within the supply chain, including animal welfare.

Furthermore, Walmart’s ESG priorities and strategies align closely with ten relevant United Nations Sustainable Development Goals, thereby demonstrating their commitment to global sustainability. First, by improving food access and encouraging healthier eating, their ESG report touches upon SDG goal #2: Zero Hunger. Second, by fostering inclusion and prohibiting discrimination on the basis of sex, by sourcing from women-owned businesses, and investing efforts

to advance gender equality in factories and farms, they address SDG Goal #5: Gender Equality. Fourth, by promoting sustainability in their operations, thanks to a commitment to 100% renewable power sources by 2035, Walmart contributes to SDG goal #7: Affordable and Clean Energy. Fifth, by expanding access to jobs, putting upskilling and education programs in place, and investing in innovative technology to improve productivity and job experiences, Walmart contributes to SDG goal #8: Decent Work & Economic Growth. Sixth, by providing disaster relief for natural and human-caused disasters, they address SDG goal #11: Sustainable Cities & Communities. Seventh, by encouraging suppliers to reduce unnecessary plastic packaging, addressing food waste and enhancing the sustainability of supply chains, and by providing funding to support consumer education, Walmart contributes to SDG goal #12: Responsible Consumption and Education. Eighth, by working towards reducing greenhouse gases and engaging suppliers in climate action to reduce one billion metric tons of GHG from the global value chain by 2030, Walmart contributes to SDG goal #13: Climate Action. Ninth, they contribute to SDG Goal #14: Life Below Water by sourcing seafood sustainably and participating in the Seafood Task Force. Tenth, by reducing deforestation and supporting innovative practices for regenerative agriculture, sustainable fisheries, forest preservation, and waste reduction, Walmart contributes to SDG goal #15: Life on Land. This multifaceted approach demonstrates Walmart’s comprehensive commitment to sustainability and its alignment with key global sustainability goals.

## METRO



*Figure 4.2 Representation of METRO’S sustainability efforts. by sector*

Figure 4.2 illustrates the repartition of initiatives taken by METRO, subdividing the initiatives into the three spheres of ESG. It seems like METRO places the most effort into economic and governance-related investments (n = 24) while mentioning environment-related tangible actions the least (n = 4).

METRO categorizes its ESG initiatives on a matrix comparing the influence on stakeholders to the impacts on the company. Then, it divides the initiatives into five categories: products and services, environment, communities, employees, and business practices. For example, responsible procurement initiatives (categorized as “products and services”) and climate change initiatives (categorized as “environment”) are considered to have a high influence on stakeholders and a high impact on METRO. However, biodiversity- and water-related initiatives (both categorized as “environment”) are considered to have a low influence on stakeholders and a low impact on METRO. This assessment was done in collaboration with an external consulting firm. It was conducted in consideration of four frameworks: Global Reporting Initiative (GRI) standards, Sustainability Accounting Standards Boards (SASB) standards, AA1000SES (stakeholder engagement standard) by AccountAbility, and the United Nations Sustainable Development Goals (SDGs) (METRO, 2022). The seven most important ESG factors that play a key role in day-to-day activities for METRO are product quality and safety, employee health and well-being, data security, responsible marketing, ethics and integrity, sound governance, and customer satisfaction (METRO, 2022).

First, when it comes to the environmental aspect of METRO’S ESG efforts, only four criteria out of 22 (18.18%) are mentioned. Within the environmental efforts, 25% are related to biodiversity thanks to the CDP forest initiative, 25% are related to climate change thanks to its GHG emissions reductions initiatives, 25% are related to waste by diverting waste until the achievement of zero waste eventually, and 25% are attributed to reducing food waste. When it comes to the protection of the environment, METRO seems to follow five core principles: greenhouse gas emissions reduction, water preservation (consumption and water quality impacts), soil quality conservation, biodiversity and ecosystem maintenance, and consideration of natural resource sustainability (especially fish stocks and forests).

METRO recognizes that there is a close interdependence between the food industry and biodiversity (METRO, 2023). The company has, therefore, identified four priority environments where its operations can have an impact: forest environments, marine and aquatic environments, agricultural environments, and operating environments. Indeed, METRO recognizes that deforestation and land conversion have a negative impact on biodiversity (METRO, 2023). Moreover, its Sustainable Fisheries and Aquaculture Policy (2023) aims to market healthy species harvested using responsible operating methods that limit physical and biological environmental impacts. Regarding

agricultural environments, METRO encourages its suppliers to adopt principles, such as regenerative agriculture, to help create and maintain healthier soils and protect aquatic environments and biodiversity. METRO's suppliers are therefore encouraged to minimize soil disturbance, increase plant diversity, keep roots alive year-round (a true challenge in Canada!) and keep the soil covered (METRO, 2023). When it comes to integrated pest and disease management strategies, METRO's suppliers are encouraged to adopt practices that protect pollinators and limit the use of non-essential chemicals (METRO, 2023). Regarding deforestation, METRO has identified beef and palm oil as the main risk drivers. As for agricultural environments, METRO does not market genetically modified sweet corn, apples, potatoes, and salmon. The grocery chain aims to facilitate customers' access to organic products by providing them with more visibility and better promoting them. It seems to me that their environmental efforts are directed towards suppliers' responsibility and customers' awareness.

Second, regarding the social sphere of ESG, METRO mentions 11 criteria out of 23 (47.83%). Within the social initiatives, 36% are related to socio-economic contributions, focusing on supporting communities through a percentage of their average adjusted net earnings, fostering access to local fruits and vegetables in food stores all year round, by facilitating the identification of local products, and by improving a variety of local products in Jean Coutu pharmacies. Another 36% of METRO's social criteria are directed toward employee well-being initiatives. Indeed, METRO prides itself on promoting a safe, fair, inclusive, and healthy work environment, combating forced and underage labour, and treating workers with respect. The final 27% of METRO's social efforts concern EDI (equity, diversity, and inclusion). Indeed, METRO works towards increasing the number of women and culturally diverse people in management positions to develop a diverse pool of talents. The company also works on strengthening inclusive organizational culture by raising awareness, educating, and developing employee skills pertaining to EDI issues. When it comes to METRO'S contributions to socio-economic development and respect for workers, the company seems to follow three principles: local purchasing whenever possible, fair trade purchasing whenever possible, and respect for labour rights, including child labour and health and safety protection at work.

Third, when it comes to governance, METRO mentions 24 out of the 37 criteria (64.86%). METRO'S main economic and governance-related action items talked about in their sustainability report relate most to responsible procurement (58%) and least to packaging and printed materials (17%). The final 25% of governance-related efforts relate to health, nutrition, and well-being. METRO's focus on responsible procurement can be explained by its development of purchasing policies related to sustainable fisheries and local purchasing and to sector- and issue-based criteria for packaging and palm oil in response to stakeholder expectations. Ultimately, METRO's objective is to maximize the positive benefits and minimize the negative impacts of its purchases (METRO, 2017).



METRO considers responsible procurement to be a strategic lever to meet its business objectives and assert its leadership in sustainable development (METRO, 2017). The responsible procurement framework focuses on the practices implemented to produce in-store food products. It aims to control these items' environmental, social, and economic impacts, including packaging and printed materials. Indeed, METRO encourages products, packaging, printed materials and suppliers that are certified or part of a recognized initiative to protect forest environments and resources, such as the Roundtable on Sustainable Palm Oil, the Forest Stewardship Council, or the Programme for the Endorsement of Forest Certification (METRO, 2023). Throughout the value chain, METRO seems to focus most on five areas: a thorough, responsible procurement framework, product quality control programs, food safety programs, products that foster healthy eating, and organic waste reduction programs. As for their efforts towards respecting animal health and welfare, the three main principles followed by METRO are consideration for livestock needs, prevention of all forms of abuse, and compliance with scientifically-based standards.

Moreover, METRO uses three main tools to operationalize its responsible procurement principles (METRO, 2017):

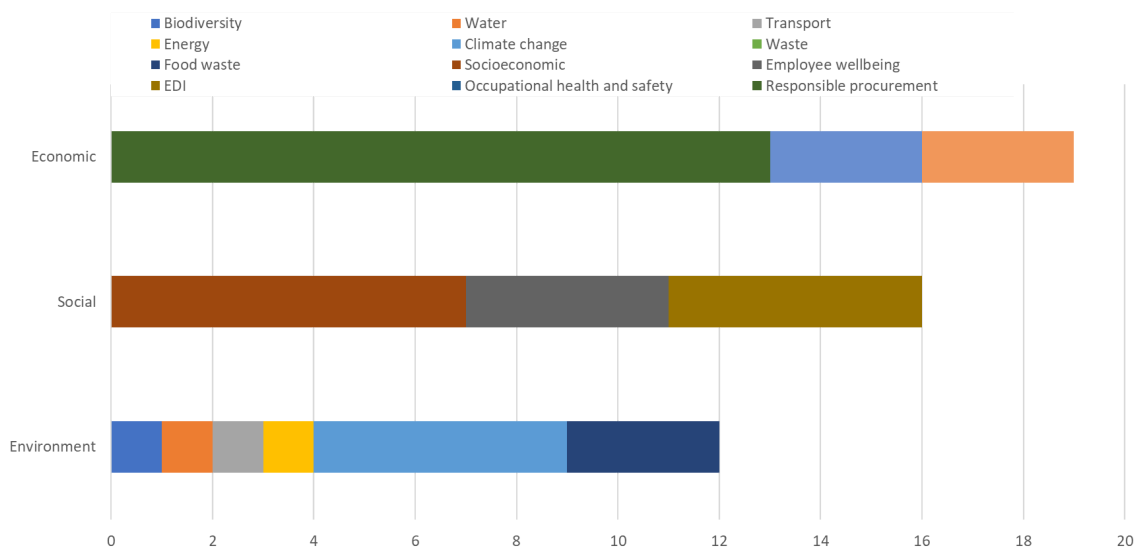
1. A responsible purchasing criteria grid developed for purchasers and suppliers is used to define the attributes METRO sought regarding the environmental and socio-economic aspects of priority product classes.
2. The supplier code of conduct guides business practices and is based on four fundamental principles: business ethics, respect for workers, protection of the environment, and respect for animal health and welfare. METRO's suppliers must follow this code to manage ethical and responsible procurement.
3. Policies outlining responsible procurement criteria and commitments for priority product categories, including the sustainable fisheries policy, the local purchasing policy, and the packaging and print optimization policy.

METRO's main responsible procurement commitments are related to animal products, sustainable fisheries, and fair trade initiatives. Recently, METRO also put out a Responsible Cosmetics Statement to prioritize responsible procurement in resource extraction and ingredient production, to ban animal testing, to minimize health risks to consumers from product use, to minimize the risks to ecosystems associated with the end-of-life disposal of products and their ingredients, and to develop and select packaging and accessories that respects eco-design principles (METRO, 2023).

The Packaging and Printed Materials Policy is a crucial component of METRO's corporate responsibility efforts to adopt responsible procurement practices and manage the environmental

footprint. To develop the principles of this policy, METRO looks at life cycle analysis and circular economy (METRO, 2022). This policy applies to the packaging and printed materials in all activities, including private brand products, packaging in production centres, stores, pharmacies, online grocery services, and administrative centres. It also includes the packaging for handling, transport, and logistics. This policy is based on four principles: reducing the use of packaging and printed materials, implementing optimal design, selecting eco-responsible materials, and facilitating recovery and recycling.

## Loblaw



*Figure 4.3 Representation of Loblaw's sustainability efforts, by sector*

Figure 4.3 illustrates the repartition of initiatives taken by Loblaw, subdividing the initiatives into the three spheres of ESG. It seems like Loblaw places the most effort into economic and governance-related investments (n = 19) while mentioning environment-related tangible actions the least (n = 12).

Loblaw's ESG steering committee establishes the tone-from-the-top ESG culture and provides strategic direction on activities, priorities, internal tracking, external disclosure frameworks, etc. (Loblaw, 2022). Like Metro, Loblaw categorizes its ESG initiatives on a matrix comparing importance to stakeholders to impacts on business. Each initiative is coded as either "environment," "social," or "governance." Examples of initiatives having a very high importance to stakeholders and a very high impact on business include plastics and packaging, food waste, climate change and emissions (all categorized as "environment"), diversity, equity and inclusion (categorized as "social"), and business ethics, human rights and food and product safety (categorized as "governance").

Examples of initiatives having a moderate importance to stakeholders and a moderate impact on business include GMO transparency (categorized as “environment”), public policy engagement (categorized as “governance”), and talent attraction and retention (categorized as “social”).

First, when it comes to the environmental aspect of ESG, Loblaw focuses 42% of its efforts on climate change thanks to greenhouse gas emissions reductions and 25% of its efforts on food waste, thanks to the 10x20x30 initiative, which promotes a comprehensive strategy in addressing food loss and waste, fostering a holistic approach that encourages reductions in upstream food loss and waste (*10x20x30 | Champions 12.3*, n.d.). Other topics related to the environment mentioned by Loblaw’s sustainability report include biodiversity, water, transport, and energy (mentioned equally, receiving 8% of mentions each). Loblaw addresses these issues by identifying biodiversity risks associated with material commodities, adopting responsible water use, and working towards decarbonizing its fleet and reducing refrigerants’ impacts. The company prides itself on providing \$500k annually to biodiversity conservation and restoration projects (Loblaw, 2022), so I would have expected their environmental initiatives to be more tangible and numerous. Their most significant contribution is probably supporting the work of One Planet Business for Biodiversity, an initiative designed to scale up regenerative agricultural practices, boost cultivated biodiversity and diets through product portfolios, eliminate deforestation, and enhance the management, restoration, and protection of high-value natural ecosystems (*One Planet Business for Biodiversity (OP2B) - World Business Council for Sustainable Development (WBCSD)*, 2023).

While Loblaw’s operation footprint is significant, the emissions generated throughout the supply chain will have a greater environmental impact. Around 2% of Loblaw’s emissions occur from sources controlled or owned by the company, while around 1% of the indirect emissions are associated with purchasing electricity, steam, heat, and cooling. These are scope 1 and 2 emissions. The Scope 3 emissions account for about 97% of Loblaw’s overall emissions. These are from assets not owned or controlled by the chain but that indirectly affect the value chain (Loblaw, 2022). Loblaw has therefore aligned to the Science Based Targets initiative and committed to a 50% reduction in enterprise operating footprint by 2030, net zero by 2040, and net zero for scope 3 by 2050 (Loblaw, 2022). Their primary focus areas for achieving these goals are refrigerants, heating, electricity, and the decarbonization of their fleet. The discrepancy between these ambitious goals and the current composition of emissions makes me question the feasibility of the strategies to achieve the targets. As there is a complex web of external assets influencing Scope 3’s emissions throughout the value chain, I would call upon Loblaw to provide more detailed and transparent information regarding the specific and tangible environmental initiatives that are not financially supporting charities and organizations.

Loblaw’s main commitments and performance highlights include their goal to achieve net zero by 2040 for the company’s operating footprint and 2050 for scope 3 emissions. Indeed, they have achieved an 8% reduction in greenhouse gas emissions relative to their 2020 baseline (Loblaw, 2023).

Moreover, Loblaw has committed to sending zero food to landfills by 2030 and achieving measurable food waste reductions in every store by 2024. To do so, 100% of their stores with grocery offerings, including both Loblaw and Shoppers Drug Mart, as well as distribution centres, have committed to donating to food recovery agencies (Loblaw, 2023).

Second, when it comes to the social aspect of ESG, two of Loblaw's most emphasized commitments and social performance highlights include being Canada's most diverse and inclusive employer and supporting health, children, and women. Loblaw focuses 44% of its efforts on socioeconomic contributions, then 31% on equity, diversity, and inclusion. Finally, 25% of Loblaw's social efforts target employee well-being. Loblaw's socioeconomic contributions include supporting organizations that improve women's access to care, address childhood hunger, and tackle disaster and humanitarian responses. By supporting philanthropic initiatives, Loblaw positions itself as a strong player in corporate social responsibility. Moreover, Loblaw's EDI initiatives are aimed at fostering a more inclusive and diverse workplace by increasing the representation of women and culturally diverse individuals in management positions, expanding efforts to hire people with disabilities, developing a diverse talent pool, achieving specific representation goals for management and executives, and strengthening the organizational culture through awareness, education, and skill development. Finally, the company is dedicated to employee well-being through initiatives that prioritize a safe and healthy work environment, actively combat forced and underaged labour, and create a culture that values respect, dignity, and rights of every individual in the organization. In partnership with ELEVATE, Loblaw follows a multi-step process to assess procedures and policies across the enterprise.

Third, regarding the governance aspect of ESG, Loblaw focuses 68% of its efforts on responsible procurement. Moreover, packaging and printed materials and health, nutrition and well-being each receive 16% of mentions in Loblaw's sustainability reports. Loblaw's consideration for responsible procurement is evident through various initiatives. Indeed, the company requires suppliers to adhere to high standards of working conditions across the supply chain, which emphasizes Loblaw's previously mentioned social commitment to fair and ethical labour practices. In terms of animal welfare, the grocer offers products sourced from responsible and humane practices, as all suppliers are mandated to adhere to the Code of Practice for the Care and Handling of Farm Animals. Sustainable fishing practices are also promoted. The grocery chain is a member of the Roundtable on Sustainable Palm Oil, and the company uses sourced Rainforest Alliance and Fairtrade Certified coffee, tea, and cocoa (Loblaw, 2022). Additionally, Loblaw is committed to reducing deforestation across the food supply chain, demonstrating an awareness of the impacts of sourcing practices. Moreover, the inclusion of vegan-certified beauty products and the transition to sustainable cotton showcases the commitment to cruelty-free and environmentally friendly sourcing. The

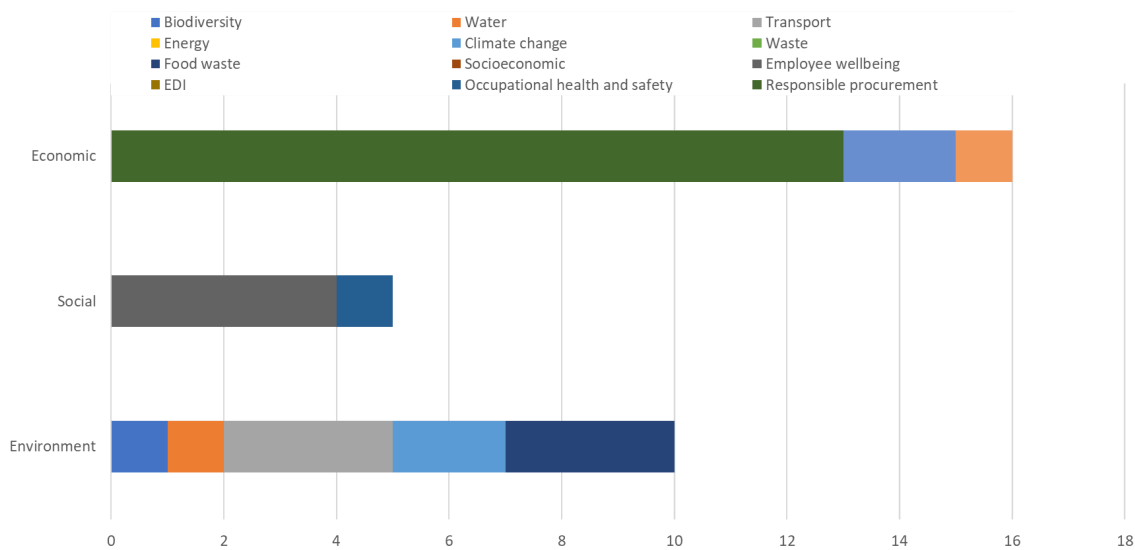
company also aims to reduce Canada's carbon footprint while investing in farming communities by increasing its purchases of Canadian-grown produce. Finally, Loblaw is dedicated to responsible antibiotic use in agriculture and is exploring new sustainable farming practices, such as regenerative agriculture.

On another note, Loblaw's focus on reducing overpackaging and single-use plastic illustrates its dedication to addressing environmental issues within the governance lens, such as minimizing plastic waste throughout the supply chain. I believe one of the core demonstrators that Loblaw wants to address is the role packaging plays in the ecological footprint of food products, which is optimizing its private food brand packaging. Loblaw is committed to reducing plastic waste by making all control brand and in-store plastic packaging recyclable or reusable by 2025. Indeed, in 2023, they announced the elimination of single-use front-end bags (Loblaw, 2023). Loblaw's private brand, Joe Fresh, has also committed to transitioning 100% of its packaging to recyclable materials by 2025 (Loblaw, 2023).

Moreover, the commitment to eliminate neonicotinoids, a class of harmful pesticides to pollinators, showcases the corporate commitment to protecting agricultural sustainability. However, ongoing monitoring and clear transparency are crucial to evaluate the actual impact on pollinator health. Additionally, removing unnecessary ingredients from products aligns with the new trend of consumer preferences for cleaner and healthier options. Undoubtedly, a more critical analysis would involve transparency about what constitutes "unnecessary" ingredients and the specific environmental considerations driving their removals.

I believe the requirements for suppliers to uphold labour standards across the supply chain are beneficial. However, the effectiveness of enforcement and monitoring mechanisms should be transparent to ensure meaningful impacts. In the same line of ideas, offering beauty products and food products from humane practices is laudable, but the company should provide more explicit evidence of adherence to these standards and consider extending its responsible practices to a broader range of products. I also believe that the commitment to reducing deforestation and promoting organic products is admirable, but Loblaw should consider providing specific targets for the effectiveness of these initiatives and should ensure the accessibility and affordability of these producers for a broad customer base.

## Costco



*Figure 4.4 Representation of Costco's sustainability efforts, by sector*

Figure 4.4 illustrates the repartition of initiatives taken by Costco, subdividing the initiatives into the three spheres of ESG. It seems like Costco focuses the most on the governance aspect of reporting, mentioning tangible actions relating to “responsible procurement” the most. The sphere of ESG that is least tackled by Costco’s sustainability report is “Social.”

Costco’s sustainability report is guided by two main governance frameworks: Strategy & Oversight, and Implementation, Reporting & Compliance. From these two main goals and from looking at the comparison matrix, it is possible to conclude that, for Costco, governance is the most critical aspect of ESG, focusing less on corporate environmental actions. Indeed, Costco mentions 10 of the 22 criteria (45.45%) on the environment, 5 of the 23 on the social aspect of ESG (21.74%), and 16 out of the 37 economic criteria (43.24%). Costco’s main environmental corporate actions fall under the realm of biodiversity, water, transport, climate change and food waste. They mention transport and food waste the most, which is not surprising considering the company’s priority on the governance aspect of ESG. Regarding the social aspect of ESG, their actions tend to fall under the realms of employee well-being, and occupational health and safety. Finally, the governance-related innovations primarily relate to responsible procurement, touch upon packaging and printed materials, and briefly mention health, nutrition and well-being. The sector in which Costco flagrantly puts the most emphasis is “Responsible Procurement.” These efforts are mainly exhibited thanks to their private brand, “Kirkland Signature.”

Within the issues related to the environment mentioned by Costco's sustainability reports, the subdivisions that received the most mention are "transport" and "food waste," each receiving 30% of all environment-related mentions. Then, 20% of the tangible actions are related to climate change, and the subcategories "biodiversity" and "water" receive the least amount of mentions, with each 10% of mentions. Then, within the issues related to the social sphere of ESG, 80% of all mentions are related to the subcategory "employee well-being." In comparison, 20% of the mentions are related to the "occupational health and safety" subcategory. Finally, when it comes to the economic and governance-related tangible actions mentioned in the reports, 81% of mentions fall under the subcategory "responsible procurement," while 13% are related to "packaging and printed materials," and only 6% of mentions focus on "health, nutrition, and well-being."

Indeed, Costco focuses on business-related issues, where they can contribute to real results-driven positive impacts. Their reporting, done by the Sustainability Accounting Standards Board (SASB), focuses on two main issues: Food Retailers, Distributors & Multiline, and Speciality Retailers & Distribution (Costco, 2022). Although they have strong and sustainable governance, their reporting also focuses on some environmental aspects of ESG.

For instance, Costco's climate-related risks and opportunities are identified over the short, medium, and long term. Over the short term, measured on a 1 to 5-year window, the goals generally align with a timeframe for internal financial planning, budgeting, and analysis. Over the medium term, measured on a 5 to 10-year basis, the goals aim to capture the impacts of transition activities and associated risks. They also aim to capture some, not all, of the impacts of chronic physical risks emerging in the next decade. Then, over the long term, measured on a 10 to 30-year window, the goals are to capture the impacts of chronic physical risks that could potentially develop over time, and that could manifest in the company's operations and supply chain (Costco, 2022). It is, therefore, possible to notice and infer that even though Costco positions itself as a company that only thrives if the world thrives, its environmental goals are all governance-related.

Then, their mission statement and code of ethics focus on five main goals: to obey the law, to take care of members, to take care of employees, to respect suppliers, and to reward shareholders (Costco, 2022). Costco commits to providing members with high-quality goods at the lowest possible prices in a way that is responsible to the environment, the people, and the animals that produce the goods. To do so, they ask suppliers to map the supply chain, report on how people and animals are cared for, report on the environmental impacts of production, use the best possible packaging, and report and reduce emissions (Costco, 2022). Moreover, Costco coordinates animal welfare efforts through the Animal Welfare Task Force, informed by various global standards. They are also engaged with the Center for Food Integrity and have a partnership with Progressive Beef to monitor the use of

antibiotics in the beef supply chain. Their main five domains for assessing animal welfare are nutrition, environment, health, behaviour, and mental state (Costco, 2022).

In the same order of ideas, Costco is part of a fresh produce multi-stakeholder effort that includes farmers, suppliers, buyers and NGOs to improve labour practices, environmental stewardship and food safety for the benefit of workers, agricultural communities, businesses and consumers. Indeed, Costco has been the largest single donor to the Equitable Food Initiative (EFI) development, with over \$2.5 million contributed since 2018 (Equitable Food Initiative, 2023). It seems to me like Costco likes to talk the talk, but will only walk the walk by throwing money at organizations to address ESG issues. Then, Costco also adheres to a few certifications when it comes to forest management. Their certifications ensure that the needs of forest ecosystems and communities are balanced with conservation. They are members of the Forest Stewardship Council (FSC), the Sustainable Forestry Initiative (SFI), and the Programme for the Endorsement of Forest Certification (PEFC), with a preference for FSC. This is remarkable, as the FSC is considered the strictest among these three certifications due to its comprehensive and rigorous standards encompassing a wide range of environmental, social, and economic factors in forest management. Finally, Costco also emphasizes pollinator health, thanks to the implementation of its integrated pest management plan (Costco, 2022). Their records are entered into the Pesticide Risk Tool (PRT) (Pesticide Risk Tool, n.d.), which, to me, also seems like a way of investing in having a “green” image. Costco notes in its sustainability report (2022) that each use of highly hazardous pesticides must be justified in writing without explicitly banning the use of highly hazardous pesticides.

Furthermore, Costco’s ESG priorities and strategies align closely with six United Nations Sustainable Development Goals and touch upon seven relevant United Nations Sustainable Development Goals, therefore demonstrating their commitment to global sustainability. Costco’s priorities are on SDG #6, “Clean Water and Sanitation,” SDG #8, “Decent Work and Economic Growth,” SDG #12, “Responsible Consumption and Procurement,” SDG #13, “Climate Action,” SDG #14 “Life Below Water,” and SDG #15 “Life on Land.” However, their sustainability goals also touch upon SDG #10, “Reduced Inequalities.” To do so, they have assigned Key Performance Indicators (KPIs) to each goal, which is linked to an SDG. These are reported in their 2022 sustainability report (Costco, 2022). First, Costco (2022) defines water as “a precious and limited resource that cannot be wasted.” Therefore, they are committed to improving water use efficiency and reducing operational water waste, thanks to facilities with operational water monitoring systems. This aligns with SDG #6. Then, when it comes to the “Decent Work and Economic Growth” SDG, Costco is committed to protecting the human rights of people who contribute to the success of their businesses. Therefore, It is no surprise that this indicator’s KPIs are qualitative and include supporting the welfare of the people who produce, process, harvest, and transport the products sold by Costco. Then, this grocery



chain has a diverse workforce, representative of the communities that are stakeholders to the company. Through a gender and ethnic group representation of employees' KPI, Costco aims to positively contribute to SDG #10, "Reduced Inequalities," to foster the well-being of the communities where they do business. SDG #12, "Responsible Consumption and Production," is where they have instilled the most corporate goals. Costco's goal to continually decrease the amount of waste going to landfills through reducing food waste at source, feeding hungry people and animals, and supporting industrial programs such as biofuels, composting, and other recycling and donation programs is measured thanks to waste diversion rates. Similarly, their goal to continually decrease the amount and impact of packaging waste through package elimination, reduction through redesign, and offering packaging that is widely recyclable, compostable and/or made from recycled content is done mainly by reducing the plastic packaging on their private brand "Kirkland Signature," based on supplier-reported data, which is not audited. Then, when it comes to more environmental priorities, Costco touches upon three main SDGs: "Climate Action," "Life Below Water," and "Life on Land". Costco aims to implement a series of standards, metrics, and goals to build a holistic ESG strategy. Their plan prioritizes the mitigation of Scope 1, 2 GHG emissions, and Scope 3 emissions. Costco also aims to source sustainable seafood products from either wild fisheries or farmed aquacultures. Indeed, Kirkland Signature wild species produced are mostly sourced from MSC-certified fisheries or in an FIP, based on supplier-reported data. Similarly, farmers' seafood of the Kirkland Signature brand is sourced chiefly from ASC-certified farms or in an AIP based on supplier-reported data. Finally, thanks to certifications, Costco aims to responsibly source wood, paper, and fibre-based products. Indeed, Kirkland Signature pulp and paper products are certified to FSC, SFI, PEFC, and/or recycled content based on supplier-reported data.

Although Costco focuses most on the governance aspect of ESG and least on the environmental aspect, it is possible to infer from their mission statement, mentioned above, that human rights are considered an essential part of the governance strategy for this grocery chain. Costco's Supplier Code of Conduct (2022) was established to "protect the human rights and safety of the people who produce, process, harvest, and transport the products while recognizing and respecting cultural and legal differences found worldwide." Costco verifies compliance with labour and environmental laws at the final manufacturer or processor level of the supply chain when it comes to the application of human rights. When their facilities are considered medium to high risk, audits are required annually at a minimum and more frequently if corrective actions to the Code of Conduct violations require on-site verification. The frequency of these audits seems to be relatively low. According to their 2022 Sustainability Report, 23.6% of Costco's facilities were graded as "Low Performance," and only 5.5% of their facilities were graded as "High Performance" during the annual audit (Costco, 2022). The intention to do good and to consider the social aspect of ESG might be present in their reports, but in practice, their fight for the protection of human rights is definitely

lacking effort. However, Costco employees responsible for the day-to-day management of the Code of Conduct's facility audits received training on ILO Forced Labor indicators, the UNGPs on Business and Human Rights, the United Nations Sustainable Development Goals, and various due-diligence laws and regulations around the world (Worldwide Responsible Accredited Production, 2023). Moreover, Costco has a dedication to addressing modern slavery through partnerships with various human rights organizations (Costco, 2022).

## 4.2 Comparative analysis between the four chains

It is essential to remember that the findings in this thesis are derived from voluntarily published reports curated by each company, which necessitates a nuanced interpretation of the results. Indeed, these reports are inherently biased toward positive achievements, as companies solely highlight their successes and positive impacts. This inclination towards presenting favourable actions is especially noticeable in the environmental reporting domain, which may not be as thorough as the social and governance components of their sustainability reporting. I speculate that the inherent challenges within the food production industry and the complex environmental impacts it brings might contribute to this observed trend. Indeed, the food retail industry's intricate supply chains and dependencies on natural resources pose concrete challenges in achieving comprehensive, transparent, and positive reporting.

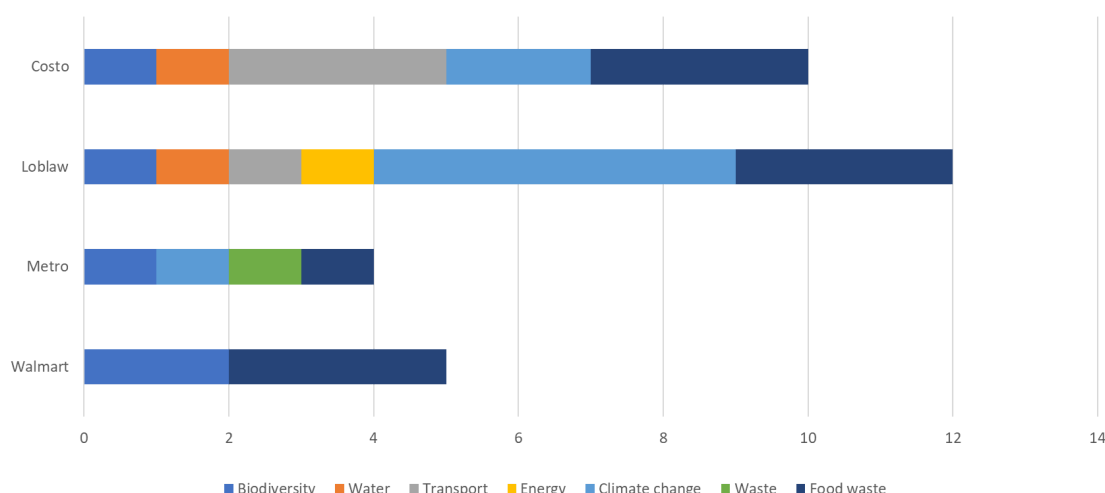
On another note, the data across the companies exhibits similarities, reflecting the common sources from which the information is derived. Although the similarity in the data might indicate a certain level of consistency in sustainability practices, it is crucial to closely examine the methods and different reporting tools that the companies use for sustainability reporting.

Finally, before going forward with the analysis, it is interesting to note that, like Radio Institute (2023), which analyzes North American food retailers' reporting standards, I judge that all four grocers analyzed reached a "basic level of reporting." Indeed, their reporting on supply chain-related criteria seemed transparent and based on science-based targets for greenhouse gas goals referenced by the UN Sustainable Development Goals. The grocers clearly state the current status for each ESG topic, state company goals and related achievements, and describe their progress towards goals across multiple reporting periods. Ratio Institute and Dragiff (2023) have found that best practices include utilizing quantitative information wherever possible to enhance precision, aligning ESG topics with relevant business operations to maximize strategic impact, and opting for a single comprehensive publicly available report instead of multiple documents or web pages for different ESG areas to simplify accessibility and comprehension. After reviewing the 58

documents, I, as a researcher, wholeheartedly agree with this last point. I also believe using consumer-friendly language can foster a broader understanding of the reported information for the readers, therefore nurturing a more informed stakeholder base.

## Environmental issues tackled in the reports

When it comes to similarities and differences in the results, it is interesting to note that within the environmental scope, Walmart and METRO report a similar number of initiatives (n=5 and n=4, respectfully), while Loblaw and COSTCO also present a similar score, almost double the ones of Walmart and METRO (n=12 and n=10). Even though METRO mentions environmental actions the least, this company has the equal repartition of environmental-related sustainability efforts (the mentions are dispersed equally across the subsections “biodiversity,” “climate change,” “waste,” and “food waste”). Moreover, although the code “climate change” includes the most segments (n=8), it only contains eight mentions across companies. In contrast, the code “food waste” only includes five segments and is mentioned ten times across the companies. Furthermore, it is noteworthy to highlight that the codes “biodiversity” and “food waste” are the only subcategories in which the segments are mentioned by all four companies. Then, the code “climate change” has segments mentioned in all companies but Walmart. The codes “water” and “transport” have segments mentioned only by Loblaw and COSTCO. Finally, the codes “energy” and “waste” were only mentioned by one company each: Loblaw and METRO, respectively.



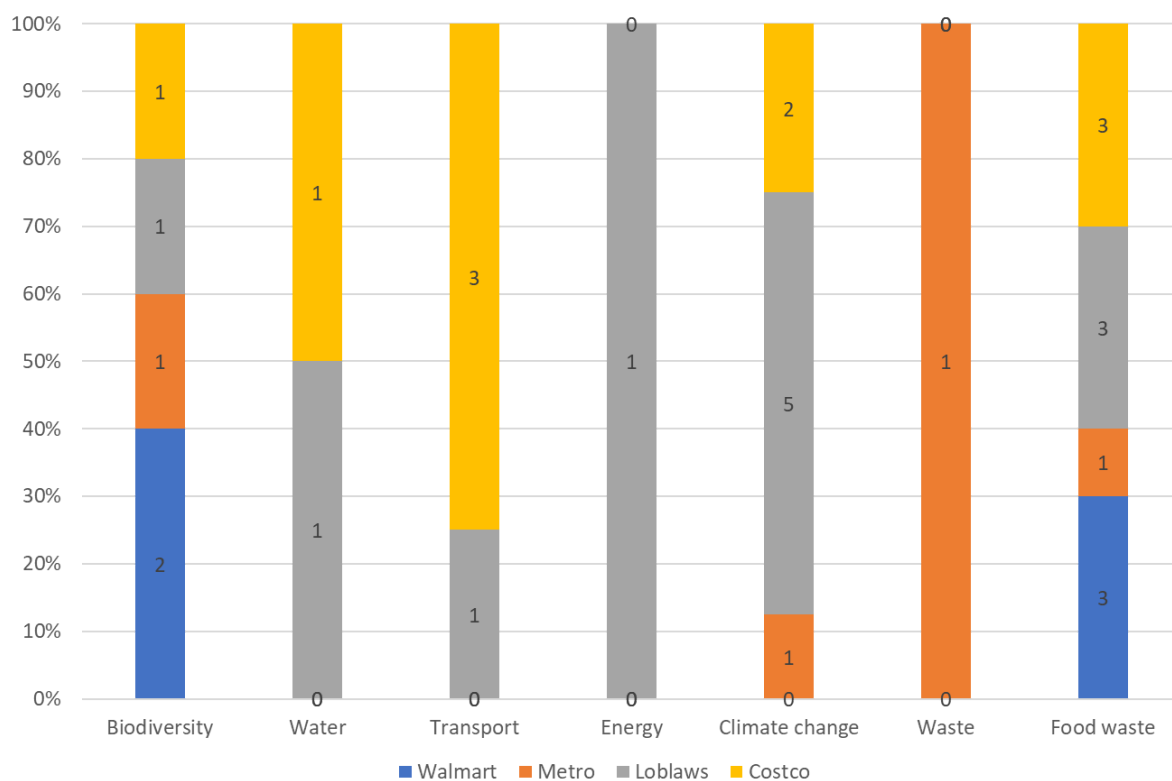
*Figure 4.5a Comparison of environment-related sustainability efforts, by grocery chain*

Figure 4.5a shows the distribution of initiatives related to environmental concerns across the four grocery chains. The individual companies are on the Y axis, and the environmental subcategories are on the X axis, in order to show the repartition specific to each company. It is possible to infer that

Loblaw is the chain that attributed the most effort to environmental issues in its CSR reports (n = 12), closely followed by Costco (n = 10). In contrast, METRO (n = 4) and Walmart (n = 5) have the lowest amount of mentions of tangible actions related to the environment.

In short, Costco invests in renewable energy and energy-efficient technologies targeting transport and food waste. Walmart works towards protecting biodiversity and diverting food waste by implementing sustainable sourcing and packaging practices. METRO focuses on reducing waste and enhancing recycling efforts, and invests in energy-efficient technologies to address the impacts of food retail activities (waste and food waste) on biodiversity and climate change. Finally, Loblaw has set goals for reducing greenhouse gas emissions, as most of its efforts are concentrated on climate change. Loblaw also engages in sustainable sourcing practices to avoid food waste.

These four major grocery chains have sustainability goals focusing on energy efficiency and sustainable sourcing. Efforts are made throughout the food retail industry to reduce food waste and promote recycling. However, while Costco focuses on renewable energy, Walmart concentrates on reducing carbon emissions. Moreover, METRO highlights waste reduction efforts, while Loblaw emphasizes greenhouse gas emission reductions.



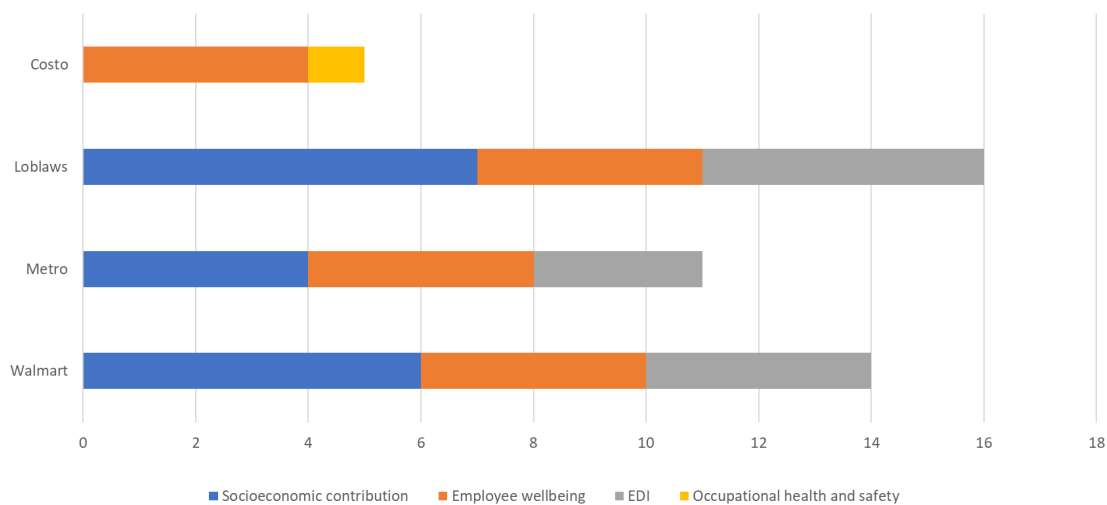
*Figure 4.5b Distribution of environment-related sustainability efforts, by grocery chain*

Figure 4.5b illustrates the disparity of environmental issues tackled by the grocery chains' sustainability reports. It seems like the issue that was mentioned the most throughout the report is "food waste," with 32.26% of mentions, followed by "climate change" with 25.81% of mentions. However, Walmart has not mentioned climate change once. I speculate that the reason why these two topics are the most touched upon would be because climate change is becoming a more and more popular topic, mentioned by businesses in every industry. The world is rapidly changing, and companies are focusing on having a "greener" image. It also makes sense to me that food waste be mentioned as much, as these companies are major grocery chains. Food is their main area of focus, and with their inventorying practices, it is relatively easy for these companies to report the amount of food wasted, because this data is easily accessible to them. The two least mentioned topics are energy and waste, each mentioned a total of one time (Loblaw is the only company that mentioned tangible actions with regard to energy, and METRO is the only company that addressed waste). It is also interesting to mention that "biodiversity" and "food waste" are the only two subcategories mentioned by all four grocery chains. It seems like Loblaw has the greatest repartition of environmental topics touched upon, while Walmart has the smallest repartition.

According to Aaron Daly (2023), the former energy management director of Whole Foods, an American multinational supermarket chain, refrigerants should be the first area food retailers tackle due to their immense potential to make a sizable reduction in their environmental footprint while saving money. Indeed, most retailers in Europe have already started using micro-distributed systems that use hydrocarbons as refrigerants, which has reduced their emissions drastically while saving space in their stores.

## Social issues tackled in the reports

When it comes to similarities and differences in the results, it is interesting to note that within the social score, COSTCO is the only company without a number of mentions superior to 10. Indeed, Walmart, METRO, and Loblaw have very similar trends within their social reporting, as they have a relatively even distribution of mentions across the subcategories "socioeconomic contribution," "employee wellbeing," and "equity, diversity, and inclusion." The code which includes the most segments is "socioeconomic contributions" (n=13), and the mentions come from Walmart, METRO, and Loblaw's sustainability reports. The code "equity, diversity, and inclusion" contains five segments, mentioned in all but COSTCO's report. The code "Employee wellbeing" is the sole subsection containing segments mentioned in all four companies. Finally, the code "occupational health and safety" only contains one segment, which is mentioned by COSTCO.

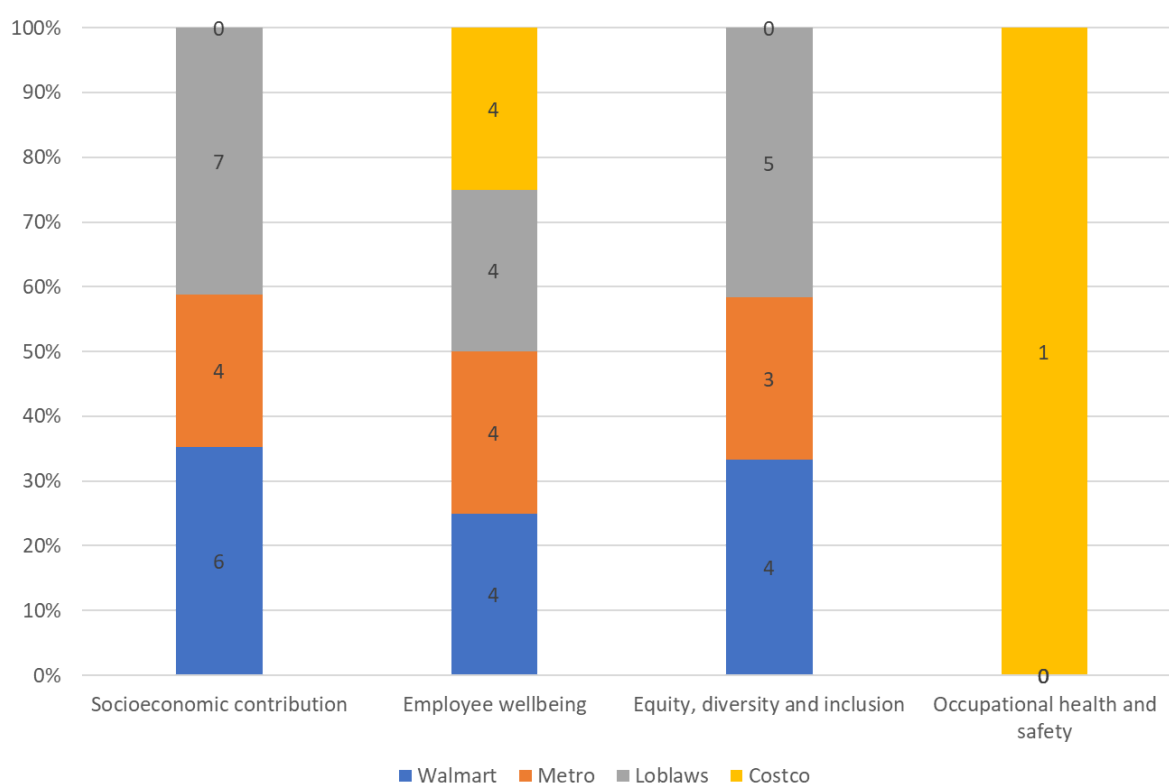


*Figure 4.6a Comparison of social-related sustainability efforts, by grocery chain*

Figure 4.6a shows the distribution of initiatives related to social concerns across the four grocery chains. The individual companies are on the Y axis, and the social subcategories are on the X axis, in order to show the repartition specific to each company. It is possible to see that Loblaw (n = 16), Walmart (n = 14), and METRO (n = 11) all seem to attribute excellent levels of effort to tackle social issues, while it does not seem to be a priority for Costco (n = 5). Costco's sustainability reports mentioned socio-economic contributions and equity, diversity, and inclusion. However, I did not include these topics in the ESG matrix, as I did not judge these mentions as tangible and concrete actions compared to the other companies' efforts in EDI and socio-economic contribution. These mentioned seemed to be purely for show. I did not conclude that, on these particular topics, Costco truly walked the walk, while it was talking the talk.

In short, it seems like Costco focuses on employee satisfaction through fair wages and benefits. Walmart seems to invest most in employee training and advancement opportunities by implementing programs to support local communities through charitable contributions. Then, METRO prioritizes employee safety and well-being and engages in community involvement and philanthropy. Finally, Loblaw also supports employee development and well-being and attributes many of its social efforts to initiatives supporting food security and hunger relief in communities.

All four grocery chains prioritize employee welfare, whether through fair wages, safety measures, or development opportunities. They also engage in community-focused initiatives, supporting local causes and charitable activities. However, while Costco emphasizes employee satisfaction, Walmart focuses on training and advancement. Moreover, METRO and Loblaw seem to have the most substantial focus on local initiatives fostering community involvement.



*Figure 4.6b Distribution of social-related sustainability efforts, by grocery chain*

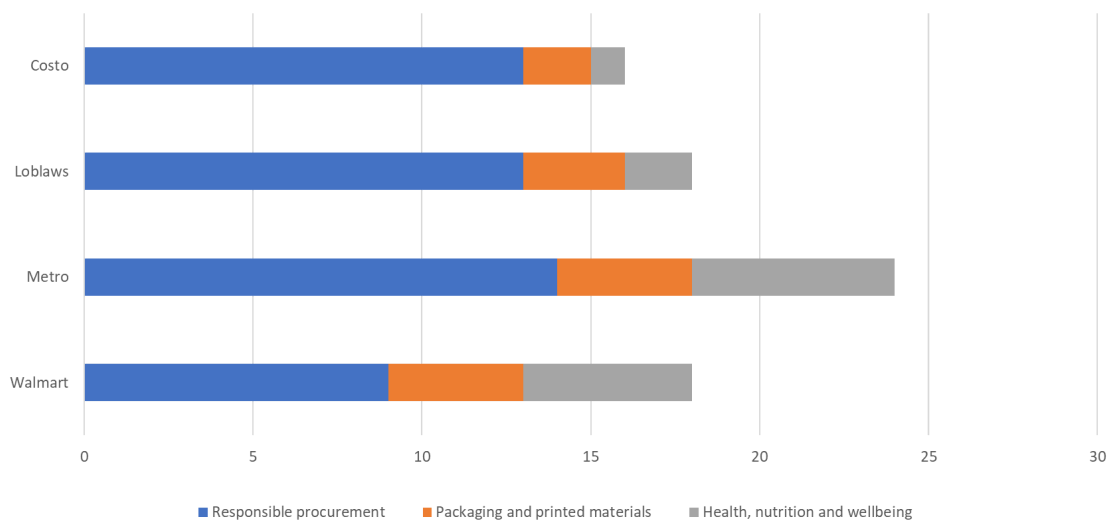
Figure 4.6b illustrates the disparity of social issues tackled by the grocery chains' sustainability reports. The only social subcategory which was addressed by every company's sustainability report is "employee well-being." This can be attributed to the fact that there are some legislative regulations in place that the companies must mention and report. However, this subcategory only accounts for 34.78% of the social issues mentioned. The subcategory which included the most tangible actions reported is "socio-economic contributions," with 36.95% of the mention. It is interesting to mention that this subcategory, along with "equity, diversity, and inclusion," was only mentioned by Walmart, METRO, and Loblaw. However, Costco is the only chain that mentions tangible actions related to occupational health and safety. A 2021 study on corporate social responsibility practices in the retail sector found that although occupational health and safety were a priority for all retailers (Bravi, 2021), Costco received some backlash for not referring to this aspect in its report. To avoid accidents and damages that could affect the corporate image, it is possible that Costco attributed more effort to this topic in its most recent sustainability reports.

## Governance-Related issues tackled in the reports

When it comes to similarities and differences across the governance-related results, all three codes, "responsible procurement," "packaging and printed materials," and "health, nutrition and

wellbeing,” are mentioned by the four grocery chains. While the code “responsible procurement” contains the most segments (n=24), the code “packaging and printed materials” contains the least number of segments (n=5).

It is also interesting to note that the governance-related mentions in the report encompass some environmental issues. Therefore, the observed disparity between governance and environmental results can be attributed to the inclusion of governance-related mentions in the reports that specifically pertain to environmental issues. While some of these actions, such as the abstinence of marketing genetically modified products, the offering of seafood products from responsible sources to preserve natural resources, reducing deforestation across the supply chain, promoting reusing and recycling, converting to sustainable and organic cotton, protecting high conservation value and high carbon stock forests, promoting pollinator-friendly agricultural practices and regenerative agriculture, reducing overpackaging and single-use plastic, sourcing certified deforestation-free pulp and paper, etc. have environmental implications, it is crucial to note that their primary objectives are not centered on environmental protection. Instead, these actions are implemented to enhance the overall governance of the companies. Therefore, I categorized them within the governance section of the results to accurately reflect their underlying purpose. I judge this method to enable a more accurate portrayal of the companies’ endeavours and ensure a thorough comprehension of how governance and environmental reporting are interlinked in the realm of sustainability.



*Figure 4.7a Comparison of governance-related sustainability efforts, by grocery chain*

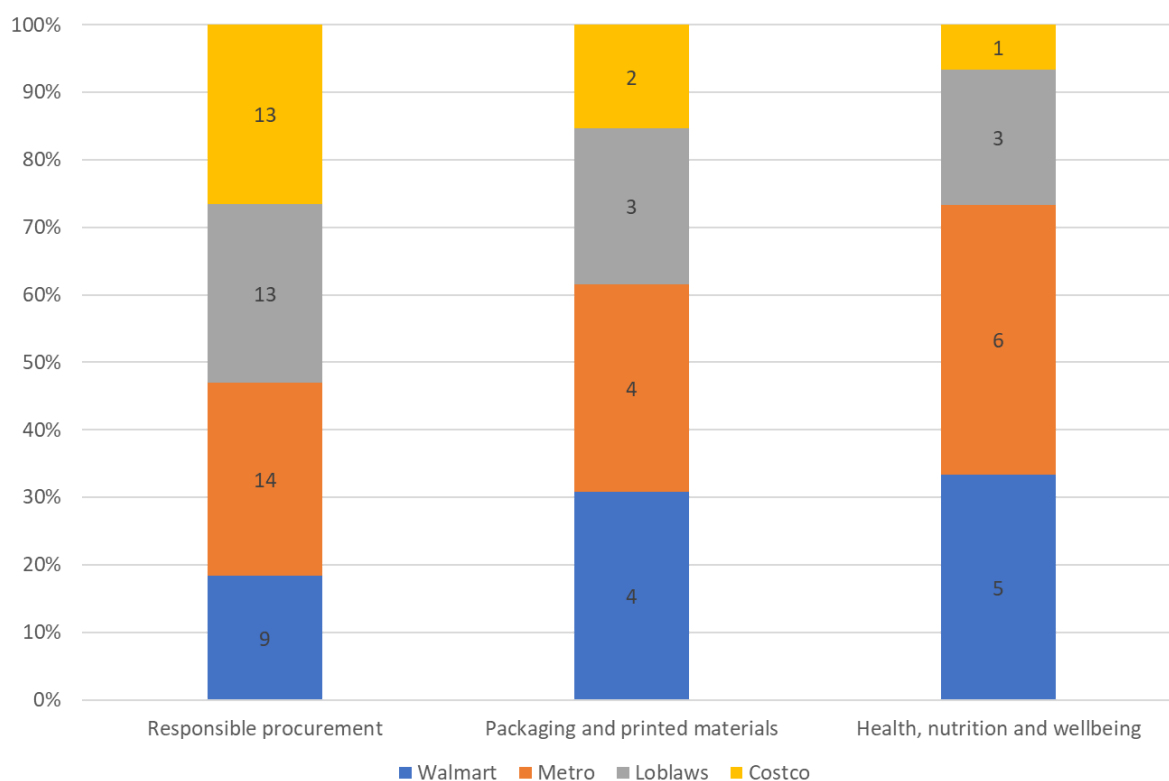
Figure 4.7a illustrates the repartition of topics related to economics and governance mentioned in the grocery chains’ sustainability reports. The individual companies are on the Y axis, and the environmental subcategories are on the X axis, in order to show the repartition specific to each



company. It is possible to notice that METRO is the company with the most tangible actions related to economics and governance mentioned in its report ( $n = 24$ ). The three other grocery chains have quite similar results regarding the number of mentions of sustainable practices: Loblaw has 19 mentions, Walmart has 18, and Costco has 16. Interestingly, economic issues and topics related to governance are mentioned the most in the reports, compared to environmental and social issues. This might be because the economic and governance-related action items are the easiest to report in terms of concrete numbers.

In short, Costco prides itself on offering competitive wages and benefits to employees. Walmart emphasizes cost-effective products and services to customers while working on supporting local businesses. METRO focuses on responsible sourcing of packaging, animal, and fish products, and supports local suppliers while striving for cost efficiency in operations. Finally, Loblaw focuses efforts on responsible procurement throughout its supply chain while providing affordable products to customers.

All four major grocery chains focus on responsible procurement, largely thanks to their animal welfare programs and sustainable sourcing initiatives. By prioritizing supplier relationships, these industry giants provide cost-effective products and services to their customers and stakeholder communities. However, while Costco and Walmart prioritize supplier diversity, METRO and Loblaw seem to favour local sourcing.



*Figure 4.7b Distribution of governance-related sustainability efforts, by grocery chain*

Then, Figure 4.7b illustrates the disparity of economic and governance-related issues tackled by the grocery chains' sustainability reports. "Responsible procurement" is the subcategory which was mentioned the most (63.64% of governance-related mentions are attributed to this category). "Health, nutrition and wellbeing" (19.48% of mentions) and "packaging and printed materials" (16.88%) seem to be mentioned much less in the sustainability reports. However, it is quite interesting to note an almost even repartition across the companies.

### 4.3 Implications of the ESG and CSR performance in the Canadian food industry

Canada is already committed to reducing greenhouse emissions to 440 megatonnes by 2030 and is on the path to achieving net-zero emissions by 2050 (Canadian Climate Institute, 2023). The key sectors Canada has targeted as having quick and effective policy implementation potential are transportation, oil and gas, electricity, and buildings (Canadian Climate Institute, 2023). They do not include the food retail sector. As of 2023, only six out of all the Canadian provinces and territories in Canada have specific legislation in place that sets targets for reducing greenhouse gas emissions by

2030. This falls short of covering the entire country, and the combined targets of these six regions are insufficient to meet the national emission reduction target of 440 megatonnes by 2030.

In the context of ESG gaps in policy and research in Canada, it is crucial to highlight the necessity of comprehensive climate policies. The existing research and literature underscores the significance of developing effective strategies not only at the national level but also within individual provinces and territories. These policies should extend beyond emission reduction goals, emphasizing the need for measures that bolster community resilience in the face of climate change impacts, taking into account all three spheres of sustainability (environmental, social, and economic resilience). By taking both adaptive measures and actively working to reduce emissions on a global scale, it is possible to significantly mitigate the economic, social, and environmental costs associated with climate change.

## 4.4 Potential for improvement and innovation

I believe an underlying concern for the Canadian grocery retail industry in its fight against climate change is consumer behaviour. In 2021, when asked which considerations were most important when shopping for food and drinks at grocery stores, 52% of respondents chose the lowest price. 46% of respondents said health considerations were most important when grocery shopping, followed by 25% who considered where food and drinks were produced (Statista, 2022). I believe these four grocery chains could benefit from Canadians' most important considerations when grocery shopping, use their already competitive prices, focus on health, and use responsible procurement within their business model to take further action on the ESG front. Moreover, in 2022, a survey found that 56% of consumers found it crucial that grocery stores donate food instead of throwing it out. Of significant importance were incentives to use reusable bags and locally sourced produce and animal products (which both scored 46%). However, another 46% of respondents stated not being too concerned by electric vehicle charging stations (Statista, 2022). I believe the consumer importance of commitment to the sustainability of grocery stores in Canada could be used as a catalyst for installing concrete change within the companies' sustainability efforts. To leverage this potential for innovation in grocery chains' commitment to sustainability, I propose the following strategies:

First, I believe grocery chains should continue to enhance their partnerships with local charities and tax incentives to facilitate food donations. Indeed, enhancing partnerships for food donations can have positive social and environmental impacts. For instance, by implementing reward programs, grocery chains could educate consumers on the environmental impact of food waste and advocate for the positive outcomes of donating unused but consumable food. This not only resonates

with the consumers' previously mentioned growing concerns about sustainability but also positions the companies publicly as active contributors to fighting food waste. Then, facilitating food donations through local charities directly benefits local communities by addressing food insecurity, fostering a positive relationship between the companies and the areas they serve. However, there may be some logistical challenges associated with this strategy. For example, giving away food brings up issues of transportation and storage constraints to ensure the food meets safety standards.

Second, although most grocery stores have already banned single-use plastic bags, I believe they could expand the incentives for using reusable bags, such as loyalty points and discounts for consumers who bring their own reusable bags. To do so, companies could collaborate with environmental organizations to market ecological benefits. This strategy would appeal to consumers who base their choice of grocery store on environmental concerns and demonstrate the grocery industry's commitment to reducing plastic pollution. Moreover, by collaborating with environmental organizations to market ecological benefits, grocery chains would position themselves as actively engaging with local organizations to amplify positive change regarding plastic pollution. It is time for grocery chains to find creative ways to overcome consumers who refuse to use reusable bags through effective marketing and education campaigns.

Third, consumer surveys clearly show that local sourcing is an important issue to the public (Statista, 2022). Through partnerships with local farmers and suppliers to highlight the benefits to the community and the environment, grocery chains could implement marketing campaigns for more locally sourced items. Indeed, by sourcing locally, grocery chains would contribute to the economic vitality of local communities, which would appeal to consumers who prioritize supporting local businesses over major chains. Another benefit of this endeavour would be to reduce the carbon footprint associated with transportation. However, especially in Quebec, the seasonal availability of certain products may hinder this initiative. Indeed, maintaining a consistent supply of locally sourced items throughout the year might be challenging with Quebec weather, and would spike up the operational costs.

By combining these strategies, major food retail companies can create a holistic and innovative approach to sustainability that not only meets consumers' concerns but also keeps positioning them as leaders in sustainable business practices. For long-term success, however, companies must regularly monitor and adapt their sustainability strategies based on global sustainability trends and evolving consumer preferences.

The thing is, businesses, and especially retail businesses, tend to think about the short term. They face daily crises to address, and it is a big challenge for the retail industry to conjugate

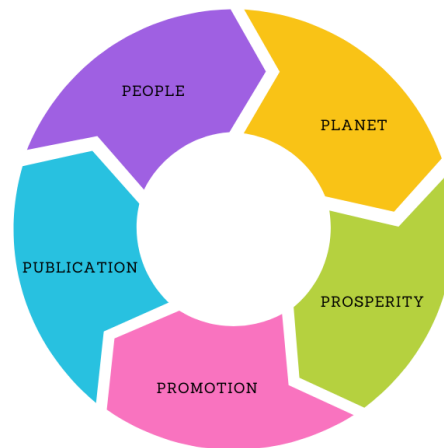
short-term crisis resolution with long-term environmental sustainability. Grocers confront a multitude of challenges, encompassing the need to discern the prioritization of diverse factors affecting the environment and determining optimal methods for transparently disseminating their progress to the public. When grocery companies need to choose priorities and resources to invest in, they will start by extinguishing the fires that are closest to their activities. However, the planet is burning too. There is an urgent need to conjugate today's reality with tomorrow's initiatives.

An easy way to avoid falling into greenwashing habits, as mentioned by Gaudreau (2023) in the sustainability marketing podcast *Masse Critique*, is to stop meaningless communications. Yes, food retail companies may have great intentions regarding sustainability; after all, their entire business model depends on the prosperity of agricultural practices. Nevertheless, it is so easy to fall into hypocrisy by sending out communications for their great intentions, to woo their customers and stakeholders, without doing anything really. Gaudreau (2023) states that to avoid this, retail companies should only communicate publicly about their sustainability initiatives once they have made measurable and tangible impacts. It is crucial to break the "first move paralysis" phenomenon. According to Dhillon (2023), demonstrating environmental responsibility extends beyond legal compliance; stakeholders want evidence that businesses are taking proactive steps to reduce their environmental impact.

To address these challenges, Figure 4.8 presents a novel framework for thinking about corporate sustainability in the food retail industry. Based on the Triple Bottom Line framework, it encompasses the main ideas that are at the core of ESG: people, profit, and planet. However, like Elkington (2018), I propose to finetune the 3BL framework. Elkington (2018) has already proposed to replace "profit" with "prosperity" to draw attention away from profit being a legitimate goal at all. While keeping the organization alive, Elkington (2018) proposes that the company's goal should be to ultimately improve its impact on people, the planet, and prosperity by minimizing the negative impacts and maximizing the positive impacts. The problem with the standard 3BL is that, with its increasing popularity, there is a growing rhetorical misuse of the framework as an accounting and reporting tool while profit remains center stage (Kraaijenbrink, 2019). Indeed, the TBL was not designed to be just an accounting tool. It was supposed to provoke deeper thinking about capitalism and its future, but many early adopters understood the concept as a balancing act, adopting a trade-off mentality (Elkington, 2018). The assessment of success or failure concerning corporate sustainability should extend beyond mere financial metrics. It necessitates a thorough evaluation of the impact and well-being of our planet, including all that live on it. Despite certain achievements in corporate sustainability, challenges persist as our climate, water resources, oceans, forests, soils, and biodiversity face increasing threats. It is time to either enhance efforts or make way for transformative

action. Just like grocery stores recall expired or harmful products, I wish to recall the expired and harmful traditional corporate sustainability model.

## 5Ps of Sustainability in Food Retail



*Figure 4.8. Framework introducing the quintuple bottom line in food retail*

I decided to add two crucial aspects to this framework: promotion and publication. First, “promotion” encompasses the idea of education, awareness, and advocacy. It involves actively supporting and advancing the idea of sustainability within the food retail industry. Then, “publication” encompasses the idea of reporting and transparency. Publication implies the act of making information publicly available and transparent to engage stakeholders with the concept of responsible business practices.

The first pillar, environmental responsibility, encompasses responsible sourcing and supply chain, waste reduction, and responsibility around scope 1, 2, and 3 emissions. This pillar would ensure that the sourcing of ingredients is environmentally sustainable (could consider certifications such as fair trade, organic farming, sustainable fishery certifications, sustainable forestry certifications, etc.). Environmental sustainability also plays a critical role in reducing waste and emissions. Therefore, this pillar encompasses implementing strategies such as composting, recycling, banning single-use plastics, etc. It also encourages the use of renewable energy sources and promotes efficient practices in the production and distribution processes.

The second pillar, social impact, includes fair labour, community engagement, and equity, diversity and inclusion. This pillar would emphasize fair wages, safe working conditions, and ethical treatment of workers throughout the supply chain. This pillar would foster positive relationships with local communities and support community development initiatives through philanthropy. Moreover,

there is a crucial need to promote diversity and inclusivity within organizations and tangibly adhere to these principles.

The third pillar, economic viability, considers profitability, innovation, and long-term planning. It encourages innovation in product development and business processes to enhance competition and maintain sustainability. Focusing on long-term planning will furthermore consider the economic impacts of corporate decisions on stakeholders. This pillar is based on the “Profit” pillar of the triple bottom line, so I also call this pillar “Prosperity,” as did Elkington (2018), in my quintuple bottom line.

The fourth pillar, communication and transparency, is about transparent reporting and stakeholder engagement. This pillar aims to involve stakeholders (including customers, employees, and communities) in decision-making processes related to sustainability by providing precise and honest information about the company’s sustainability practices, performance, and impact. I call this pillar “Publication” in my quintuple bottom line.

Finally, the fifth aspect, education, advocacy, and awareness, calls for consumer awareness and industry collaboration. This pillar is about educating consumers about the importance of sustainable choices and providing information about sustainability efforts. By collaborating with other businesses, NGOs, and government agencies, food retail companies can advocate for and implement industry-wide sustainability standards. I call this pillar “Promotion” in my quintuple bottom line.

As food retailers carefully measure their baseline metrics across various ESG areas, establish clear goals and consistently track and report on their progress, they create a foundation for operational changes to improve both corporate performance and profitability (Ratio Institute & Dragiff, 2023). Recent surveys emphasize the pivotal role of sustainability in consumer decision-making (Statista, 2022), revealing a willingness among consumers to switch to food retailers who publicly put a stronger emphasis on sustainability. Moreover, as mentioned by Gaudreau (2023), effective communication of ESG performance emerges as a key driver for fostering customer loyalty. I believe that by delving into these dynamics, my novel framework and my research underscores the great potential for the positive impacts sustainability reporting can have within the Canadian grocery industry, emphasizing the symbiotic relationship between sustainable and responsible practices, customer satisfaction, and corporate profitability.

# Chapter 5. Conclusion

## 5.1 Summary of key findings

In the face of the perfect storm generated by the pandemic, conflict-related disruptions, and the triple planetary crisis, the urgency for coordinated and united responses becomes evident. Food retail companies must initiate discussions as a crucial first step, recognizing its potential to lead to impactful subsequent measures. As the world rapidly changes, companies strive to cultivate a greener image. However, without a clear roadmap and actionable measures, commitments from grocery chains may remain aspirational rather than grounded in practical steps. Climate change is a global issue that touches everybody's lives. Some activities concern and affect us all while still playing a significant role in impacting climate change. Grocery shopping is one of them. Moreover, just like climate change, grocery shopping impacts local communities, ecosystems, and the economy. This study has explored the extent to which a sample of Canadian grocery chains demonstrate sustainable responsibility in their environmental, social and economic governance reporting.

First, I defined sustainable responsibility as the actions at the intersection of social-, environmental-, and governance-related impacts. Therefore, I employed a systematic and inductive qualitative coding approach., emphasizing grocery industry-specific ESG topics. To do so, I looked at the sustainability reports of four major grocery chains operating in Quebec and holding more than 5% of the Canadian market share. When reviewing their reports, I identified sentences divulging concrete actions relating to ESG. I took these sentences and put them in an Excel database. I call these sentences my "segments ."Once I accumulated all the segments, I categorized them based on the ESG framework into three categories: Environmental, Social, and Governance. Within these categories, I extracted the main sub-themes. I call these my "codes". With my codes and number of segments, I conducted a comparative analysis to holistically identify how these grocery chains report their sustainability efforts.

The initial research question addressed how effectively Canadian grocery chains demonstrate corporate sustainable responsibility through CSR and ESG initiatives. This research uncovered the significant influence of sustainability reporting on the practices of stakeholders in the Canadian grocery industry. In light of the current challenges that threaten the achievement of the United Nations Sustainable Development Goals, this thesis advocates for tangible and transformative interventions. The in-depth examination of ESG and CSR in the Canadian food retail industry underscores the imperative for a comprehensive and thorough approach that will confront the intricate challenges of sustainability within the grocery sector. Furthermore, the introduced framework, a refinement of the



TBL, sheds light on the importance of awareness and transparency and substitutes profit with prosperity to advocate a departure from the profit-centric paradigm.

The results show that Costco prioritizes employee satisfaction through fair wages and benefits, focusing on investing in renewable energy and energy-efficient technologies. Walmart emphasizes employee training and advancement, supporting local communities through charitable contributions and working towards protecting biodiversity. METRO concentrates more on employee safety, community involvement, and reducing waste through recycling efforts. Loblaw supports employee development, focuses on food security initiatives, and addresses climate change by setting goals for reducing greenhouse gas emissions. In terms of their market strategies, Costco concentrates on competitive wages, Walmart on cost-effective products and supporting local businesses, METRO on responsible sourcing and cost efficiency, and Loblaw on responsible procurement and affordability.

Something that struck me was that "Governance" is the category that had the most segments. I was surprised, because companies typically advocate their great environmental and social efforts in their publications. However, one of the noteworthy findings is the nuanced relationship between governance and the environment. While governance outcomes can appear great, it is also essential to understand that some governance-related mentions in the reports pertain to environmental issues, such as the ban on single-use plastic bags, for example. Although with environmental implications, such actions are primarily geared towards corporate governance rather than environmental protection.

To understand why that is, I looked into corporate sustainability strategies. I discovered that the Triple Bottom Line (3BL) is still the predominant approach to corporate social responsibility. The 3BL puts forward "people," "planet," and "profit ." To me, this is highly problematic, because "profit" implies short-term economic profit. Therefore, like Elkington (2018), I propose to replace "profit" with "prosperity ." However, I still judge that this is not enough. I propose to transform the 3BL into a 5BL by adding "publication" and "promotion" to the framework. With publication and promotion, food retail companies will put forward a more transparent way of reporting and put emphasis on raising awareness among consumers.

Another interesting finding is that the number of mentions alone should be taken with a grain of salt. Indeed, Loblaw accounts for 28% of the Canadian market share and has 47 segments within my framework. In contrast, Metro holds 11% of the market share and has 39 segments. Similarly, Walmart holds 8% of the market share and has 37 segments. To me, this indicates that Loblaw could be doing so much more in terms of corporate responsibility, as they have similar segments but a much higher market share. However, Costco owns 9% of the market share and only has 31 segments. This

also illustrates that, based on the results of Walmart and Metro, Costco could be doing much more for corporate sustainability reporting.

Despite the lack of a universal ESG standard, companies often resort to widely-used standards. It is essential to distinguish between these standards and frameworks. Highlighting ESG gaps in Canada, comprehensive climate policies are crucial, extending beyond emission reduction goals to strengthen community resilience on environmental, social, and economic fronts. Adaptive measures, coupled with global emission reduction efforts, can significantly mitigate the costs of climate change.

Based on the CSR and ESG reporting review outlined in Chapter 4, I identified some best practices for efficient corporate sustainability in the Canadian grocery industry. Best social initiatives should involve implementing diversity and inclusion programs, providing robust employee benefits, and engaging in measurable community service. Environmental protection best practices include setting clear goals, investing in renewable energy, sustainable sourcing, and waste reduction. Positive economic impacts can be achieved through fairer supplier relationships, local economy support, and cost-effective products without compromising quality. These are in accordance with best practices outlined by the Sustainable Food Retail Certification program put in place by Ratio Institute & Dragiff (2023).

## 5.2 Contribution of the study

### Specific recommendations to the four grocery chains

Without a more precise roadmap and actionable measures, the selected grocery chains' commitments risk becoming aspirational rather than being grounded in practical and achievable steps. Food retail companies need to take a first step and start the discussion because that small first step can lead to more profoundly impactful next steps.

The best practices for social initiatives are to implement comprehensive diversity and inclusion programs to foster supportive work environments, offer robust employee benefits and development opportunities, and engage actively in community service and charitable activities with measurable, tangible outcomes.

The best practices for environmental protection are to set clear and measurable environmental goals, to invest in renewable energy sources and sustainable sourcing practices, and to implement waste reduction and recycling initiatives.

The best practices for positive and sustainable governance-related impacts are to foster fair and transparent relationships with suppliers, to support local economies through responsible sourcing and supplier diversity initiatives, and to offer cost-effective products and services without compromising on quality.

If the food retail industry does not step up alone, it is up to policymakers and diverse stakeholders to hold the industry accountable. To do so, it is essential to realize that the type of instrument to implement the sustainability standards, the scope of the standards, and the governing body implementing it must all be interconnected within an inclusive and innovative corporate sustainability framework.

## 5.3 Future research directions

Sustainability is a continuous journey, and the reporting of ESG initiatives will be an ongoing endeavour. In examining the ESG and CSR efforts of major Canadian grocery chains, it becomes evident that while there are commendable initiatives in place, there appears to be a significant capacity gap to fully integrate sustainability practices into core business operations. Despite genuine intentions, the findings suggest that for these companies, day-to-day profit concerns likely outweigh the true prioritization of sustainability. This raises questions about the potential inevitability of greenwashing within the current ESG and CSR reporting framework, where companies may strive to align with sustainability trends without achieving substantive changes in their overall practices. This is an area that warrants further empirical research.

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