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MASTER THESIS
**SUSTAINABILITY REPORTING IN ISKRAEMECO: A NEW
FRAMEWORK**

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PRIMOŽ PENGOV

AUTHORSHIP STATEMENT

The undersigned Primož Pengov, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), author of this written final work of studies with the title Sustainability Reporting in Iskraemeco: A New Framework, prepared under supervision of Full Professor Adriana Rejc Buhovac

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Abbreviation	Page
CEO: Chief Executive Officer	30
DRC: Democratic Republic of Congo	9
GRI: Global Reporting Initiative	26, 27, 71
NGO: Non-governmental Organization	8, 14, 48
OECD: Organization for Economic Co-operation and Development	27
REACH: Registration, Evaluation, Authorisation and Restriction of Chemicals	51, 52, 54
ROHS: The Restriction of Hazardous Substances Directive	51, 54
R&D: Research and Development	44, 45

INTRODUCTION

In the last few decades, our planet's supporting natural ecosystems and regenerating bio-capacity have gradually been severely degraded. The consequences can be seen on a daily basis. Forests, oceans, fisheries, and freshwater systems are threatened, many of them are on a verge of collapse. At the same time, we have created great disparities of wealth, both socially and economically. Only 17 per cent of the population consumes 80 per cent of the world's resources. As a result, many people live without the bare necessities of life – water, food, housing, clean air and sanitation (World Centric, 2017). Humankind caused various issues, which have ruined the balance of nature. Being aware of the issues humanity has decided to correct the imbalance, but the implications of our actions might still negatively impact the planet.

Global warming and degradation of environment is a consequence of complex, various interconnected economic, institutional and technologic activities where man directly impacts the environment (Bertoncelj, Meško, Naraločnik, & Nasteve, 2011). Excessive exploitation of natural resources has led to steep change in our atmosphere and environment. We have witnessed a steep rise of the temperature, increased pollution and numerous cases of extreme weather events such as heat waves, droughts, tornadoes and hurricanes. With the help of extensive availability of information, public has become more aware of the global warming and its potential catastrophic consequences. Our society started to pressure companies to minimize negative effect on the environment and potentially reverse the damage already done.

Due to increased public demand, organizations needed to adjust and started searching for an alternative, one, which produces responsible and transparent business processes – sustainable development. Over the years, sustainable development has become the key part of corporate sustainability. It encompasses three different dimensions – environment, society and economy. Its defined as an economic development that meets the needs of the present generation without compromising the ability of future generations to meet their own. Sustainable development attempts to bridge the divide between the economic growth and environment protection, while not forgetting other important issues traditionally associated with social development (Aras & Crowther, 2009).

A company's public image is highly dependent on stakeholders' opinion and their ability to place trust in the company. If stakeholders begin to distrust the company or have some kind of negative attitude towards it, its management becomes much more difficult. Well-known examples of poor community and stakeholder engagement happed to Nike, which was accused of child labor, and to Shell and its notorious Brent Spar oil disposals. These incidents are caused, in part, by ineffective stakeholder engagement, perceived community risk, and poor crisis management (Epstein & Rejc Buhovac, 2014).

The electronic industry is exposed to significant risk due to conflict materials use, questionable labor practices in its supply chains and unresolved disposal of e-waste. It employs thousands of people around the planet, including Africa, where some of the main minerals for electronic components are extracted – gold, tantalum, tin and tungsten. The conflict minerals are integral to modern technology: laptops, cameras, cars, tablets, jewelry, phones and airplane. Because of the nature of these products, electronic industries face high level of scrutiny from various stakeholders. Due to over-consumerism of electronic products in the developed world, these minerals have become scarce and therefore a valuable source of income. This led to multiple conflicts of local communities in Africa, which resulted in decades of fighting over the possession of minerals – the main extraction point being Democratic Republic of Congo. Later on, income from the same minerals also funded militias and rebel groups in Congo and eight neighboring countries (Intel, 2017). This is just one of the key risks the electronic industry is exposed to.

Iskraemeco, one of the players in the electronics industry, has positioned itself as the leading smart metering solution providers. Its portfolio includes electricity meters for various applications, communication systems, data management software and other supportive services (Iskraemeco, 2015a). As a part of the electronic industry, Iskraemeco uses various materials, including some of the aforementioned conflict materials, and its supply chain is widespread. Electronic industry has an enormous effect on the society and the natural environment. The four main issues of electronic industry are the use of conflict material, material scarcity, labor standards, and e-waste.

Being aware of the conflict minerals and scarce resources situation, climate change, inequality, etc. Iskraemeco has developed its environmental policy with various areas being covered, such as: synchronization of business processes with legislation and industry initiatives, reduction of the amount of waste by efficient use of resources, constant improvement of activities and products without additionally negatively impacting the environment. Other measures include raising awareness and continuous education of employees on responsible attitude towards environment, implementation of transparency in supply chains, focusing on materials, their origins and labor standards, etc. (Iskraemeco, 2014). In addition, Iskraemeco has established the main principles, morals and values in order to protect environment, secure human rights and improve working conditions in their supply chains. Iskraemeco has been co-working with various non-profit organizations to develop best possible practices and activities while also decreasing its negative influence on the environment and society. It has become tightly involved in their supply chains where most malpractices occur (Iskraemeco, 2014).

Iskraemeco is trying to become a role model for corporate sustainability in its industry by leading by example in fair practices and openly sharing knowledge among all stakeholders. It has become a highly recognized and renowned actor in the area of sustainability.

The **purpose** of the master thesis is to help Iskraemeco position itself as one of the leaders in corporate sustainability in the electronic industry. The main **goal** within master thesis is to develop a state-of-the-art structure and content of sustainability report. The focus of the master thesis is thus to figure out which approaches commonly work as best examples of the sustainability reporting. Thesis revolves around the **research question**, which approach of sustainability reporting should Iskraemeco adopt and how to use it to assist in quest of positioning itself as one of the leaders in corporate sustainability in the electronic industry.

In the first part of my master's thesis, the academic and professional literature on corporate sustainability and sustainability reporting with relation to risk management and risk mitigation, are reviewed and discussed. Part of it also includes a review of academic findings on how sustainability reporting helps companies manage reputation risks and image. Further, an overview of leading sustainability reporting practices in the electronic industry and beyond, is performed. The idea is to learn about innovative and transparent reporting practices worldwide with special focus on open and honest disclosure of potentially harmful and risky information internally and externally.

In the empirical part of the thesis, Iskraemeco is used as a case study to investigate sustainability risks and issues and to propose a new structure for sustainability reporting. Semi-structured interviews took place with the Fair Meter Project Manager, Mojca Markizeti, in charge for sustainability implementation in Iskraemeco. We discussed the main issues, obstacles, challenges and goals of creating a contemporary sustainability report. Following the series of interviews, the thesis includes a structural proposition for Iskraemeco sustainability report using The Corporate Sustainability Model (Epstein & Rejc Buhovac, 2014). Structural proposal was created based on the information and help of sustainability performance diagrams prepared by sustainability department of Iskraemeco. These were then used to direct us on what structural proposition of sustainability report should be focusing on. In addition to world's best sustainability reporting practices, the thesis presents a possible abstract of sustainability report, based on which, Iskaremecco could furthermore continue developing its final report.

Accordingly, the first chapter elaborates on changes in the global system and on the necessity for sustainability. It continues with detailed description of electronic industry and specific characteristics that apply to it in relation to conflict mineral sourcing. The second chapter introduces the concept of corporate sustainability, its principles, pursuit, challenges, integration in corporate strategy, risk identification and strategic reasoning on why sustainability should not only be treated as an extra. The third chapter provides an overview of the leading sustainability practices in the world, specifically in the electronic industry and with regard to the direct competitors of Iskraemeco. Key success practices and activities are described for each selected organization, followed by extracted sections from organizations' sustainability reports that make them exemplary. The empirical part of the thesis starts with the fourth chapter, where elaboration

on Iskraemeco's sustainability efforts are made. Brief explanation of research methodology is made. I have performed evaluation of Iskraemeco's inputs, business process, stakeholder reactions, sustainability performance and financial results based on the conducted interviews, review of the literature and other collected information. This has helped me prepared a sustainability report proposal, which follows in the last part of chapter six.

1 URGE FOR SUSTAINABILITY

1.1 Global warming changes and access to resources

In recent years, one of the growing concerns for the planet has become global warming. Because of global warming, planet has witnessed some dramatic changes in the environment. Already in 20th century, the amount of participation in the northern hemisphere has increased up to 10 per cent. Average temperatures in Swiss Alps have risen each year by 1 degree. Number of catastrophic events related to weather have increased three times faster than any other accidents. These indicators all show that natural balance is disturbed (Bertoncelj, Meško, Naraločnik, & Nastev, 2011). The main reason for appearance of global warming is air pollution. Carbon monoxide contributes 48 per cent of the total emissions in the air. High amounts of carbon monoxide come from automobiles. Other significant emissions in air are sulfur dioxide, nitrogen dioxide and various suspended particulates (Young & Dhanda, 2013).

Long-term exposure to breathing heavily polluted air might cause variety of health issues, such as emphysema, lung cancer, chronic bronchitis, etc. Air pollution is the most likely cause of these illnesses. Air pollution does not only negatively affect humans, but it may damage surrounding environment as well. Acid rain created by precipitation passing through polluted air pollution frequently damages fruits and plants (Young & Dhanda, 2013).

Global warming and degradation of environment is a consequence of complex, various interconnected economic, institutional and technologic activities, where man has a direct impact on the environment (Bertoncelj, Meško, Naraločnik, & Nastev, 2011). Globalization also leads to a greater geographical area that organizations influence (Silvius, Kampinga, Panigua, & Mooi, 2017).

With the help of readily available information, public has become aware of the global warming and its potential catastrophic consequences (Daizy, Sen, & Das, 2013). Public and media have therefore started to pressure companies in order to minimize negative effect and possibly reverse the damage already done.

Due to growing economic, social and environmental issues and stakeholder's sensitivity towards them, companies understand it is important to become better corporate citizens. Managements recognize that long-term economic growth will not be possible unless the very same growth

becomes more environmentally and socially sustainable. Companies tend to pay more interest to implementation of sound, proactive sustainability strategies, including higher stakeholder engagement as the primary contact with society. Companies' long-term goal now, is not only profitability, but also minimization of any negative impact from business activities and maximization of the positive footprint of their global operations. These include improved health, higher level of employment, social equality and equity, economic prosperity and preservation of environment (Epstein & Rejc Buhovac, 2014).

In order to stop degradation of the planet and reduce negative effects on the population, different initiatives have arisen. Society has started to advocate and demand responsible and transparent business processes. Responsible sourcing, sustaining the nature, ethical business practices, and preserving economy have become the building blocks of corporate sustainability. For years, sustainable development has primarily been focused on environmental issues, but the term also encompasses economy and society. It seeks to support biodiversity, relieves poverty and protects natural capital while encourages economic growth. Sustainable development attempts to bridge the divide between the economic growth and environment protection, while including other important issues traditionally associated with social development (Aras & Crowther, 2009).

For the business enterprise, sustainable development means adopting business strategies and activities that meet the needs of the enterprise and its stakeholder today and, at the same time, sustaining, protecting and enhancing the natural and human resources, which will be crucial in the time to come (Steurer, Langer, Konrad, & Martinuzzi, 2005).

Sustainable development asks for the integration of environmental, social and economic issues in all societal spheres and levels, including the corporate one. While it represents a societal guiding model addressing a wide range of life issues in the long term, corporate sustainability is a corporate guiding model and focuses both on short and long-term economic, social and environmental performance of corporations (Steurer, Langer, Konrad, & Martinuzzi, 2005).

A frequently used argument against greater and emphasized corporate sustainability is that the costs of assuming social, environmental, and economic obligations translate into higher prices in the market, which directly affect the consumer purchasing power or force the company to pay employees less (Filios, 1984). The key question, therefore, is how to implement sustainability in corporations where the primary measurement focus and most incentives are aligned around short-term profits. The challenge of integrating social, environmental, economic, and financial impacts into day-to-day management decision-making is in relation to the various pressures between those very same goals. Even though these initiatives may benefit one another in the long-term, they often present conflict in their need for resources. Managers have to make resource allocation trade-offs between various separate goals, which is sometimes hard, due to the fact that long-term financial benefits of social, environmental, and economic initiatives may not be part of the usual

capital budgeting format. Tensions grow further as managers have significant incentives pressure to increase short-term profits. They are traditionally rewarded based on their financial performance, even though they are also accountable for excellent performance in social, environmental, and economic aspects (Epstein, Rejc Buhovac, & Yuthas, 2015).

Stakeholders increasingly more interested in corporations' processes, activities and their wrong doings. This forced corporations to implement various sustainable practices in their daily operations. Nevertheless, a rather wide gap still persists between the discourse and the actual implementation and actualization of sustainability. One of the main obstacles for successful sustainability implementation is lack of guidelines on how to measure, pursue and actually implement sustainability. This is closely correlated with the lack of management knowledge and specialization on the matter. Managers struggle with mitigation of risks associated with mal-practice in terms of sustainability (Stindt, 2017).

1.2 Electronic industry's dependency on scarce resources

Minerals are crucial part of today world's economy, even with the global economic downturn in the late 2000s. Few decades earlier, the extraction of construction and industrial minerals and metal ores were skyrocketing. The demand for the minerals was and still is high. European Union, United States and China are the important players. Regardless of what is driving the high demand for minerals, the extraction of the same minerals is to some extent centralized. One of the world's major centers for mineral mining and trade is Central-eastern Africa, with Democratic Republic of Congo being the key supplier (Rodriguez-Labajos, 2017). Mining sector now in DCR employs more than 800.000 miners, while 8-10 million people in DCR are directly or indirectly dependent on mining activities (Radley, 2015).

The Democratic Republic of Congo is arguably one of the world's richest regions with mineral resources. gold, rubber, cobalt, copper, oil, tantalite, wolframite, cassiterite and diamonds are mined in various locations (Jameson, Song, & Pecht, 2016). These minerals are commonly referred to as 'conflict minerals'.

Starting in the 19th century, King Leopold II of Belgium was already attracted to this wealth. Leopold started extracting rubber, ivory, copal using indigenous population as slave labor. Local communities were exposed to harsh treatment and severe human atrocities. By the time Democratic Republic of Congo gained independence in 1960, the country was one of the biggest world's supplier of diamonds, cobalt, copper, tin and zinc. During the next few decades, unofficial trade in minerals and artisanal, small-scale mining continued to grow. Thousands of workers and local trade networks became part of larger inter-border politico-military networks (Jameson, Song, & Pecht, 2016).

Term “conflict minerals” refers to gold, wolframite, cassiterite, columbite-tantalite and their derivatives, which are commonly limited to tin, tungsten and tantalum. The term has become an established reference point in the global supply chain since being formalized through various voluntary actions and regulatory legislation (Ille, 2016,). In the following paragraphs, short elaboration on conflict minerals and the products that often contain them is done.

Tantalum minerals have been identified in 50 different mineral compositions, tantalite being the most economically important. Most of the world’s production of tantalum takes place in central-eastern Africa. Around 78 per cent of the production comes from mining, the rest from recycling and treatment of tin slags. Tantalum minerals are commonly used in products such as wires, rods, sheets and plates as well as in mobile phones, computers, medical devices, alloys, etc. (Barume, Naeher, Ruppen, & Schütte, 2016).

Tin is one of the oldest metals known to a man. The only economically important mineral as a source of tin is cassiterite. Placers are the main source of tin production. Primary deposits of tin can occur within granite or pegmatite. Tin is used in the production of electronic valves, storage tanks for pharmaceutical or chemical solutions, electric resistors and dielectrics (Barume, Naeher, Ruppen, & Schütte, 2016).

Tungsten can be mined around the world as tungsten trioxide, mainly in the ores wolframite and scheelite. Tungsten is principally mined in China, followed by Europe and Central-eastern Africa. More than 30 per cent of tungsten arrives from recycled sources. Main characteristics of tungsten are its high density, high-temperature and electrical conductivity, which makes it useful in many applications such as electrical lightening, high-temperature metal alloys and wear-resistant components. Commonly known products that contain tungsten are crafts, sports and fitness equipment, power tools and jewelry (Barume, Naeher, Ruppen, & Schütte, 2016).

Around two thirds of global gold demand are covered by mining, the rest by recycling. Biggest producers of gold in Africa are South African republic and Ghana, while Central-eastern Africa contributing important share in global gold supply chain. The primary gold deposits are mined in underground mines and open pit mines. Gold is mainly used in jewelry and around 30 per cent in investment products. New industrial use of gold is in the production of electronics. Gold can be found in many electronic products, including cellphones, calculators, global positions system units, etc. (Barume, Naeher, Ruppen, & Schütte, 2016).

The world as we know it today depends highly on conflict minerals and will continue to do so. These minerals are widely used in various industries with electronic industry being the major consumer (Jameson, Song, & Pecht, 2016, pg. 1379). Some of these conflict minerals and metals created from them can also make their way into the supply chains of the products manufactured by electronic industry (Intel, 2016).

1.3 Conflict minerals' regulation

Since the information on human rights abuses and slavery has reached public, the subject of conflict minerals has become widely discussed. Human rights abuses are widely committed by different militia units present in the area of DCR. By mining, these militias are financially supporting themselves (Jameson, Song, & Pecht, 2016). They have risen to power due to state weakness in DCR, which is associated with lack of governance. This furthermore disables process of negotiation between state and non-state actors (Radley, 2015).

Many of the militia and units from Congolese National Army continue to commit crimes against humanity, these including mass killings. The United Nations Group of Experts discovered a direct connection between human rights abuses and trade of conflict minerals in the Democratic Republic of Congo (Jameson, Song, & Pecht, 2016).

In recent years, many national and international initiatives were launched in attempt to make Congolese mining sector more transparent and to prevent conflict minerals from reaching the legitimate international minerals market. International NGO awareness programs and project have linked electronic devices to Congolese conflict and started pressuring manufacturers and organizations to withdraw use of minerals with questionable source (Diemel & Cuvelier, 2015). One of the proposed NGO solutions was to remove from circulation and use any minerals that could be used to fund violence. A major step forward was United States passing the Dodd-Frank Wall Street Reform and Consumer Protection Act, which was enacted in 2010. Since US Congress requires companies to report any use of conflict minerals to the public. The Act was passed in order to lower the amount of conflict minerals used in final products and to stimulate use of minerals, which are mined in a fair manner (Jameson, Song, & Pecht, 2016).

Given the goals to remedy the situation in Central-eastern Africa, there has been a substantial extension of legislative and regulatory requirements introduced by governments, especially to target artisanal mining (Ille, 2016). European Union has developed a legislation on mineral sourcing which aims to prevent further human rights abuses and ensure that minerals used or traded are sourced responsibly and do not fund any militia group. Main goal of this legislation is to create an EU system, which would help certifying suppliers of tin, gold, tungsten and tantalum (Jameson, Song, & Pecht, 2016). Certification would be done by conducting an ongoing, proactive and reactive thorough checking process in supply chain, in order to quantify and manage risk of contributing directly or indirectly to social or environmental harm (Partzsch & Vlaskamp, 2016).

Apart from the governments and public institutions, various industries and their trade groups have responded to the events and reports from DRC. Trade groups have started to penalize companies. Electronic Industry Citizenship Coalition and Global E-sustainability Initiative have developed a specific Smelter Verification Program to audit smelter on the origin of their materials. At the same

time, a new program called Conflict-free Smelter Program was initiated, where third party assurance organizations evaluate origins of minerals used electronic products and devices (Jameson, Song, & Pecht, 2016).

The Dodd-Frank Wall Street Reform and Consumer Protection Act defines products to be conflict minerals free if they do not contain conflict minerals that indirectly or directly finance or benefit armed groups in the Democratic Republic of Congo or any adjoining countries. In cooperation with US Securities and Exchange Commission, the Act forces organizations to report any use of conflict minerals and disclose all related information (Langerman, 2011). Requirements for disclosure can be seen as a response to an international environment, where free trade has been established as a norm (Partzsch & Vlaskamp, 2016). Enhanced reporting on conflict minerals consequently affects and improves lives of people in DCR, while also enables a more reliable and stable supply chain of minerals. The main goal was to reduce the trade of conflict minerals, which, as was beforehand mentioned, led to horrifying atrocities over the last couple of decades. Organizations now have to perform due diligence process on the source and chain of custody of the minerals. Due diligence should be performed when the organizations have sufficient information to believe the minerals have come from Congo or its adjoining countries (Langerman, 2011).

The conflict affected not only society, but it also brought severe negative effects to the environment as well. Many of the tropical forests are located in the conflicting countries and have been exposed to the severe deforestation. These forests provide agricultural potential to provide necessary food for local communities, while at the same time represent critical ecosystem services worldwide. Scientists argue how conflicts and mining concessions increased forest cover loss, however, protected areas have had more success in slowing the process of deforestation (Butsic, Baumann, Shortland, Walker, & Kuemmerle, 2016). It is important to stress that mining of conflict minerals represents the key driver of economic rebirth and social development in central-eastern African countries, even though it has brought many challenges with it. Due to the public demand, there is a need to address both positive and negative impacts of mining conflict minerals (Barume, Naeher, Ruppen, & Schütte, 2016).

Crucial focus on which organizations are currently trying to build sustainability value is through production with conflict-free minerals, while supporting responsible in-region mineral sourcing from DCR and adjoining countries. Organizations encourage suppliers to implement various policies and perform regular due diligence measures. These enable reasonable assurance of conflict-free minerals and alignment with sustainability expectations (Intel, 2016). Organizations use third party audit involvement and direct validation by supply chain to set a benchmark in eyes of the competition. Organizations are more committed to only use conflict-free minerals, which consequently provide safer working environment for local miners and greater economic opportunities for local communities (Intel, 2018).

Lately, organizations opt to report and disclose more information on their practices and activities related to mitigation of conflict minerals issue. Organizations share information on their products and services, which in turn encourages participating stakeholders to trust them. They are becoming more confident in communication of all the activities, issues and success with relevant stakeholders (Phillips, 2018).

Corporate responsibility in Central-eastern Africa is crucial to stop the link between armed groups and supply chains, which would prevent any trade of conflict minerals that benefit directly or indirectly these groups. Promotion of sustainability would also enable legitimate minerals from the region to enter global supply chains and in turn support Congolese economy growth (Phillips, 2018).

2 CORPORATE SUSTAINABILITY

2.1 Brief introduction in corporate sustainability

Sensitive issues attract public and media attention. Such are the topics of degradation of nature and annual increase of pollution due to negligent operations caused by huge multi-corporations, and accidents at workplaces that cause serious injuries or even deaths among workers involved. Another example are inhumane work conditions in the third world countries. People are forced to work in unsafe environments in order to earn minimum salary. The corporations and organizations have recognized the need to deal with public expectations in order to minimize the risk of negative publicity. The development of media and its availability to the general public has been incredibly fast in the last century. The information can leak and reach the public within a short period of time and the occurrences or accidents cannot be withheld from the public any longer (Iskraemeco, 2016).

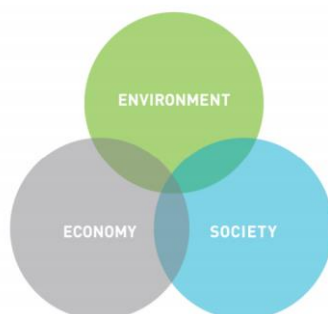
In the light of these events, an increasing number of the world's leading organizations recognized the critical importance of managing and mitigating corporate social, economic and environmental performance. Companies are striving to become better corporate citizens by answering the stakeholders' questions and trying to minimize the negative effect of growing sensitivity toward economic, environmental and social issues and shareholders' concerns. Hillman & Keim (2001) argue that corporate sustainability plays an essential role in developing a strong relationship with stakeholders. Social responsibility encompasses gathered expectations that society has of organizations at a given point in time (Brown & Kohlbeck, 2017). Top-level management has recognized that also the long-term economic growth will not be possible unless the growth is consistently socially and environmentally sustainable. In order to mitigate their risks, organizations have to find the sources of negative impacts on stakeholders and improve their environmental, social and economic performance, examine their processes, products and the local impact on the environment, society and economy (Epstein & Rejc Buhovac, 2014).

2.2 Principles of corporate sustainability

In terms of carrying capacity of the ecosystem, sustainability implies that society should not use more of resources than can be regenerated. Literature offers a wide variety of definitions, what sustainability is, but Gray (2010) points out there is no single definition of sustainability. Sustainability generally refers to serving communities, people and environment beyond being only compliant with the law (Ioannou & Serafeim, 2012). Commonly used scientific term for sustainability is meeting our current needs without compromising the ability of future generations to meet their own needs (Brundtland Commission, 1987). While the concept of sustainability is a relatively new idea, the movement as a whole has roots in social justice, conservationism, internationalism and other past movements with rich histories (United Nations, 2005). On the other hand, Dow Jones (2009) in their sustainability indexes defines sustainability as “a business approach that creates long-term shareholder value by embracing opportunities and managing risk derived from economic, environmental and social developments”.

The common belief in the area of sustainability used to recognize only a two dimensional approach: the environment and the society. Importance of economic performance as an essential part of sustainability was usually taken out of the analysis. The interdependency is displayed in the Figure 1. Epstein (2008), Aras and Crowther (2009) argued economic performance is a key aspect of corporate sustainability, hence they have added another, third dimension, to the analysis of sustainability.

Figure 1: Three pillars of sustainability



Source: University of Alberta (2017).

Sustainable development is a development, which attempts to bridge the divide between the economic growth and environment protection, while not forgetting other important issues traditionally associated with development. A public opinion has formed that governments and corporations should accept moral responsibility for social welfare and engage more actively in sustainability. In most cases, sustainable development is linked only to environmental protection,

but it is much more. It encompasses a wider concept that also includes society and economy (Aras & Crowther, 2009).

Table 1: Principles of sustainability

PRINCIPLE	FOCUS
ETHICS	Promotion of fair and honest standards and practices with all the stakeholders involved. The reporting of ethical violations is actively promoted.
GOVERNANCE	A commitment to focus on the interest of all organization stakeholders, while managing all resources conscientiously and effectively.
TRANSPARENCY	Focuses on the disclosure of information to organization's stakeholders and enhances the importance of fair and open communication.
BUSINESS RELATIONSHIPS	Creation of long-term flourishing partnerships based on fair-trading practices in return for quality, competitiveness and performance.
FINANCIAL RETURN	With the improved financial results, by-products of creating value for customers, employees and other stakeholders are created.
COMMUNITY INVOLVEMENT AND ECONOMIC DEVELOPMENT	Promotion of a long-term mutually beneficial relationship between the organization and community.
EMPLOYEE-RELATED PRACTICES	Importance of seeing employees as valued partners in business and promoting their professional skills, education and allowing them space to grow.
PROTECTION OF THE ENVIRONMENT	Organizational commitment to the environment, not only through decreasing the pollution, but also by restoration of the environment and offer of products and services which do not further the degradation of the environment.
VALUE OF SERVICES AND PRODUCTS	Striving to provide the highest levels of service and product values by coherently incline to a strong commitment to safety, satisfaction and high integrity.

Source: Epstein & Rejc Buhovac (2014).

Organizations have recognized the essential importance of managing corporate economic, environmental and social performance. A balance between all three can lead to a competitive

advantage. In order to reach an advantage the organization has to examine the processes, activities, products and impacts they have on the society and environment. Two of the main goals in trying to achieve competitive advantage are the identification of important stakeholder relationships and definition of the principles of sustainability (Epstein & Rejc Buhovac, 2014).

As economy, environment and society being the three main pillars of sustainability, sustainability itself may be broken down into nine principles with common denominators (see Table 1). They should be monitored and quantified, and with the right corporate sustainable strategy integrated into day-to-day management decision processes (Epstein & Rejc Buhovac, 2014).

2.3 Pursuit of corporate sustainability

During the last couple of decades, society's expectations of business have changed. Today, society wants it all. The majority of people in developed countries expect corporations to go far beyond just making a profit, obeying laws, paying taxes and providing jobs. Society expects organizations to provide a better place to live and build a better society for all. According to the 2013 study on corporate sustainability, more than a quarter of users are using social media to share negative information on products and companies (Hitchcock & Willard, 2015). Not only society, governments and policy makers too are recognizing the importance of corporate sustainability, which is no longer an optional bonus, but rather a necessity (Brammer & Millington, 2005).

Investors have discovered that corporations which are paying more attention to environmental, social and governance issues are better managed. Due to the legal compliance, many corporations have to disclose information on greenhouse gases and water quality. It has shown that corporations that disclose and report their carbon risk and water waste have significantly better stock price performance (Hitchcock & Willard, 2015). Other financial payoffs organization could potentially extract by including sustainability strategies are reduced operating costs, lower administrative and capital costs and increased market share and revenues (Epstein & Rejc Buhovac, 2014).

Sustainability has become the norm. By 2011, 95 per cent of the Global 250 (largest companies in the world) have issued reports on sustainability. Global Reporting Initiative, Sustainability Accounting Standards Board and Integrated Reporting played key part in bringing the consistency to how these metrics are tracked and reported. Most of the major organizations furthermore feel a strong need to protect their image and have already faced reparation threats initiated by stakeholders or NGO campaigns (Hitchcock & Willard, 2015).

Based on the experience of other companies that have already implemented and recognized sustainability, companies should expect various benefits from pursuing the sustainability. By tracking and identifying different social and environmental metrics, the companies open new opportunities that have not been apparent before. One of the focal changes in the 21st century is most certainly the increasing scarcity of resources which are becoming more expensive. The

adjustment period can lead a company to various new opportunities. Furthermore, major changes are also developing within our increasingly ageing society. New generations are not inclined to own a car or settle down at a relatively young age. Therefore, it is smart for companies and organizations to recognize and identify these changes, to look beyond the day-to-day operations and consider to what extent these strategic shifts might affect the organization (Hitchcock & Willard, 2015).

Sustainability enables organizations to increase process innovation, reduce cycle times, minimize waste and increase productivity (Epstein & Rejc Buhovac, 2014). Some organizations are already successfully reaching the goal of zero waste to landfill. Toyota, for example, has been able to achieve that throughout its manufacturing plants by redesigning of materials, processes and reuse or recycling of materials. Companies can build on competitive advantages by differentiating themselves from the competition. A strong commitment to sustainability can provide a way of making a company stand out. A survey of over 10.000 consumers worldwide, conducted in 2013 by Cone Communications, found that ninety-six per cent of the participants have a more positive image of organizations that engage in corporate social responsibility. Organizations are making use of that. Nike has transformed its previous image of labour abuser in the Third world to being renowned for sustainable innovation. By identifying future needs and challenges, sustainable management can help organizations develop new products and processes that can be a part of the solution. At the same time, a strong commitment to sustainability may also minimize the impact of future regulations that are constantly changing due to new developments and studies. A sound sustainability framework can successfully recognize where the regulations are likely headed (Hitchcock & Willard, 2015).

Sustainability also enables companies to attract and retain the best employees. Employees want to work for an organization that shares the same values, and to know that their work is making a difference. Sustainability can bring a sense of purpose and drive which is not common with any other organizational management. When employees believe their work is contributing to a solution of major societal or environmental issues, this can translate into a powerful source of commitment and loyalty. Engaged and satisfied employees can also have a major effect on the corporate image with stakeholders and the public. Small companies might benefit by getting more recognition for their effort, while the largest corporations build public goodwill and minimize the pressure from various non-governmental organizations (Hitchcock & Willard, 2015).

Planning or pursuing sustainability is complex, but it can successfully help organizations to meet future challenges, higher societal expectations, resource constraints and implementation of new regulations. With that, corporations can avoid enormous capital expenditures of preventing negative effects had they not been able to adjust properly (Hitchcock & Willard, 2015).

2.4 Integrating corporate sustainability into strategy

Implementing corporate sustainability within the organization requires understanding of all key factors involved in the process. Customization of the process needs to be adjusted to the organization and is critical for the success of the implementation. As the focus during the process shifts to economic, environmental and social performance, it is essential that management be engaged and present in all the decision-making. Managers have to set an appropriate set of measures developed to test the success of the implementation of corporate sustainability (Epstein & Rejc Buhovac, 2014).

Identifying, measuring and reporting on environmental, social and economic issues and impacts can not begin until the top level management is committed to make corporate sustainability a vital part of the organization's strategy (Epstein & Rejc Buhovac, 2014).

The management in this regard communicates the values of the organization, sets the mission, the conduct and actions expected, and finally, results that are to be achieved. Only consistent and effective leadership provides enough encouragement for the personnel to be willing to make a change. It correlates sustainability activities with ultimate corporate goals by providing internal credibility to promote progress towards implementation of sustainable practices across organization's business processes and functions. Sustainability needs to become embedded into the culture of an organization (Kerr, Rouse, & de Villers, 2015). It is important for organization to set the basis of sustainability by providing internal and external policies that drive stakeholders' behavior and transcend the day-to-day activities. Toyota was one of the pioneers in providing stakeholders' guiding principles. Being first and successful has helped Toyota build a competitive advantage and become a recognized brand while increasing the trust among stakeholders. Often taking the first step is the hardest, since the organization is stepping into unknown, but when successful, it helps creating long-lasting advantage over competitors (Epstein & Rejc Buhovac, 2014).

Preparing and integrating sustainability strategy often moves through three steps, ranging from regulative compliance to full integration of economic, social and environmental aspects into daily activities. Managing regulatory compliance deals with understanding possible litigation risks and clean up costs from current activities. Usual measures taken are either publishing corporate environmental policy or establishing systems to deal with sustainability problems. Not meeting the regulatory requirements can lead into civil penalties or contingent liabilities (Epstein & Rejc Buhovac, 2014).

In the next step, the organization strives to achieve competitive advantage by using resources more efficiently and being socially responsible. Through such measures, the organization can reach improved sustainability performance (Epstein & Rejc Buhovac, 2014). Other crucial part is

inclusion of all three dimensions – economic, environmental and social. Trying not to exclude either one of these dimension is highly challenging and often leads to certain trade-offs. A safer approach would include all dimensions (Sauer & Seuring, 2017). There are various ways to address sustainability, either by industry-led initiatives, internal organizational initiatives, or government-promoted frameworks (Epstein & Rejc Buhovac, 2014).

Third and last stage of sustainability strategy occurs when organization integrates social, environmental and economic components into daily operations. Sustainability strategy can be used to change corporate culture, integrate sustainability impacts and set corporate policies, which later enables organization to be proactive rather than reactive, focusing on sustainability planning rather than on compliance. Management should recognize that long-term economic growth must be economically, environmentally and socially sustainable (Epstein & Rejc Buhovac, 2014).

Organizations use sustainability strategy to get a clear understanding of the impacts of past, present and future corporate decision on corporate financials, environment and society. This tool helps organization align and coordinate activities, motivate employees and quantify the impacts of the corporate processes and activities on environmental and social performance (Epstein & Rejc Buhovac, 2010).

Deep understanding of this model enables managers to manage and measure their success in implementing sustainability strategies, especially by interpreting better following components (Epstein & Rejc Buhovac, 2010):

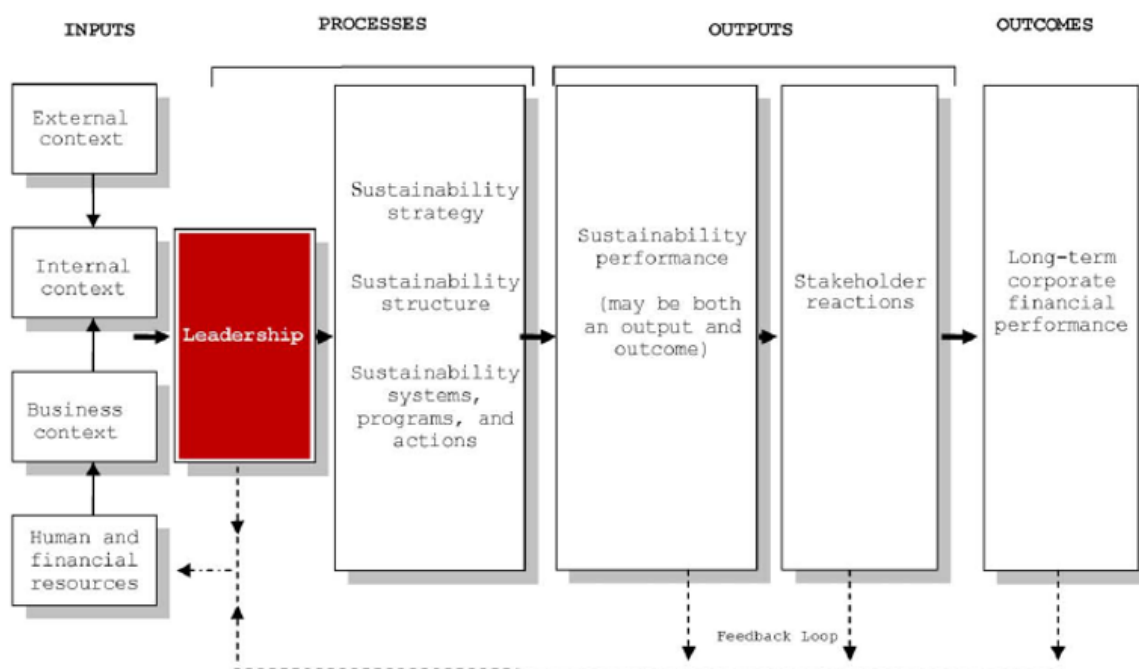
- the potential and actual impacts on financial performance,
- the role of various drives (processes and inputs) on sustainability performance,
- the interrelated relationship between different decisions that can be taken,
- the impact of these actions and decision on sustainability performance and
- the probable reactions of certain stakeholder groups as a response to decisions taken.

Figure 2 emphasizes the leadership - it conveys the importance of the top-level management and commitment of the leadership towards implementation of sustainability strategy as a core value. Management has to recognize that sustainability can also create financial benefits and enhance financial performance through correctly guided sustainability strategy. Leaders are responsible for the identification and analysis of the inputs, and accordingly, for designing processes of sustainability strategy, structure and related systems (Epstein & Rejc Buhovac, 2010).

Inputs consist in two contexts, external and internal. External contexts strongly affect the decisions a company takes regarding the formulation and implementation of sustainability program. Other possible factors include industry, product type and customer characteristics. For example, electronic industry might focus on environmental issues and issues related to conflict

minerals. Internal context is related to corporate and business unit strategies, organizational structure and systems, which all cooperatively impact environment and society, especially employee rights. The amount of financial contribution and human resources allocated to sustainability strategy significantly affect the ability to implement it (Epstein & Rejc Buhovac, 2010).

Figure 2: The Corporate Sustainability Model



Source: Epstein & Rejc Buhovac (2010).

Another critical component of the model are also outputs. Managerial actions and decision lead to specific stakeholders' reactions that can be either positive or negative. Stakeholders' reactions are immediate results of the sustainability strategy and directly influence on both short- and long-term financial performance (Epstein & Rejc Buhovac, 2010).

Over the last years organizations have importantly increased the quantity and quality of interactions with participating stakeholders. Main goal was to understand them better and recognize what their sustainability performance reactions would be. Increased interactions also influence the trust established between both parties. With managers being better informed and being able to take the right decision and to improve sustainability performance, stakeholders quickly react positively by buying more products and subconsciously promoting the organization. A side product of the interaction with stakeholders are sustainability reports. Organizations have started to publish annual sustainability reports in order to improve communication with stakeholders and to satisfy their need to understand the operation and processes of the organizations.

The last component of the Corporate Sustainability Model includes the feedback process, which enables organizations to have timely information on actual and potential impact on society, environment, related stakeholders and financial performance. Quality feedback often challenges assumptions and impacts future sustainable strategy operations and processes. Based on the received knowledge, managers are able to reflect their specific concerns and issues in sustainability performance (Epstein & Rejc Buhovac, 2010).

Implementation of sustainability is currently one of the most discussed topics in operations management (Jabbour & de Sousa Jabbour, 2016). Favoring a sustainability strategy is mentioned various times as the key success factor and a basic requirement for market participation (Kushwaha & Sharma, 2016). Formulating a successful sustainability strategy relates highly to a selection of issues a company will address. Whether the motivation for corporate sustainability is stakeholders' pressure, government regulations, environmental issues or society, it is vital that managers recognize the development of sustainability processes, activities and strategies. Sustainability has to be discussed as a business case in addition to being the best thing to do. (Epstein & Rejc Buhovac, 2010). Top-level management is responsible for the decision whether social, environmental or economic issues will be the focal point of a company's corporate sustainable strategy. These are mainly selected by the recognition on where the company can have the greatest impact (Epstein & Rejc Buhovac, 2014).

The economic, environmental and social issues affecting the organization usually fall into following three categories (Epstein & Rejc Buhovac, 2014):

- General sustainability issues – issues, which are important to a broad group of stakeholders, but the company is not able to make a significant contribution.
- Value chain sustainability impacts – impacts which are highly dependent on organizations' activities and processes.
- Sustainability dimensions of a competitive context – issues which are related to the external environment that affect the drivers of competitiveness in the industry where the organization operates.

It is crucial for a company to identify their sustainability issues. These should be identified with the help of stakeholders, who can act as a constructive input of knowledge (Lang & others, 2012). Stakeholders may bring in system knowledge by adding opinions, working on solutions based on their own motivation, or by giving information gained by their practical experience via individual interviews, focus groups, anonymous surveys, complaint channels, etc. (Mielke, Vermaßen, Ellenbeck, Fernandez Milan, & Jaeger, 2016). This can assist companies in constructing a materiality matrix and strategically address key sustainability initiatives. Once the focus of the organization's sustainability strategy have been defined, top level management should build on integration of company's value, commitment and goals (Epstein & Rejc Buhovac, 2014).

Most of the CEOs now acknowledge the importance of corporate sustainability, but they are struggling with addressing social, environmental and economic impacts in daily operations. They regularly face the following challenges (Epstein & Rejc Buhovac, 2010):

- Setting clear and measurable goals: Organizations often struggle with implementation of the corporate sustainability strategy since it is fundamentally different from other strategies. The goals should be achieving excellence in financial, social and environmental performance at the same time.
- Pressures of the financial incentives: managers usually strive for the best short-term financial results. They feel a significant pressure to increase short-term revenue, sometimes also due to the benefits they receive if successful.
- Stakeholders' reactions: organizations also face the challenge of uncertainty about how different groups of stakeholders will react to the various sustainability actions and performance through time, since social, environmental and corporate preferences and priorities may vary over the period. These uncertainties make the decision-making process associated with sustainability implementation particularly challenging for organizations.

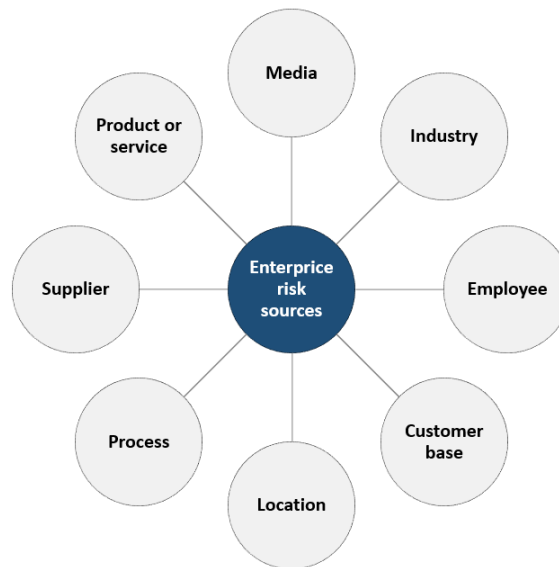
It is vital for organizations to set up formal systems that help support implementation of corporate sustainability strategy. These systems usually include performance measurement, reward systems that are used to monitor employee behavior and stakeholders' involvement toward reaching specific goals and management control which is crucial in order for an organization to effectively implement strategy from their foundations. Epstein and Buhovac have developed the Corporate Sustainability Model, which enables a comprehensive approach for identifying, measuring and managing the drivers of corporate sustainability. The model was tested various times and revised in both managerial and academic studies and implementations (Epstein & Rejc Buhovac, 2010).

3 SUSTAINABILITY RISK IDENTIFICATION AND REPORTING

Globalization has been rapidly increasing and it has become a common challenge for an entity to successfully cope with existing or emerging social, political, economic or environmental risks such as environmental degradation and pollution, human rights abuse, terrorism, political corruption and instability, which can all importantly transform and affect management decisions. These decisions are frequently relying on sustainability information (Nazari, Herremans, & Warsame, 2015).

Businesses are more exposed and vulnerable to a variety of risks, as seen in Figure 3, because of the nature of their products and services, location of the facilities, customer characteristics, environment characteristics, special features, and the culture where the projects exist. (Epstein & Rejc Buhovac, 2014).

Figure 3: Sources of sustainability and political risks



Source: Bekefi & Epstein (2006).

Listing potential organizational risks could increase the attention employees and management pay to events that might indicate risk. Organizations have various tools at their disposal to develop the right combination of techniques to properly identify risks such as discovery of leading event indicators, process flow analysis, internal analyses, facilitators, interactive group workshops and interviews and brainstorming sessions. These techniques can majorly assist management and organization in discovering all relevant risks applicable to the business processes and activities and identify sources of those risks (Epstein & Rejc Buhovac, 2014).

Proper understanding of these risks, business nature and its operations, can prepare the entity for possible disruptions of the processes and therefore increase organizational resilience. The corporations' focus is to precisely identify the social, environmental, political and economic risks and adjusts analysis, evaluation and preparations of the future activities based on best risk mitigation. This enables the corporations to effectively weight up the costs and benefits of future capital investment projects (Epstein & Rejc Buhovac 2014).

Effective risk management comprises of the identification of corporate environment that might impact the risk, identification of risks, evaluation of possible impacts and their measurement, preparation and analysis of possible solution and planning how to overcome those risks, communication of results and monitoring those risks as they continue to evolve. Best practices are afterwards applied in other areas where they can be applicable (Epstein & Rejc Buhovac, 2014).

3.1 Risk reporting for internal and external decision making

Various corporate accounting failures, frauds or internal control breaches have occurred to some of the biggest corporations around the globe in the recent years. Globalization has increased importance of good everyday business practices and regulatory pressures has compelled the corporations to improve risk assessment and reporting on internal control (Epstein & Rejc, 2006). Understanding of risks can majorly help minimizing the various mistaken investments that can cause significant organizational costs. Management can benefit from good risk reporting system in various ways (Epstein & Rejc, 2006):

- Successful operational and capital investment decisions,
- Identification, assessment and risk management,
- Correct review of organizational performance,
- Stimulation of compensation decisions.

Reporting on corporate sustainability performance may lead to a handful of internal changes within an organization. Usually the first step includes acknowledging sustainability issues and assesses if there are any existing gaps. Gaps have to be communicated through the hierarchy, where organization leaders have to properly address managers and employees in order to rally support for actions, which need to be done (Young & Dhanda, 2013).

The demand for disclosing risks has been on the rise. Adequate assessment and reporting of broader set of risks is necessary, not only to meet the increasingly more robust regulatory requirements, but also to improve managerial performance and raise stakeholders' confidence (Epstein & Rejc, 2006). Sustainability reports consist of various disclosed non-financial factors relating to social, governance or environmental issues, which could impact future performance or operations (Borkowski, Welsh, & Wentzel, 2012). Stakeholders want to have a clear understanding and better information on the various risk organizations confront, if and how they address them. Their interest is not limited only to the basic financial risks. Stakeholders strive to obtain concrete assurance that a sound system and activities take place in order to identify, assess and manage risks in a way that allows proper evaluation of corporate performance and make a decision based on unbiased knowledge and information (Epstein & Rejc, 2006).

In the recent years, organizations have been expected to work extensively for the benefit of the environment and society and at the same time to disclose both negative and positive impacts on individual stakeholder groups (Bertoncelj, Meško, Naraločnik, & Nastev, 2011).

Crucial part of the corporate sustainability is revealing proper and real information to all participating stakeholders. An organization, which wants to benefit from a socially responsible behavior must report and disclose information on it. If an organization does not communicate with its stakeholders, then they will seek out the necessary information themselves and create an

opinion on organizations based on their conclusions and thoughts. Reporting enables the organization to tell its story on stability, projects and plans. This manner prevents stakeholders to create false opinion (Bertoncelj, Meško, Naraločnik, & Nastev, 2011).

Reporting on sustainability performance is also one of the ways for a company to manage its impact on sustainable development. It has been generally accepted that big companies have a certain level of responsibility to the local environment, community and society. Through sustainability reporting, companies can therefore identify errors and gaps, measure, track and improve their performance. Sustainability reporting also promotes transparency and accountability, because it allows all stakeholders to track company's performance on topics related to social issues, environment, community, etc. (Young & Dhanda, 2013). With appropriate reporting structure and presentation, organization can enhance their corporate image and establish loyalty and trust among stakeholders outside the organization. Crucial information included in the sustainability report consists of content, format, placement, distribution and proper communication with stakeholders (Epstein & Rejc Buhovac, 2014). It is ill advised for a company to disclose sustainability-related information only on good and successful practices or achievements (Young & Dhanda, 2013). Organizations reporting on any difficulties can use the opportunity to discuss further steps in order to improve poor past performances. Once organizations begin to voluntarily disclose more, it enhances their responsibility and accountability on an ongoing basis, increases trustworthiness and builds credibility among stakeholders. Organizations should build their external reporting on data already collected for its internal reports, preferably simple and readily available (Epstein & Rejc Buhovac, 2014). In reports, companies have to include only objective, clear and understandable information. Irrespective of the companies' intentions or real actions, any attempt to portrait actions or processes in subjective, vague or emotional writing styles may give a reader an unintended negative impression of the company. Readers may associates such writing styles with companies trying to hide something. A more neutral writing style should prevail in the report where matters should be discussed objectively by balancing favorable and unfavorable information. Companies should state specific and exact information by relying more on cognition than on emotion (Sandberg & Holmlund, 2015).

Zadek and Merme (2003) wrote a list that helps organizations decide on what they should disclose:

- traditional short-term financial impacts of sustainability performance, such as carbon emissions,
- performance related to declared policies,
- similar information of its market peers,
- stakeholder concerns,
- aspects of performance that are currently not regulated, but may be in the future.

Due to the availability of the information, the unwanted information can quickly spread over the public. It enhances the trust if the company does it by itself. A company would be prudent not to invite any suspicions of cover-ups. It is best for the company that weaknesses and failures are acknowledged and a company provides a plan with structured steps that need to be taken in order to address, and later on eliminate these weaknesses (Young & Dhanda, 2013).

In the following chapter, we discuss the role of reporting and its importance for the organizations. We begin with the explanation why the companies decide not to disclose information on their sustainability performance.

Organizations are becoming more aware of the importance of sustainability performance with each year, but there are global organizations which decide to ignore it. Nevertheless, why these organizations withhold the information on their social and environmental performance and actions?

Usually the most common reason is embarrassment about their performance. Organizations realize that it would hurt them more if they disclose close to none information, rather than completely ignore it. This issue may plague complete industry, where none of the industry leaders decides to share information, because organizations still do not see the competitive advantage. Faced with a poor performance, companies can decide to withhold the information due to the possible legal and litigation issues and possible exposure to the various security risks (Young & Dhanda, 2013).

Often the sustainability is not being addressed by the company because the company itself is ignorant about the issue or does not understand it fully. Companies have not yet been inflicted by the ill will of the media or the information on their bad performance has not yet been released to the public, and so the company is not giving the issue enough attention. More often than not it occurs that a company acts only when it is already too late and have to repair the possibly ruined and damaged reputation. A prime example is Nike, which was accused of being a poor employer in Asia, where workers were working in horrible conditions and were badly underpaid. Nike has addressed the issue after its exposure and has worked hard to turn around its image and transform it into being known for sustainability innovation. (Young & Dhanda, 2013).

Sustainability reporting can be either mandatory or voluntary in nature. Some organizations report on sustainability topics since these organizations find it compelling to disclose information. Unfortunately, most of the organizations report because they are required to do so by law. Many regulatory requirements are related to environment regulatory requirements such as pollutant-disclosure laws, emissions of toxic pollutants. Often regulatory requirements demand disclosure of information in cases when social and environmental information is included in financial reports (Young & Dhanda, 2013). EU has published Directive 2014/95 of the European Parliament and

of the Council that requires the organizations that have more than 500 employees on average in fiscal year to provide information on non-financial activities regarding environmental, staff and social matters, human-rights compliance and other key non-financial performance indicators (Uradni list Evropske Unije, 2014).

Corporate sustainability is more frequently present in countries with stronger investor protections and board governance (Hoje, Song, & Tsang 2016). To offer public verified proof of their sustainability processes and actions, organizations elect to have their sustainability reports verified by the third party. Studies on sustainability reporting provide evidence of an increasing trend toward companies having their sustainability report assured. In a sample of Fortune Global 250 list, it was understood that approximately one third of the sustainability reports are verified by third-party assurance statement. Studies also reveal countries with higher stakeholder orientation are more likely to have their sustainability report verified (Fereira Gomes, Eugenio, & Castelo Branco, 2015).

Sustainability reporting can offer a company and stakeholders' various benefits for both sides. This way the stakeholders are with the relevant interesting information, which focuses mostly on the issues outside of the company. Various survey have been conducted, which involved many leaders of biggest corporations, leading to conclusion and belief among them that the benefits of social and environmental performance outweigh the costs (Young & Dhanda, 2013).

Among others, sustainability reporting helps reducing operational costs and improve inefficiencies, political and social outcomes (Higgins & Coffey, 2016). Sustainability can majorly influence development of innovative products, services and access to the new markets, due to the adjustment in either production line, supply chain or perspective of the company. Sustainability performance and reporting help organizations mitigate risk, improve and protect reputation and enhance brand value, which is often crucial for bringing closer investor capital. Sustainability reporting also enables companies to recruit and retain best employees, which want to work for organizations with the same mission and values as theirs (Young & Dhanda, 2013).

3.2 Sustainability reporting frameworks

Over the last couple of decades handful of frameworks for voluntary reporting on sustainability have emerged which have been recognized internationally. Each framework in its own way enables a company and their stakeholders to make better decisions based on non-financial information and communicate their impact on critical sustainability issues. Most widely used are the following:

- The Global Reporting Initiative,
- OECD guidelines for multinational corporations,
- UN Global Compact,

- International Organization for Standardization,
- The International Integrated Reporting Council.

In the following chapters, I furthermore provide detailed characteristics of Global Reporting Initiative, The Organization of Economic Co-operation and Development and UN Global Compact.

3.2.1 Global Reporting Initiative

Global Reporting Initiative (GRI Standards) is an independent, international and non-profit organization that promotes social, economic and environmental sustainability (Total, 2018). GRI is a worldwide network with headquarters in The Netherlands and it involves experts and representatives from business and non-governmental organizations. Standards are intended to present a broad term considered synonymous with other reports whose primary goal is to focus on social, environmental and economic impacts. Standards enable a good level of accuracy, clarity and reliability of data published by organizations as they declare their sustainability performance (Hourneaux, Galleli, Gallardo-Vásquez, & Hernández, 2017). The application of the standards has grown significantly over the last years (Thijssens, Bollen, & Hassink, 2016). GRI has become leading guidelines used by corporations in preparing their social reports (Hess, 2008). Guidelines were used in the beginning mostly in financial and energy sectors, but their use and practicability has increased for other sectors in recent years in order to improve sustainable performance and construct a new identity defined by legitimate behaviors and an improved image (Alonso-Almeida, Marimón, Casani, & Pineda, 2015).

Now GRI standards have become the world's most used standards for sustainability reporting. After they were introduced in 1997, their use has majorly expanded. Now more than 93 per cent of the world's largest 250 organizations report on their sustainability performance and out of those 74 per cent use GRI standards (Global Reporting Initiative, 2017). Every tenth organization has reported in line with the GRI standards introduced in 2016 (KPMG, 2017).

Usually, these reports include the following disclosures: strategy and analysis, report profile and governance, stakeholder engagement, ethics and integrity, identified material aspects, boundaries and organizational profile.

3.2.2 OECD guidelines for multinational corporations

OECD guidelines for multinational corporations are recommendations provided by 42 OECD governments to multinational organizations. They consist of several non-binding standards and principles to help organizations conduct business in a responsible way applicably with local legislation and internationally recognized standards. Their main goal is to ensure that the processes and operations organizations conduct are in harmony with government policies in order

to enhance trust between organizations and communities to assist foreign investment climate and improve the contribution to sustainable development made by international organizations (OECD, 2011).

OECD's purpose is to establish cleaner and stronger world economy by promoting policies for sustainable economic growth and employment, a rising standard of living and trade liberalization. It addresses various sustainable development concerns across the specter by providing member countries to share among challenges, solutions and best practices – providing practical approaches for achieving sustainable development (OECD, 2011).

OECD guidelines actively promote stakeholder engagement in participation in private or multi-stakeholder initiatives and social dialogue on various topics. OECD promotes also government being transparent in their dealing with organizations and consult them on the local specific issues. Organizations and governments should be viewed as partners and use various regulatory and voluntary approaches to address sustainability concerns accordingly (OECD, 2011).

3.2.3 UN Global Compact

UN Global Compact is an environmental, economic and social sustainability framework, which aims to improve business practices of the UN environment by integrating standardized and structured sustainability measures. Organizations are offered a set of standards to anticipate and manage various environmental, economic and social issues in a holistic manner (EFQM, 2018).

Its main goal is to provide organizations with a framework to help assess and improve their internal approaches in relation to corporate sustainability issues. It is a non-perspective assessment framework and it may be adopted by any organization regardless of its size and sector. The UN Global Compact prescribes organizations to establish a core set of values based on which they can spread the influence in areas such as human rights, anti-corruption, labour standards and environment (EFQM, 2018).

Framework is used to cover five broad purposes (UN Environment, 2018):

- Implementing 17 sustainable development goals of the UN 2030 Agenda to strengthen development aid by enhancing environmental, economic and social activities.
- Sets standards for the operations confirming accountability of UN environment to member states.
- Minimization of potential risks and harm while enhancing the credibility and capabilities of UN Environment,
- Identification of full life-cycle costs of operational choices and gradual improvement over time.

- To respond in more appropriate manner to emerging social, economic and environmental concerns as a trustworthy and reliable partner.

The Global Impact is the world's largest global corporate sustainability initiative including over 8,000 companies, more than 4300 of those in Europe, 4000 non-business organizations in more than 160 countries. Approximately 82 per cent of the organizations attribute progress towards sustainability to participating in the Global Compact (United Nations Global Compact, 2014).

4 AN OVERVIEW OF LEADING SUSTAINABILITY REPORTING PRACTICES

As previously mentioned, the electronics industry has faced severe turbulence in the area of supply chain management and compliance over the last several years. Due to the emphasized interests and concerns of various stakeholder groups, the electronics industry had to implement different changes to satisfy stakeholders' needs and requirements. One of those was to raise the sustainability performance through environmental protection and social care while still producing sufficient financial results.

Organizations have had to adapt to the increasing requirements to retain or improve their competitive position. Many organizations have lost significant stock value due to the various exposure that occurred from either environmental disasters or socially-related incidents. One of accidents that occurred in 2017 and was highly covered by world media was the removal of a passenger on a United Airlines airplane, in which the passenger was involuntarily removed from his seat on an overbooked flight. Three officers dragged the man down the plane aisle by the arms and legs while the passenger was resisting and screaming. Other passengers on the plane, who were at the time shouting in protest, recorded the accident. The videos they recorded and posted online consequently went viral. The incident has brought the company massive world attention and badly affected the stakeholders' image of the organization and its financial performance. Media stated for the time being that the United Airlines stock value has dropped over 4 percent, knocking off close to \$1 billion of the company's market value (CNN, 2017).

Similar incidents have affected various organizations across all industries. Due to the modern technology's fast dissemination of information, accidents cannot be hidden as easily as before. Nowadays all the information is within reach. Organizations have realized they have to properly mitigate risks and evaluate current situations in order to prevent those incidents from occurring in the first place. Organizations shifted their focus towards sustainability and began implementing it in their processes and daily operations. With all these measures taken, organizations now try to communicate with their stakeholders in order to improve their public image and mitigate risks more successfully. This is done usually either through their web site or through publishing various types of sustainability reports (Hitchcock & Willard, 2015).

Sustainability reporting content, as well as sustainability objectives, differ from company to company and from sector to sector (Kumar, Gunasekaran, Singh, Papadoulos, & Dubey, 2015). Each organization packages the information for its stakeholders in its own way in order to portray the organization in the best possible light. By 2011, as previously mentioned, 95 percent of the Global 250 organizations had already issued reports on sustainability (Hitchcock & Willard, 2015).

In the following paragraphs, we first dig into the world's best sustainability reports published by Ranking the Brands for 2017. We continue by presenting exemplary sustainability reports from the electronics industry and wrap up the chapter with an analysis of sustainability reports published by direct competitors of Iskraemeco in the electronics industry and discuss the principles competitors use to portray their sustainability processes and actions through sustainability reports. We introduce the main achievements related to sustainability practices and activities, and support them with examples of a few interesting and accessible sections from sustainability reports, which distinguish these organizations from their competitors in terms of quality and attractiveness.

According to the aforementioned review, I can summarize that organizations have a similar core structure for sustainability reports. They all begin with the key success factors achieved in the selected year accompanied with an introduction from the CEO. Emphasis on each sustainability dimension or influence is made, depending on the industry. Organizations wrap up their sustainability report by summarizing all relevant and significant sustainability measures and factors achieved in a certain period.

4.1 World's leading sustainability reporting practices

Each year, Ranking the Brands publishes a ranking of different organizations (Ranking the Brands, 2017). Based on the recurring appearance on the ranking and my personal opinion on the quality of sustainability reports, I have selected Siemens and BMW as benchmarks in sustainability reporting.

4.1.1 Siemens

Ranking the Brands selected Siemens as an example of the most sustainable corporation for the year 2017. Siemens is a conglomerate corporation with principal divisions in sectors including infrastructure, healthcare, and energy (Siemens, 2018).

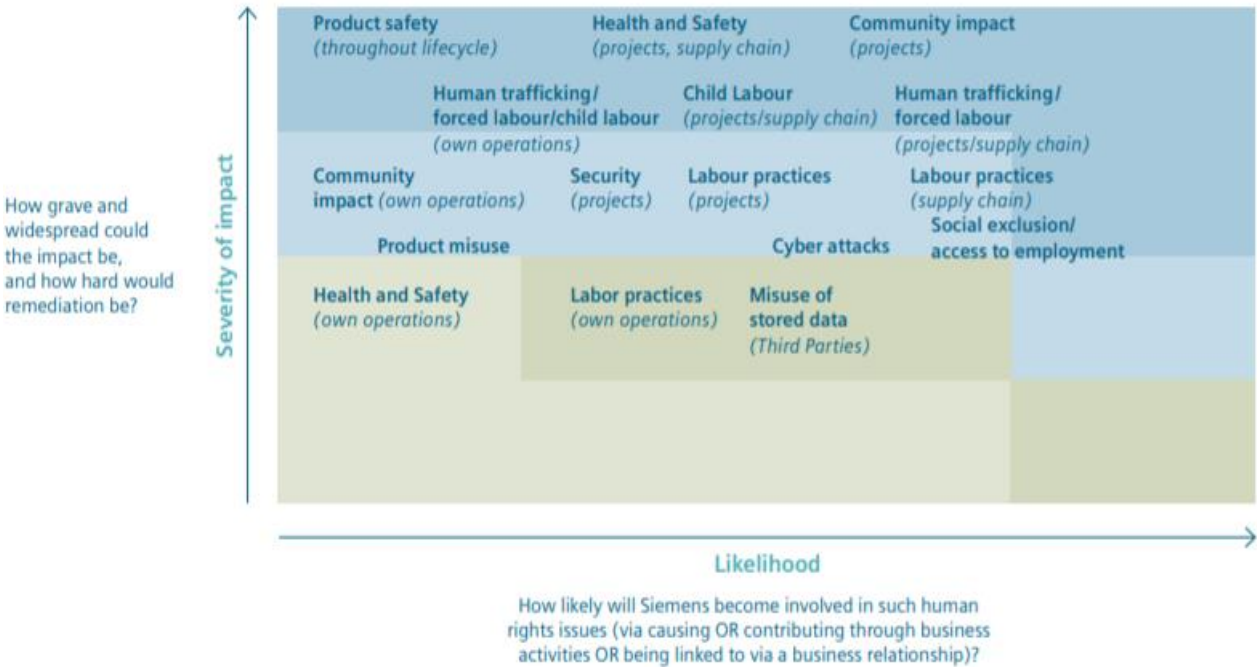
Siemens has established strict sustainability principles when it comes to supply chain. These principles relate to the selection of the suppliers, qualifications and their evaluation, and supplier development. The organization requires that all suppliers follow Siemens' Code of Conduct, which prescribes basic rights of employees, a healthy and safe working environment, and zero

tolerance policies for corruption and bribery. Due to the dispersion of Siemens’ sites, organization has implemented risk analysis procedures to identify potential hazards in supply chain based on categorization of the commodities and risk classification of the countries. Risk analysis is also done based on supplier self-assessment, risk assessment by purchasing departments, and third party audits of supply chain (Siemens, 2017).

In its annual report, as shown in Figure 4, Siemens conveys information regarding human rights in a diagram similar to a materiality matrix. In the figure below, Siemens presents several human rights areas based on their severity of impact and likelihood.

Siemens divides areas of impact into three categories based on a likelihood of such impacts occurring: high, medium and low. This enables the reader to recognize the areas in which Siemens invests the most resources and time to make a change. Areas of high risk include ensuring healthy lives, community impact, health and safety, and child labour (Siemens, 2017).

Figure 4: Siemens’ human rights areas with severe impacts



Source: Siemens (2017).

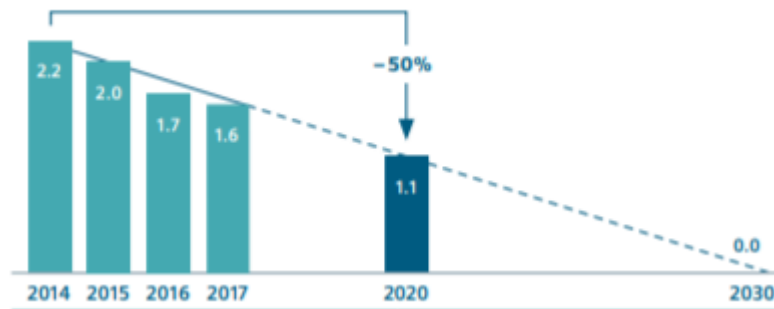
Siemens has been focusing its sustainability practices on the following areas: decarbonization, conservation of resources, health management and safety, education and diversity of employees, corporate citizenship, sustainable supply chain, compliance, and human rights. By being a global industrial conglomerate, Siemens is aware that it can touch and influence various areas of people’s

lives, mainly through products and solutions, responsible operations, expertise and leadership, and corporate citizenship (Siemens, 2017).

One of Siemens' focuses is cutting down CO₂ emissions. Siemens was able to cut down emissions from 2.2 million tons in 2014 to only 1.6 million in 2017 – a reduction of approximately 27 percent. This was achieved by mainly investing in e-mobility solutions and increased use of renewables. Its greatest achievement in the area of decarbonization is that 60 percent of German sites are powered by 100 percent green energy. Results from various energy efficiency programs show that Siemens was able to reduce energy costs by 15 percent. Siemens' goal is to achieve a net zero carbon footprint worldwide by 2030 (Siemens, 2017). Siemens shows the successful trend in the diagram below by showing gradual reduction of CO₂ emissions accompanied with future goals.

Figure 5 shows the past success in decreasing CO₂ emission and the same time displays the future goals and vision of the company to be CO₂ emission free in the next two decades. The diagram is simple, yet conveys the strong message to readers of what organization is trying to achieve.

Figure 5: Siemens' CO₂-neutral target trajectory



Source: Siemens (2017).

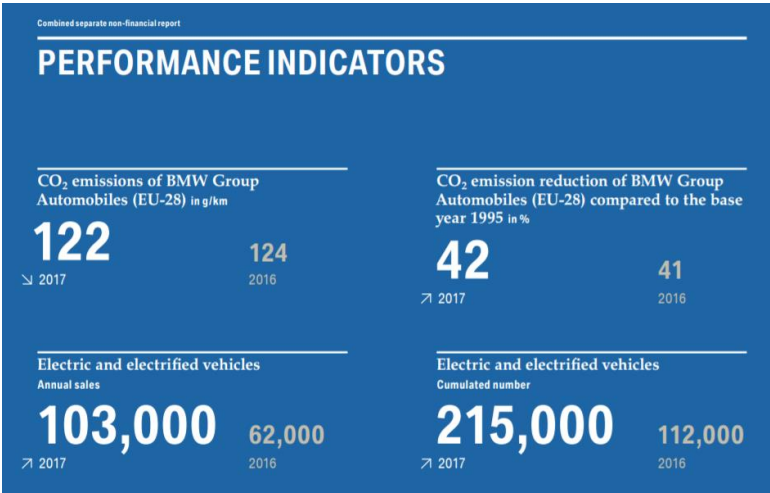
Siemens reports heavily on their goals and future actions, as well as their successes, but I have recognized a lack of their failures or yet unrealized actions, which are crucial to improve sustainable performance (Siemens, 2017). Compared to other sustainability reports I have studied, I have frankly not found enough engaging material in Siemens' sustainability report that would personally compel me to dive into details. The report is comprised of mostly text and tables, making it difficult to track the most intriguing topics.

4.1.2 BMW

On Ranking the Brands, BMW was placed on 16th overall position in 2016 and among the highest-placed automobile production companies according to sustainable activities (Ranking the Brands, 2017). By being one of the leaders of the automobile industry, BMW has been actively pursuing green mobility. It has founded a competence center for urban mobility in 2015 with a plan to engage local stakeholders and discuss perennial issues with them on developing a common vision of cities that will offer quality of life. Within the competence center, a work group involving the seven largest cities was established. Their main goal is to find scalable solutions for urban traffic as quickly as possible. In addition to the competence center, BMW has greatly expanded its electric vehicles portfolio (BMW, 2018).

In it’s sustainability report, BMW communicates the sustainability goals in relation to each sustainability dimension or area and which topics they address. Each separate focus area has established its own goal, but collectively, the focus areas are pointing towards the essential and main sustainability goal of BMW – being the world’s most successful and sustainable premium provider of individual mobility. The message is conveyed in a simple way, but it encompasses all key areas on which their sustainability strategy is focused.

Figure 6: BMW sustainability performance indicators



Source: BMW (2018).

BMW, in its sustainability report, emphasizes the significance of numerical data and statistical analyses. Figure 6 gives readers the feeling of what is most important for the organization and of which achievements the organization is most proud. The size of numerical information in the report clearly indicates the factors that BMW as an organization values most. The data also appears easily understandable for readers.

In Figure 6, BMW states the improvements achieved in the areas of CO₂ emissions and CO₂ emission reduction of its cars and production growth of electric and electrified vehicles.

BMW realized its suppliers, which make its supply chain complex and long, create much of its added value. Therefore, it is crucial to implement environmental and social standards along the entire supply chain. For that matter, BMW uses an industry-wide sustainability questionnaire as part of its risk management process. BMW places orders based on its supplier evaluation. BMW has emphasized the importance of selecting raw materials along the supply chain, including conflict minerals, and is supporting initiatives to increase sustainability (BMW, 2017).

4.2 Sustainability reporting in the electronics industry

The electronics industry is the main conflict material consumer in the world. Most of the products these organizations produce contain at least one conflict material. In the last several decades, these minerals have been extracted plentifully, but the main issue lies in directly or indirectly financing various armed groups in Democratic Republic of Congo, which is the biggest exporter of conflict minerals, or any adjoining countries. Due to the situation, organizations faced pressure for sourcing those conflict minerals from armed groups. Organizations had to commit themselves to corporate sustainability by emphasizing human rights in the critical areas and focus mainly on their supply chain (Intel, 2016).

In the following chapters, I present Nokia's and Phillips' sustainability activities and reporting practices. These two organizations are not only global players in the electronics industry, but convey information on sustainability in an attractive and engaging manner.

4.2.1 Nokia



The Board of Managers is highly involved in sustainability and corporate sustainability issues within Nokia and places strong governance structure and practices by creating a Code of Conduct in order to manage ethical business processes within the firm. The code is supported by various policies and management systems related to sustainability issues, including code of ethics, conflict minerals policy, corporate governance guidelines, environmental policy, and human rights policy (Nokia, 2016).

Nokia has been focusing on making zero emissions a reality. It has started to develop a Zero Emission base station solution, which is now a group of 20 products and services that can reduce an operator's CO₂ emissions. Zero emissions products have already reduced 60 percent of their CO₂ emissions. Its customers can reduce CO₂ emissions by using additional sources of renewable energy such as solar, wind and fuel cells, potentially reaching zero emissions operations (Nokia, 2016).

Nokia is inclined to communicate crucial goals and their progress, as to whether they are being successfully achieved or if there are any existing barriers that are preventing Nokia from achieving them. Nokia's biggest impact is through product use, but it has the most potential to increase positive impact through its operations. Nokia in its report effectively presents the impact of each dimension, which is economic in this case (for details see Appendix 4). These displays empower readers to understand where Nokia could really positively or negatively impact society, the environment or the economy. What is important to note is that this way, readers are allowed to create their own opinion and are not forced to have one by the organization. Nokia is also aware that through its operations, more positive impact should be done on the environmental segment, which has been relatively small, but has enormous potential to make a change in operation processes (Nokia, 2016).

In a simple manner, as shown in Figure 7, Nokia provides readers with the information on how successful the sustainability integration measures were. On only one significant sustainability topic, Nokia displays three completely different outcomes. With the green colour, Nokia portrays a successfully achieved goal, yet the bottom section in red portrays a goal that was unachieved. In addition, Nokia provides a detailed explanation as to what measures will be needed to reach the goal in the future. The honest presentation of achievements translates into enhanced trust from stakeholders and report readers.

Figure 7: Nokia's sustainability goals and progress

Helping operators deal with the growth in mobile data traffic in a sustainable way		
Improve the energy efficiency of our products in each main release by 15%.	<p>Please see the Solution spotlight section on pages 79-81 for examples.</p> <p>Case: Photonic Services Switch 1830 PSS-24x. Case: Surepay solution ✓ Assured</p>	 Achieved
Work with our customers to help them reduce the energy consumption of their telecommunications networks through our innovative product solutions.	<p>As a core part of our business this is an ongoing goal. See the Solution spotlight section on pages 79-81 for examples.</p>	 On-going
To phase out and substitute the four phthalates restricted by RoHS Commission Delegated Directive 2015/863: Bis(2-ethylhexyl) phthalate (DEHP), Butyl benzyl phthalate (BBP), Dibutyl phthalate (DBP), and Diisobutyl phthalate (DIBP) by the end of 2016.	<p>The EU recognized a need for a protracted alternatives development period and set a compliance date of July 2019. In response, Nokia sought to have their suppliers substitute the phthalates by end of 2016. However, this was not achievable as the supply base was not completely prepared to deliver phthalate-free alternatives by this earlier date. Currently, we remain committed to having all our products comply with EU RoHS phthalates restrictions by July 2019.</p>	 Not achieved

Source: Nokia (2017).

Nokia analyzes its impact and influence on sustainable development through its value chain. Nokia divided the chain by its three most relevant components: economic, social and environmental. Based on those segments, Nokia analyzed suppliers, operations, logistics, products and recycling. After the analysis, Nokia recognized that most of its positive impact is done in segments of economic and social development, but environmental has been given lower

priority. Nokia is being transparent about the issue and states its influence on its tier one suppliers is strong, but its influence gradually reduces in the subsequent tiers in environmental segment (Nokia, 2016).

4.2.2 Phillips

Phillips performs the crucial part of the communication with stakeholders over its website, not directly through its sustainability report. Phillips does not directly publish a sustainability report, but one part of its annual report is saved for sustainability performance.

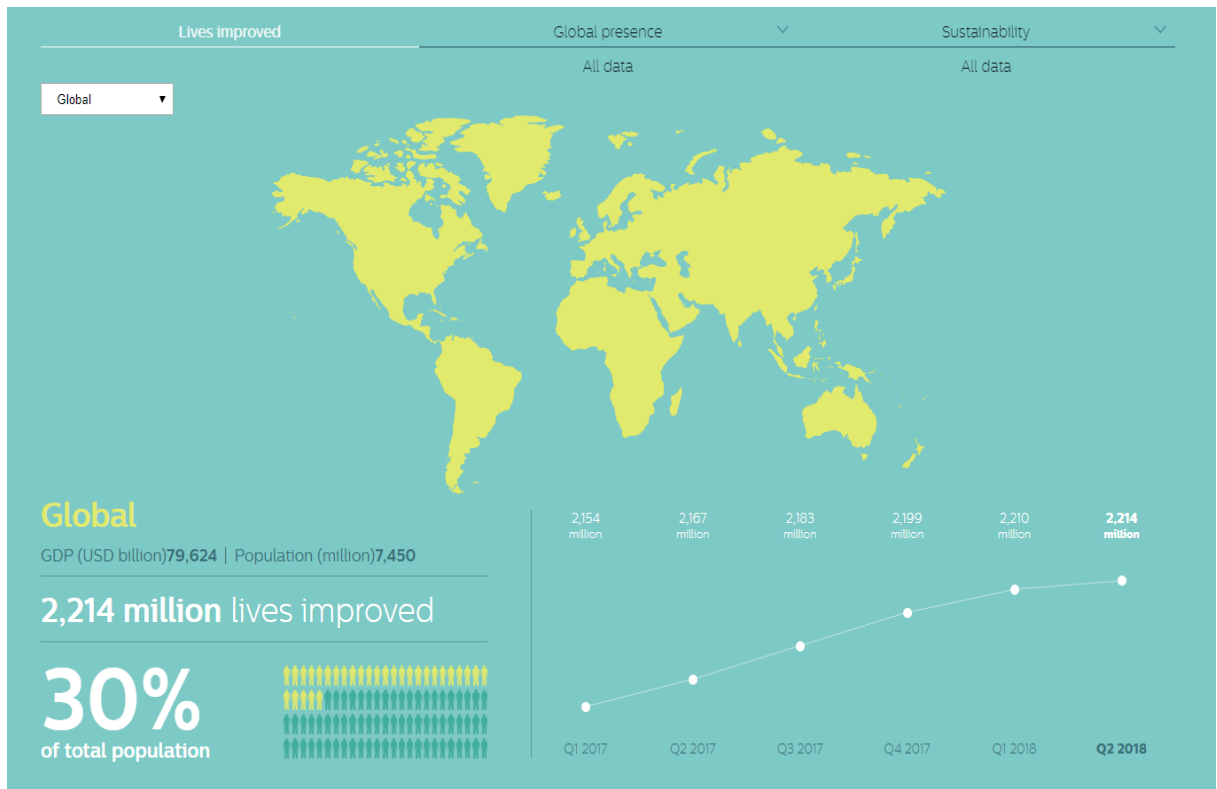
The Department of Phillips Cares encourages employees to find local volunteer opportunities, discover new ones, and follow their colleagues who are already actively giving back to the community in various ways. In 2013 alone, around 5000 of Phillip's employees participated in volunteer opportunities that suited their schedules, passions and needs, in partnerships with organizations such as the March of Dimes, Rebuilding Together and American Heart Association (Phillips, 2017b).

Pneumonia causes almost 1 million deaths annually among children. Of these, 99 percent occur in developing countries in low-resource settings with limited or poor healthcare facilities. Phillips participated in the production of an invention called ChARM, a monitor that automatically detects respiratory rate in children under the age of five. The monitor is now accessible for community-based health workers in remote conditions. By Phillips' measurements, they now reach 100 million children per year. The long-lasting battery makes it power-independent, and therefore suitable for areas without electricity. The device is dustproof, waterproof, and can be used in extreme temperatures (Phillips, 2017a).

Within its sustainability project, Phillips assures it reaches one in four people on earth, or 2.21 billion people in 2016, by delivering green products focused on improving energy and resource efficiency and wellbeing by delivering solutions that promote healthier lifestyle choices and directly supporting the curative side of people's health. To measure these numbers, Phillips uses a two-dimensional approach—social and ecological—to develop a complex methodology (Phillips, 2017b).

Figure 8 demonstrates the number of lives improved by existence of Phillips' processes and activities. This tool enables interactive displays depending on the stakeholder's preference for what he or she wants to see or be informed about. Such tools proactively creates improved interaction between the stakeholder and the organization.

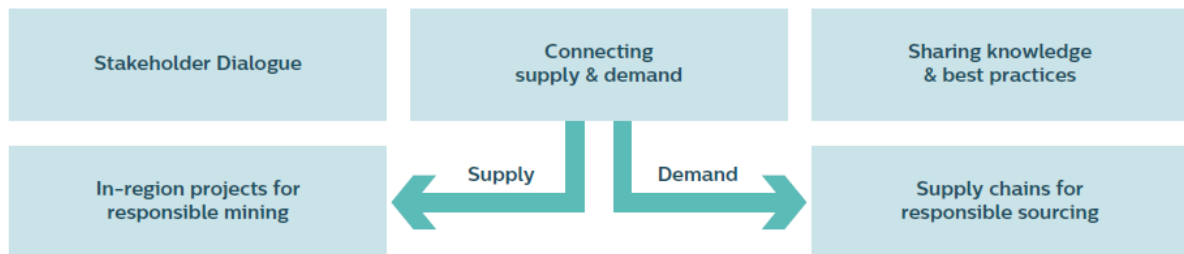
Figure 8: Visualization of lives improved by Phillips



Source: Phillips (2018b).

Figure 9 portrays the relationship between certain aspects of Phillips' business stakeholder dialogue, making the business circle interrelated by emphasizing all the functions of the operations within Phillips.

Figure 9: Philips' multi-stakeholder communication



Source: Phillips (2018a).

4.3 Sustainability reports published by Iskraemeco's direct competitors

In the following chapter, an evaluation of sustainability reports published by Iskraemeco's direct competitors is performed. Intel, Itron and Landys Gyr were selected for the purpose of comparison. As in previous chapters, an analysis of the structure of the sustainability report is performed with examples of graphics. Emphasis is also put on various activities and business processes that are worth mentioning for each competitor.

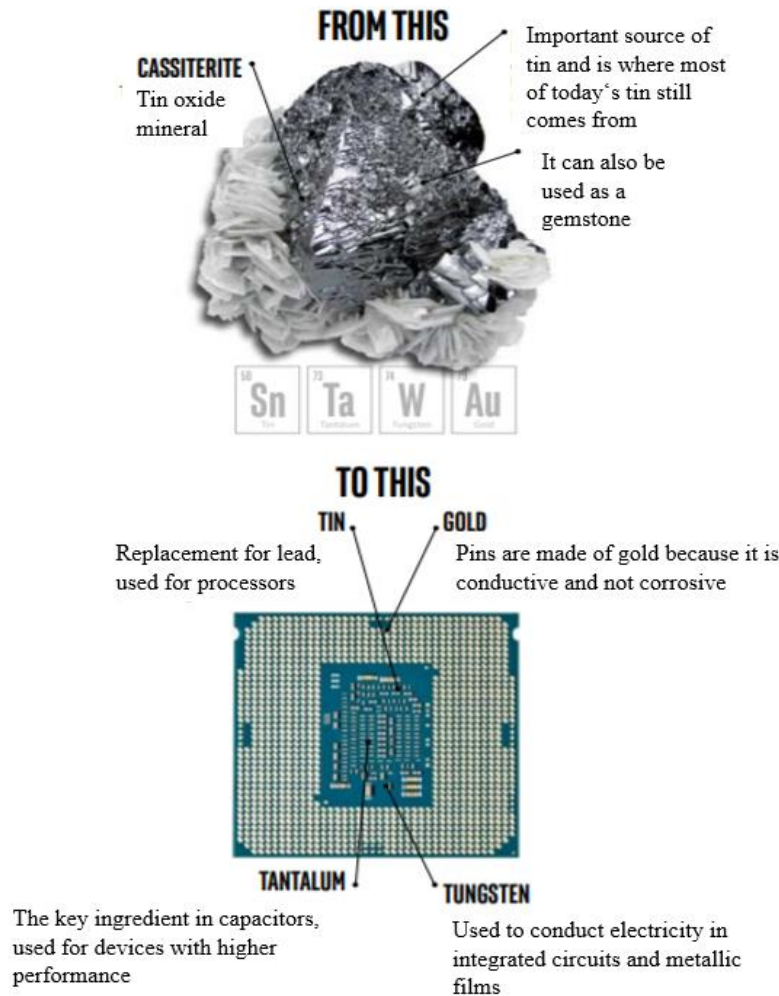
4.3.1 Intel

As one of the electronic industry leaders, Intel is among the main conflict material consumers in the world. Like other products, Intel's mostly contain at least one conflict mineral. Due to the aforementioned issues; Intel has emphasized its importance on supply chain. Intel has started to import minerals and materials only from suppliers which comply with the Electronics Industry Citizenship Coalition Code of Conduct and practice regular due diligence measures, which would enable reasonable assurance that components and products supplied are conflict-free. The first changes Intel made regarding conflict minerals occurred back in 2009. Intel conducted the first conflict minerals supply chain survey, in which Intel officers visited more than one hundred smelter and refinery facilities in the extraction areas to gather meaningful information. Once the minerals are processed in smelters, it is difficult to determine their countries of origin. This led Intel to implement a verification process at the smelter and refinery level where minerals are converted to ingots, bullion or any other conflict material containing derivatives. Intel did not stop there. Intel also collaborated vertically up and down the supply chain in order to gather missing information and conducted an examination of the results to verify the transparency of data provided by smelters and refiners (Intel, 2018).

People are generally under-informed when it comes to understanding of the problematic nature of conflict minerals. The mining and production processes in the electronics industry are complex and unknown to the general public. As shown in Figure 10, Intel provides information on which conflict minerals are mined and displays the transition from the mineral to the electronic component in a way that is simple and easy to understand. Better understanding of the key issues engages a reader to a greater extent just by being more knowledgeable about their background. This consequently assists stakeholders with their purchasing decision.

Intel advocates the commitment to collaboration with all stakeholders on industry-wide solutions to enable products that are conflict-free. Intel encourages suppliers to make reports available to the public in order to increase accountability and transparency. One of important measures was implementation of various processes and systems in its supply chain and production line in attempt to reduce and eliminate further financing of armed groups in the Congo region (Intel, 2016).

Figure 10: Conflict minerals use



Source: Intel (2017).

Apart from that, Intel also started to involve third-party audit and direct verification by Intel's supply chain organization, which is now a core component of the conflict-free smelter verification process. Any high-risk supplies are obligated to undergo an audit in order to verify their compliance. By 2016, approximately 93 percent of the suppliers were compliant with Intel's policy and contractual agreements. In 2016 alone, Intel conducted more than 270 supply chain audits (Intel, 2016). Intel's communication with its stakeholders regarding supply chain responsibility is as follows: "We significantly increased the percentage of our suppliers who meet our advanced expectations in ethics, environmental performance, labor, and human rights practices. We also continued our work to establish a responsible mineral supply chain for Intel and our industry" (Intel, 2018). In the sustainability report, Intel touches all key challenges and opportunities related to several important topics, as is displayed in Table 2. We remodeled the

original table taken from Intel's sustainability report for thesis' purposes, but content stayed the same.

Table 2: Intel's key responsibility challenges and opportunities

TOPIC	CHALLENGES	OPPORTUNITIES
CLIMATE CHANGE	Discussions about net zero carbon and science-based targets are increasing, and expectations for companies to further reduce absolute emissions from operations and to address the climate change impact of products continue to rise.	Worldwide efforts to reduce emissions and address climate change present potential market opportunities for Intel technologies, including those for smart grids and transportation, as well as those related to big data and machine learning to support climate modeling
WATER USE	Sustainable water management is a key expectation for our industry. We face challenges in reducing our water use as our manufacturing processes become more complex	The increasing focus on water scarcity worldwide presents opportunities to apply our technology to help others conserve water in a wide range of areas – from smart factories to agriculture applications

Source: Intel (2017)

In its sustainability report, Intel simply but meaningfully presents the most significant topics related to sustainability measures, applicable challenges, and presenting opportunities. Such a structure of report does not give a feeling to a reader that the organization is trying to overemphasize the positive strides the organization has made. It gives a feeling of authenticity.

In the area of environment protection, Intel has also made significant strides in the last few years. One focus was reduction of gas emission and carbon emissions. Over the last two decades, Intel was able to decrease emissions by over 60 percent. In 2016, Intel allocated \$30 million for energy conservation and alternative energy projects. Another focus was energy saving. (Intel, 2017). One of more remarkable project was launched in 2012. Intel has identified an opportunity to convert high-risk chemical waste into a reusable product for the fertilizer industry. Intel has joined powers with a major chemical waste supplier to capture and sell over 600 tons of valuable solvent recovered from their waste. (Intel, 2017). Intel diligently reports all the relevant sustainability goals and elaborates on what progress has been made on them in 2017.

In Table 3, Intel tries to simply convey its progress in various sustainability performance indicators to the reader. Intel's data show that the organization has not really exceeded expectations in sustainability measures and goals, but it is on track to doing so. At the same time, Intel also discloses information on a goal that was not successfully achieved in 2017. The message Intel conveys with the table is very humble and conveys honesty. Table was remodeled for thesis purposes, but content stayed the same.

Table 3: Intel's environmental sustainability goals and performance

GOAL	PROGRESS BY THE END OF 2017	STATUS
Reduce direct greenhouse emission by 10% on a per unit basis by 2020 from 2010 levels.	20% reduction since 2010	On track
Grow the installation and use of on-site alternative energy to three times our 2015 levels by 2020.	2x increase in installations	On track
Continue 100% green power in our US operations and increase alternative energy use for our international operations from 2015 to 2020.	100% US and EU, 73% globally	On track

Source: Intel (2017).

4.3.2 Itron

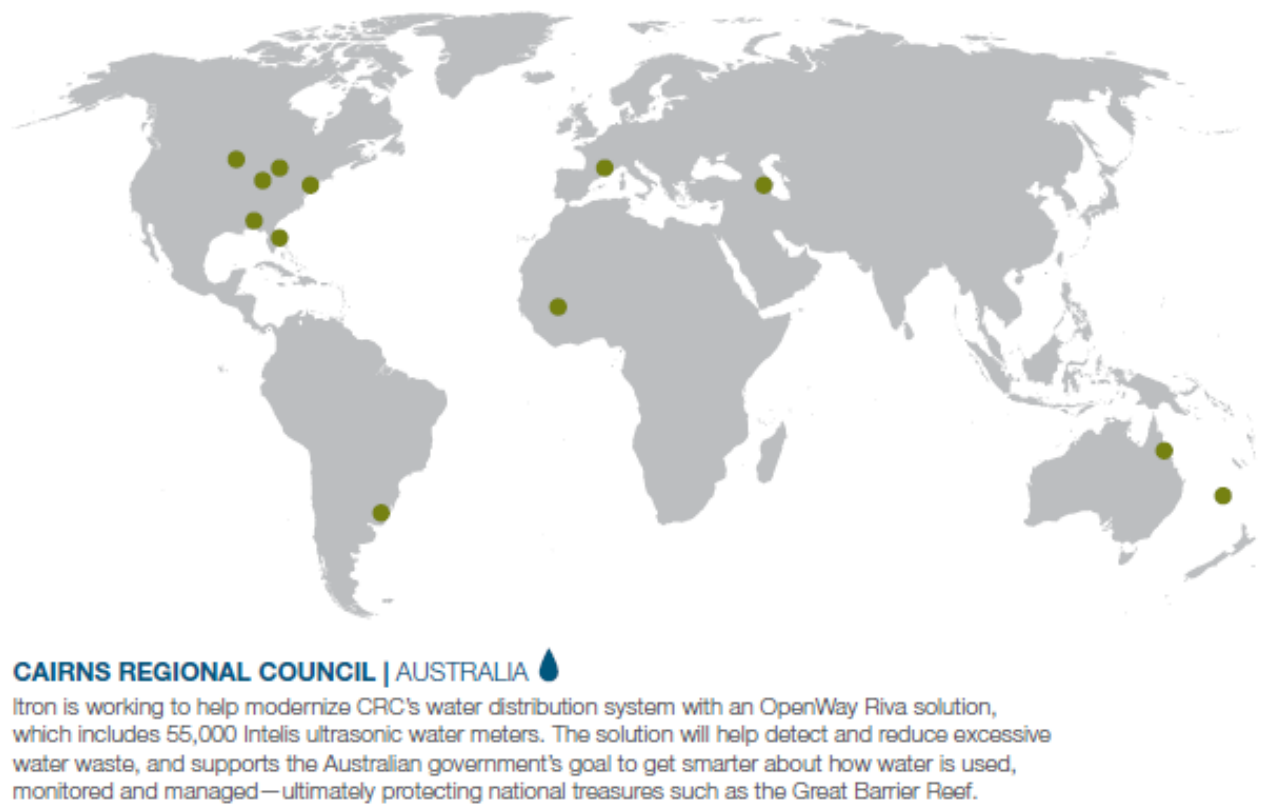
Like Phillips, Itron highly encourages its employees to be actively participating in their communities full hours per year to each participating volunteer at organizations of their choice. In addition, if an employee is willing to contribute up to \$1.000 for any charitable organization, Itron matches the contribution (Itron, 2014).

One of the major projects in which Itron participated was decreasing non-revenue water in Mali, where water is an extremely scarce resource. Itron provided its metering automation and monitoring solutions, including software for analytics and meter data management. The Mali organization SOMAGEP-SA was able to significantly decrease Mali non-revenue water levels in only 18 months (Itron, 2014).

In order to localize all the relevant projects in which Itron is involved, Itron prepared a world map with all the projects placed in their respective countries. It presents readers with the whole portfolio of sustainability projects.

Itron in its report, as portrayed in Figure 11, uses a great visualization to make an effective straightforward presentation of where sustainability success stories occurred. By presenting the locations on the world map and providing brief explanations on the situations, it enables readers to identify the labelled locations and events where the solutions took place.

Figure 11: Itron sustainability practices



Source: Itron (2014).

Otherwise in its sustainability report, Itron does not provide any other interactive or reader-engaging displays, which would additionally help raise the interest of stakeholders. The report contains mainly numeric information that is hard to read. Itron would, in my opinion, have a hard time conveying important information to an average customer.

4.3.3 Landys Gyr

In recent years, Landys Gyr has implemented a broad spectrum of policies regarding quality, environment, health, safety, ethics and code of conduct. Many of those include directives related to sustainability, use of resources, prevention of pollution and emissions by modification of design and production processes (Landys Gyr, 2016). In the annual report, Landys Gyr presents the environmental statistics, sales and employee movement over the period 2012-17.

Table 4 enables readers to understand the trend in an uncomplicated form by providing absolute figures per statistical variable. The table conveys the image of successfully-implemented sustainability strategy, since all indicators are pointing towards collective improvement.

Table 4: Landys Gyr Sustainability performance over period

	2012/13	2013/14	2014/15	2015/16	2016/17
Turnover in USD billion	1.7	1.5	1.5	1.6	1.7
Employees	5,313	5,527	5,755	6,036	5,919
m³ water	132,710	135,395	107,265	116,340	116,520
t waste	2,441	3,104	2,771	3,949	3,874
t chemicals	23.2	21.0	17.4	13.6	11.7
t CO₂e	33,921	34,600	34,005	32,296	31,594
Kg CO₂e/USD 100 turnover	1.7	1.8	1.8	1.7	1.5
t CO₂e per employee	5.4	5.1	4.8	4.3	4.2

Landis+Gyr Group's fiscal year runs from April 1 to March 31.

Source: Landys Gyr (2016).

Figure 12: Landys Gyr key sustainability achievements for 2016



Source: Landys Gyr (2016).

In Figure 12, Landys Gyr demonstrates the results of sustainability implementation for 2016-17. Key figures show successfully implemented measures and success factors for several areas. The ratios are nevertheless displaying only the positive changes. The company does not disclose any possible negative trends. It is unlikely for an organization of such size not to sustain any difficulties or failures during the period. However, in a simple way, the display communicates the most important measures with readers effectively.

Just as with Itron, Landys Gyr does not engage extensively with stakeholders in its sustainability report. Landys Gyr presents sustainability activities by using graphs and numerical information, which is not the best tool to attract readers or stakeholders to learning more about your sustainability processes and performance.

5 SUSTAINABILITY AT ISKRAEMECO

5.1 History of Iskraemeco

Iskraemeco is an organization founded in 1945 with headquarters in Kranj, Slovenia. It is a vital part of the electronics industry and has been marked by a growing product and services portfolio, accompanied by continuous expansion abroad. Iskraemeco's portfolio encompasses electricity meters for different applications, communication systems, data management software and supportive services. Its smart metering portfolio enables customers to utilize energy efficiently and provides necessary data to manage energy use. Its products also foster responsible use of natural resources and encourages users to make sustainable decisions (Iskraemeco, 2015b). Nowadays, Iskraemeco owns an established network of partners, subsidiaries and production facilities in several countries, which support its whole client base. Iskraemeco is focused on the needs of the future and owns one of the largest R&D departments in the industry (in Europe) (Iskraemeco, 2015a), designing its products and business processes in ways that minimize environmental impact regarding waste, water and air emissions (Iskraemeco, 2015c).

In 2007, Iskraemeco joined forces with Elsewedy Electric. The idea behind the venture was a smarter, more energy-efficient future from synergies which both organizations could utilize. By joining the Elsewedy group, Iskraemeco attained a valuable business partner and unprecedented opportunities for growth and development (Iskraemeco, 2015a).

Iskraemeco has significantly improved its financial performance over the last couple of years. In each of the last four years, Iskraemeco was able to increase its revenues. In 2017, they earned over 105 million euros for the first time (Iskraemeco, 2018), a 75 percent increase from 2014 (Iskraemeco, 2016c). Consequently, profits have steadily increased over the years. In 2017 alone, Iskraemeco accounted for €7.2 million of net income (Iskraemeco, 2018), compared to only €637,000 in 2014 (Iskraemeco, 2016c).

Iskraemeco has successfully installed more than 75 million electric meters to date and now employs more than 1000 employees. Its meters are produced in four different production facilities supported by a large R&D department, which directly employs 120 people. More than eight percent of its annual turnover is invested in research and development activities (Iskraemeco, 2015a).

5.2 Sustainability risks and challenges at Iskraemeco

Whether the motivation for corporate sustainability is stakeholder pressure, government regulations, environment issues or society, it is vital that managers recognize the development of sustainability processes, activities and strategies (Epstein & Rejc Buhovac, 2014). The reasoning behind Iskraemeco's actions towards sustainability lies within support of the principles of sustainable development that promotes economic growth while being in harmony with the environment. Iskraemeco strives to increase the quality of life of present and future populations by positioning sustainability as the best thing to do.

It is essential for an organization that its management understands the importance of addressing social, economic or environmental issues for sustainable strategy to work and have long-lasting effects on the organization and its participating stakeholders. Another crucial part is the inclusion of all three dimensions-economic, environmental and social. Balancing tasks by not excluding one of these dimensions is highly challenging and often leads to certain trade-offs. A safer approach would definitely include all dimensions therefore significantly diminish risk exposure. (Sauer & Seuring, 2017). Based on the information conducted from the interview, sustainability leader Mojca Markizeti, has been able to communicate the importance of sustainability to upper management. Obtaining understanding from management enabled Iskraemeco to start addressing the complexity of the issues and balancing tasks without mutual exclusion.

Another important aspect and challenge for organizations is an integration of sustainability strategy into the company's values, commitments and goals. The goals should be achieving excellence simultaneously in financial, social and environmental performance (Epstein & Rejc Buhovac, 2014). By conducting the interview, I can conclude that Iskraemeco communicates those directly with the internal and external stakeholders, showing them the importance of sustainability by not only disclosing the future plans but also the successes and struggles Iskraemeco faces on a daily basis.

5.2 Methodology and data used

In order to receive structured information and a complete understanding of Iskraemeco's business processes and activities several meetings and semi-structured interviews were held with key personnel. Two interviews were conducted, both lasting approximately two hours. I prepared a

list of questions to guide us through the interview. This list can be accessed in the attachments section. We discussed the main issues, obstacles, challenges and goals of creating a contemporary sustainability report with Mojca Markizeti, Fair Meter Project Manager, who is also in charge of the sustainability strategy implementation in Iskraemeco. Mojca Markizeti emphasized the importance of the supply chain, stating “Iskraemeco’s responsibility starts and ends with the supply chain, since 80 percent of the production process is directly or indirectly related to it”. She also said that Iskraemeco will not only be the leader in sustainability, but will also educate the competition. She also stated following: “We are extremely transparent at what we do, what we have been able to achieve and what the challenges ahead of us are. It is crucial for the whole industry to work together in order to reach our goals”. In addition to the informative answers and explanations provided by Mojca Markizeti, I was given access to a wide collection of external and internal documents, which are presented in the table in the appendices section. The external documents provided cover mostly the nationally- or globally-accepted laws, legislations or standards which are already in place or will in the future drive the sustainable development and organizational behavior. In addition, I have received access to internal classified documents, which cover a wide range of business processes and activities that take place in Iskraemeco, addressing sustainability issues and questions on issues such as health and safety in the work environment, waste and water-waste management, protection of the environment, policies on supply chain management, human rights and anti-corruption.

Based on the substantial information received, evaluation of inputs, business processes, sustainability performance, stakeholder reactions, financial results and impacts is done over the three sustainability dimensions—environmental, social and economic. For each dimension, a logical flow from inputs to outcomes of sustainability performance is demonstrated and thorough analysis of processes, activities, impacts, potential benefits and negatives is performed, based on the judgment and evaluation of the factors included. Adriana Rejc Buhovac presented these flow charts to Iskraemeco in a workshop. She has not only supervised my entire work, but has also given professional assistance to Iskraemeco in attempt to formulate its sustainability strategy and help in other key matters. This has given Iskraemeco a clear picture of what activities and processes bring the most benefits and add value in attempt to position itself as the sustainable leader in the electronics industry and what content could be used in Iskraemeco’s sustainability report.

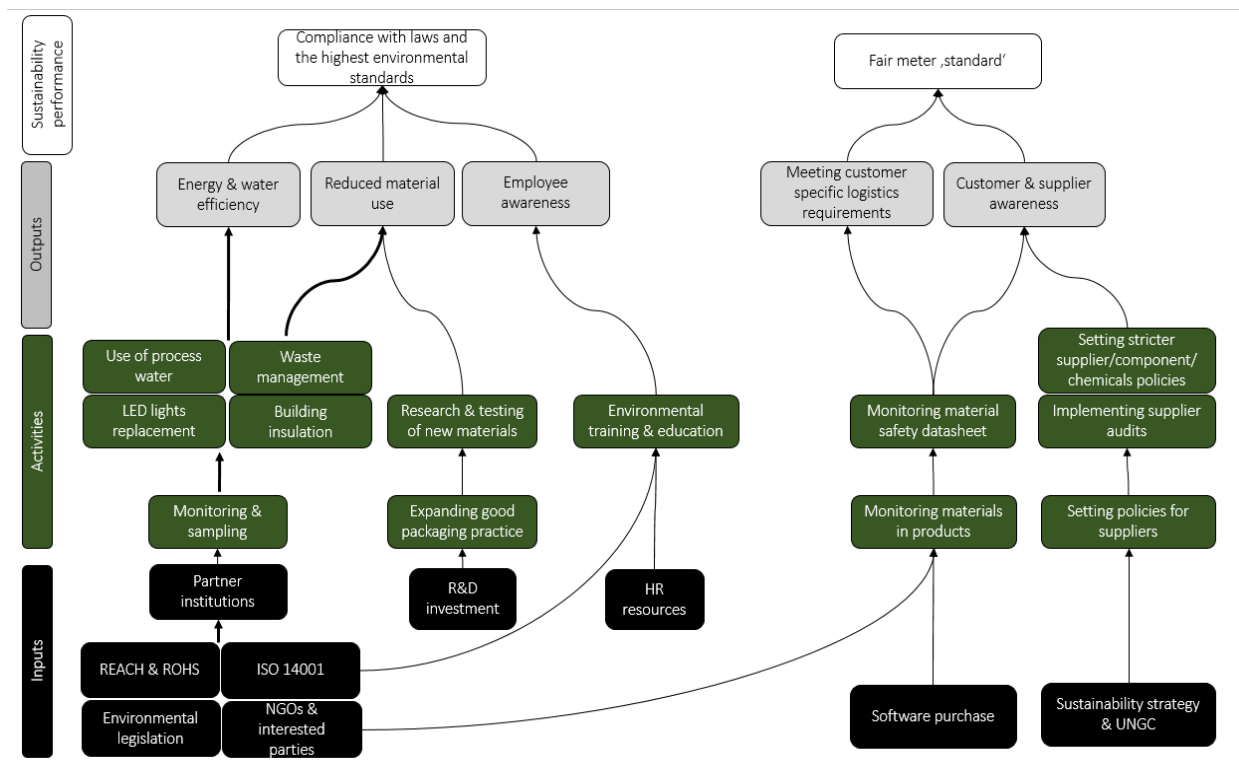
The following conclusion regarding sustainability practices and activities in Iskraemeco is based on the series of interviews. A structural proposition has been developed for Iskraemeco’s sustainability report using the Corporate Sustainable Model on selected dimensions supported with tables, graphs or additional visualization, which furthermore gives value to Iskraemeco and could serve as an example of a final sustainability report for Iskraemeco.

The proposal of the sustainability report focuses on the form and the outlook. Since some of the internal data is either confidential or yet unknown, a combination of actual data, estimations and approximations is used. Therefore, the information presented in the proposal should not be considered as genuine and is for the sole purpose of this master thesis.

6 SUSTAINABILITY REPORTING PROPOSAL: THE OVERALL ISKRAEMECO SUSTAINABILITY CONTRIBUTION MODEL

With support of an external professional, Iskraemeco developed causal linkage models for each dimension – environmental, social and economic. These models display an interdependent relationship between inputs, business processes, sustainability performance, stakeholder reaction and financial results in Iskraemeco. All the parameters shown in the models are already implemented in the day-to-day operations of Iskraemeco and are indicative of the complexity of the sustainability and the parameters revolving around it.

Figure 13: Causal linkage model of environmental performance in Iskraemeco

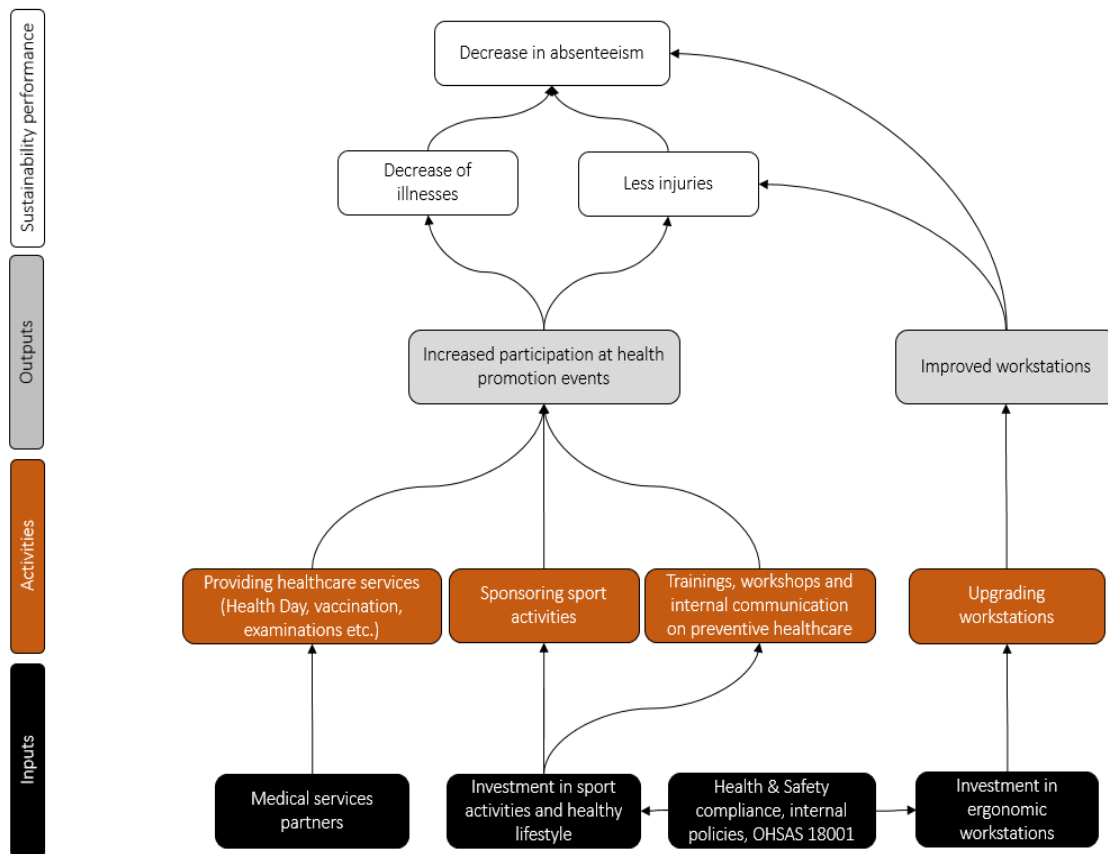


Source: Iskraemeco (2018).

In Figure 13, Iskraemeco displays key inputs, activities, outputs and sustainability performance related to environmental dimension. Key inputs include various regulatory policies (REACH and

ROHS), directives introduced by governments or NGOs, environmental legislation, software purchases and investment in research and development. These inputs have assisted Iskraemeco in its' improved water processing, management of electricity consumption, waste disposal, auditing of suppliers, increased research testing and monitoring of new materials, environmental training and setting stricter supplier policies. Successful implementation of activities lead towards greater energy and water efficiency, increased employee awareness, reduced use of materials, and both customer and supplier awareness.

Figure 14: Causal linkage model of social performance in Iskraemeco

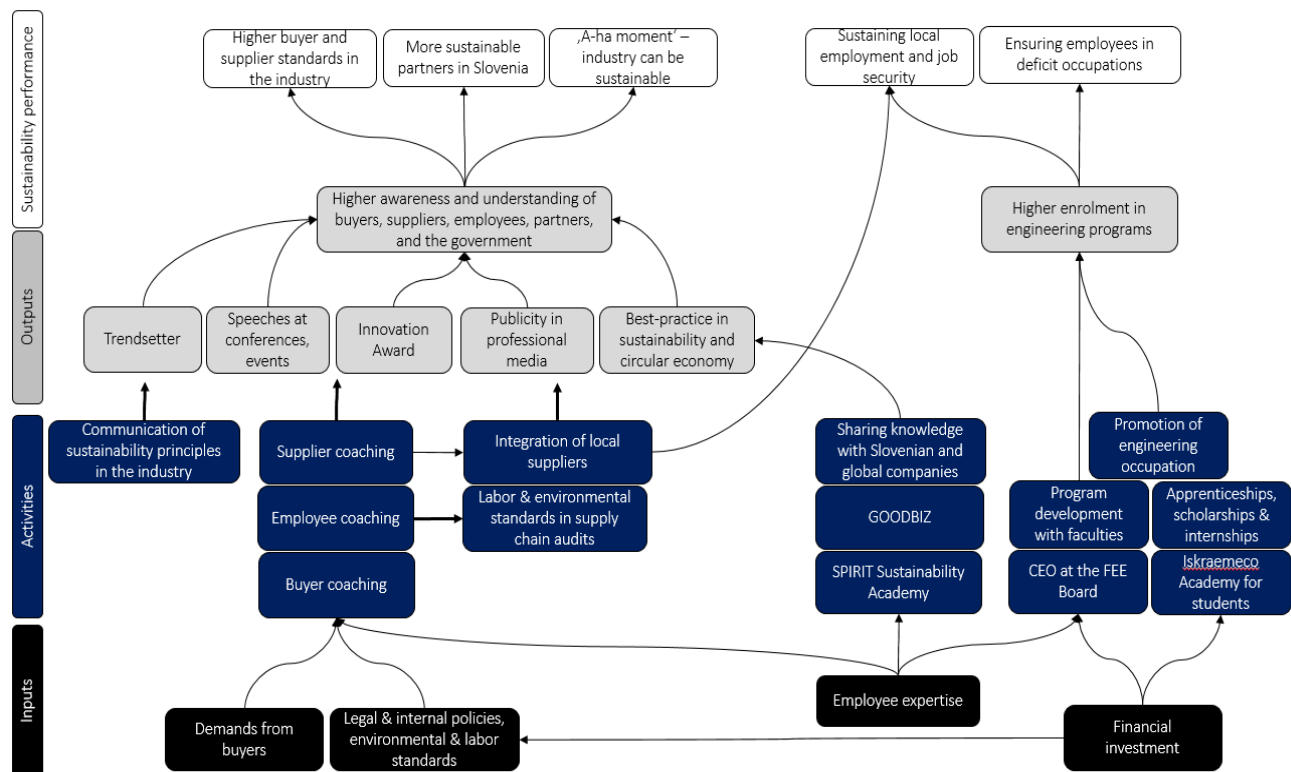


Source: Iskraemeco (2018).

In Figure 14, Iskraemeco displays key inputs, activities, outputs and sustainability performance related to social dimension. Key inputs include various regulatory policies, internal policies, health and safety compliance, OHSAS 18001, investment in healthy lifestyle sport activities and cooperation with medical services partners. These inputs have helped Iskraemeco in developing innovative healthcare services, sports activities, employee training and workshops are activities promoted within Iskraemeco. This has resulted in increased socially oriented areas including improved health of employees, fewer injuries, and fewer absences from work.

In Figure 15, Iskraemeco displays key inputs, activities, outputs and sustainability performance related to economic dimension of sustainability. Inputs are comprised of regulatory legislation, internal policies and labor standards, and have driven Iskraemeco's focus towards employee training, customer and supplier coaching on relevant labor and environmental standards, and legislation. In addition, these inputs have increased the focus on developing students as future employees by providing them with internships and scholarships in cooperation with universities. These activities help Iskraemeco to achieve best-practice in sustainability and circular economy, receive various innovation awards, recognition in professional media, increased brand presence and the ability to participate at events and conferences. This further leads towards attracting other sustainable partners, improving local community employment, and ensuring the recruitment, amongst others, of employees in areas with skills shortage.

Figure 15: Causal linkage model of economic performance in Iskraemeco



Source: Iskraemeco (2018).

In the following chapters, a detailed division of inputs, business processes, sustainability performance, stakeholder reaction, financial results and impacts, all of which directly or indirectly affect Iskraemeco, is done. Comprehensive description of each parameter was discussed beforehand in chapter 2.4; below parameters applicable only to Iskraemeco are marked out.

My final sustainability report proposal for Iskraemeco is made based on these relationships and my understanding of them. Content of the proposal includes summed key information from selected environmental dimension and parameters described in the following paragraphs.

6.1. Sustainability inputs

In the following paragraphs I present the influence regulation, legislation and directives that present the framework on which Iskraemeco builds its' litigation compliance and sustainability strategy. Law does not necessarily enforce these, but they do work as a guiding tool to encourage sustainable development.

6.1.1 Directive 2014/95 EU

Directive 2014 / 95 EU requires organizations that have on average more than 500 employees in the fiscal year to disclose statements on non-financial activities. Statements needs to include information on environmental, social and staff matters, respect for human rights, and matters relating to the fight against corruption and bribery. Also included must be a description of policy addressing these issues, results of their implementation and key non-financial performance indicators relevant to individual activities (Uradni list Evropske Unije, 2014).

6.1.2 Zakon o Gospodarskih družbah (ZGD-1)

Zakon o Gospodarskih družbah (ZGD-1), Ur. l. RS, št. 42/2006 requires organizations to disclose information on development and financial results with description of risks to which each entity is exposed. In addition, analysis on essential accounting, financial and, if need be, other parameters, which include information related to environment protection and safety of workforce, must be performed.

6.1.3 ROHS

ROHS (The Restriction of Hazardous Substances Directive) is a directive enforced by the European Union since 2003. It prohibits member states from the use of six hazardous materials (lead, mercury, cadmium, etc.) in the manufacturing of electronic or electric devices in order to address the issue of global electronic waste. Its main goal is to improve the recycling, treatment and re-usage of such devices (European Commission, 2018a).

6.1.4 REACH Regulation

The Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation, Ur. ES. št. 1907/2006 addresses the widespread use of chemical substances of very high concern, which have a potential impact on both the environment and human health. REACH applies to all

chemicals produced by or imported to the EU. REACH requires organizations to communicate the use of chemicals openly and honestly and start sharing data and costs in a transparent way.

6.1.5 European Convention on human rights

The European Convention on Human Rights is an European treaty established to protect human rights and political freedom. It also contains list of prohibitions, such as the death penalty, slavery, and child labour (Council of Europe, 2018a). The treaty ensures equal standards across its entities (Council of Europe, 2010b).

6.1.6 BS OHSAS 18100:2007

BS OHSAS 18001:2007 is an international standard that guides entities in the scope of framework identification, and control and risk mitigation associated with the safety and health within the workplace. It achieves this by integrating these with other management systems (BSI Group, 2018). Entities are facing severe pressure to install rigorous health and safety policies that protect employees and reduce likelihood of accidents in the workplace (Certification Europe, 2018).

6.1.7 International Labour Standards

International Labour Standards are legal instruments aiming to point out basic principles and rights at work. Standards mostly serve as recommendations and non-binding guidelines for the manner in which organizations should treat their employees. Standards consist of eight fundamental conventions covering areas of freedom of organizing conventions, abolishment of forced labour, minimum age convention, discrimination and equal remuneration at workplace, etc. (International Labour Organization, 2018).

6.1.8 Fair Labour Compliance

The Fair Labour Compliance strives to improve living and working conditions, protect social cohesion and achieve high levels of employment. European Union member countries incorporate labour law into their local legislations and enforce it. The four main fields of EU regulation of labour rights consist of individual labour rights, rights to information and participation at work, anti-discrimination policies, and rights to job security (European Commission, 2018b).

6.1.9 United Nations Global Compact

The United Nations Global Compact is an initiative to stimulate businesses worldwide to adopt sustainable and socially responsible policies and later on to start reporting on those activities. It functions as a platform for discussion and a communication network for organizations whose actions influence their stakeholders. It covers ten principles in areas of environment, anti-

corruption, labour and human rights. It is one of the largest initiatives and encompasses almost 10.000 companies in more than 160 countries (United Nations Global Compact, 2018).

6.1.10 Dodd-Frank Act

The Dodd-Frank Act is a US law that prescribes that organizations using conflict minerals must determine whether these minerals came from central Africa and must conduct a review of their supply chain to determine possibility of minerals directly or indirectly funding armed groups in the area (Business & Human Rights Resource Centre, 2018). The Dodd-Frank Act gave organizations up to three years to determine and report appropriately on their products containing »conflict minerals«. The act does not prohibit organizations to use minerals, but rather seeks to avoid their sources fueling conflict. In 2014 and 2015, 80 per cent of the organizations where an inquiry was held were unable to determine the country of origin of minerals used in their products. At the time, only one per cent of the companies under inquiry were able to declare their products to be conflict free with certainty (Kim & Davis, 2016).

6.2 Sustainability activities

In the following paragraphs, I describe all the relevant sustainability activities and processes Iskraemeco is performing. Information on activities and processes are supported by numerical figures comparing several periods of time.

6.2.1 Environmental dimension

As a response to rising environmental awareness and the increasingly stringent environmental legislation, Iskraemeco incorporated environmental protection policy into the structure of its management system.

Since 1999 Iskraemeco has established an environmental management system in accordance with the international standard ISO 14001 for the purpose of achieving the objectives in the field of environmental protection. Iskraemeco are aware, as one of the leaders in the electronic industry, which is highly dependent on natural resources and minerals, that it has a huge impact on environment. Policy provides guidelines on respecting the local legislation, regulations, replacing risky, environment-polluting practices, and minerals for more sustainable ones, reducing waste with higher efficiency. Iskraemeco designed their business processes in ways that minimize its environmental impact regarding waste, air and water emissions in order to insert principles of circular economy into business processes (Iskraemeco, 2016a). Crucial Iskraemeco's activities and practices related to the environment are described in Table 5.

Table 5: Iskraemeco's activities and practices related to the environment

Activities and practices	Description
Waste and pollution related activities	Comparing to 2013, Iskraemeco has managed to lower its energy consumption by 8 percent, lower its waste production by 21 per cent and improved recycling in 2015. Water consumption has increased by 11 percent. Iskraemeco d.d. was able to decrease total landfill waste disposal from 63.578 tons in 2013 to 47.002 tons in 2016, which amounts to a 26 percent decrease. In 2013, 203 g of waste was disposed during the production of one unit, compared with 149 g per unit in 2016. This accounts for a 27 percent decrease. Most significant strides were made in the recycling of plastic and paper.
Supply chain activities	Deep understanding and attention on components being ROHS (2) and REACH directive compliant, tracing the components back to their sources, enforcing OECD Due Diligence on supply chain of minerals from conflict areas, not accepting minerals of unknown areas and compliance to ILO standards and the Fair Labour Association. The supply chain is also monitored by reviewing electronic components' databases, supplier questionnaires, documentation on collaborating entities and essential supplier assessment.
Open and honest communication	Iskraemeco openly communicates to several interested parties regarding their compliance with legal requirements. In 2015, Iskraemeco presented their annual report on the waste water discharge, operational monitoring, waste and air condition equipment to the Slovenian environment Agency (ARSO).

Source: Iskraemeco (2017).

6.2.2 Social dimension

Iskraemeco has also made strides with regards to personnel engagement in sustainable practices. Its employees are required to respect and act in accordance with the defined environmental and safety requirements.

In order to achieve these goals, Iskraemeco implemented regular training sessions to raise the staff's awareness and dedication to sustainable practices and activities within and outside of the company. The contribution is mutual; Iskraemeco respects its and highly values the contribution of each individual. Their work is based on mutual, open and honest communication with the inclusion of everyone. Within Iskraemeco, teamwork is highly encouraged. Iskraemeco is obliged to follow strict employment and working regulations and laws, but it does not stop here. Iskraemeco has started to continuously promote health, safety and ethical code of conduct among

employees and company stakeholders (Iskraemeco, 2017). Crucial Iskraemeco's activities and practices related to the society are shown in Table 6.

Table 6: Iskraemeco's activities and practices related to the society

Activities and practices	Description
Engaging with the community	Iskraemeco is the leading financial sponsor of the Iskraemeco folklore group. With a plan to return and help community, the company is engaged in various fields: universities, sports or music events, individual projects, e.g. purchasing a wheelchair for a disabled person.
Promoting healthy lifestyle	Iskraemeco set up a Health Promotion Commission in 2015 to ensure continuous promotion of health in the company. Iskraemeco wants to encourage its personnel to take care of their health, and recommend them a healthy lifestyle through pre-prepared activities. Throughout 2016, Iskraemeco carried out a number of schemes, including one where employees received financial remuneration for participating in events such as yoga and running exercises. Another saw the company sponsor two 'Health Days' at work with a focus on stress release, promotion of cycling or walking to work, etc.
Anti-corruption practices	Iskraemeco has made significant strides in the fight against the corruption. It has signed the Declaration of Fair Business in order to promote fair practices and standards that help prevent corruption and raise competitiveness in the country in the long-term.

Source: Iskraemeco (2016a).

6.2.3 Economic dimension

Sustainability practices can also have overlapping effects and might have influence in the economical dimension of the organization. Business have shown corporate sustainability benefits brand awareness, attracts talented young professionals and positively impacts relationships with regulators. Not only that, it increases trust with customers and companies are reluctant to buy from companies they distrust (Young & Dhanda, 2013). Crucial information Iskraemeco's activities and practices related to the economy can be seen in Table 7.

Table 7: Iskraemeco's activities and practices related to the economy

Activities and practices	Description
Managing employee health and safety	To reduce injuries and absences, Iskraemeco has implemented monthly monitoring of employee status. In 2015, only two injuries at work were recorded, a decrease of four from 2014. Reduced absences increase working productivity.
Engaging in circular economy	Focus has been given to circular economy and monitoring of water consumption, waste production and measurement of CO ₂ emissions. When comparing to 2013, Iskraemeco has managed to reduce waste production by 21 percent, improved recycling and lower its energy consumption for eight percent. On the other hand, Iskraemeco has also seen a rise in water consumption by 11 percent.
Fair Meter project	Iskraemeco participates in a project devoted to the development of the first smart meter with key matters including conflict minerals, labour standards, electronic waste and establishing the control over global supply chain. The final goal is to establish a "Transparency Tool", which will help to educate and raise awareness about participating stakeholders (Iskraemeco, 2018) and the influence of the electronic industry on community and consumers in the face of rigid legislation and laws (Svet Kapitala, 2017).

Source: Iskraemeco (2016a).

6.3 Stakeholder reactions

It is vital that any organization communicates extensively, openly and honestly with stakeholders. Communication enables companies to identify and address the sustainability issues related to their processes, activities and products by engaging in dialogue with their stakeholders. Engagement with stakeholders also emphasizes intentions within a company's management to improve in the field of sustainability (Sauer and Seuring 2017). Investment in stakeholder engagement also works as a preventive strategy and assists organizations in their risk mitigation process and ability to control business shocks when they occur.

The public has recognized the effort Iskraemeco is putting into sustainable development. Some important media outlets have already invited the Fair Meter Project Manager Mojca Markizeti for an interview to discuss current topics on conflict minerals, changes in the electronic industry and stakeholder perception of sustainability. Such positive media exposure can only assist Iskraemeco in building their brand image and establishing trust with stakeholders.

In case of any complaints, it is necessary for an organization to establish any type of channel, which enables stakeholders to file a complaint, give recommendation, comment on activities or simply provide feedback. Establishing channels of communication gives stakeholders a feeling of participation and a sense that organization has honest intentions of listening to them. Stakeholders can be a source of vast ideas for improvement, innovation and at the same time precaution, as they may report or communicate any negative experiences, issues or flag potentially image damaging circumstances, which organizations can address before the brand image is permanently harmed.

Iskraemeco openly communicates its struggles and current challenges with its stakeholders. Going through published sustainability reports of other renowned organizations, I have recognized that they commonly withhold information on unsuccessful stories, perhaps being afraid of bad reputation or possible financial fine. On many different occasions these stories were leaked out to the public, harming the organizational brand image more harshly than if the organization itself had disclosed the information in the first place. Such events can influence brand image in the long-term and it is usually hard to regain the stakeholders' trust once lost. Iskraemeco goes one step further and it is aware of the importance of communicating honestly and openly with stakeholders. For instance, Iskraemeco has shared information on extreme events regarding injuries at workplace, the number of which grew in 2016 compared to the year before. Even though it puts a question mark on what went wrong, Iskraemeco stayed honest, showing dedication to put more effort into reducing work related injuries to the bare minimum. In the long run, an organization that is capable of showing regret and intention to improve will end up on top, eventually being perceived as more trustworthy than other organizations that disclose only favorable events and cover the unfortunate ones.

6.4 Sustainability performance

As we have conducted semi-structured interviews with Iskraemeco's personnel, we have found that the key emphasis is being put on defining strategy and discussing it with the leadership of the organization. Based on the literature studied, I propose that Iskraemeco could further their efforts in communicating to their management the benefits (as well as possibly the risks) of sustainability integrating into the corporate strategy. Only then can the employees follow and educate themselves with the proposed sustainability performance measures. This could eventually also improve their job environment and individual welfare. Activities and process should be examined in relation to their impacts by assessing their lifestyles. By doing this, management would have an easier time in making better long-term decisions.

Another essential topic to discuss is the magnitude of sustainable measures and their performance. Management should be keen to understand the implications and coverage of the sustainability measures. The bigger the group of stakeholders affected by each single measure, the wider and

longer the exposure of Iskraemeco to the stakeholders will be. Since the electronic industry will remain under the influence of globalization, this means Iskraemeco will always influence the broad spectrum of stakeholders directly and indirectly. Therefore, I would suggest Iskraemeco should focus primarily on issues related to environment pollution, supply chain issues and resolving conflicts in the central African region, which are global issues. Focus on the supply chain might very well bring various adjustments to it. Iskraemeco could be forced to change the market of suppliers and buyers, possibly even be required to redesign products or services. Investment in any supply chain initiatives may be costly, since the performance measurement system would require a significant financial investment, only available to a company able to financially support it (Ahmad, de Brito, & Tavasszy, 2016).

Iskraemeco's record of accomplishment in being one of the best in sustainable development can be seen through the number of awards received. For 2013/2014, Iskraemeco was selected national champion for European Business Awards in category of UKTI Award for Innovation. It emphasizes the strategic importance of innovation, which with advanced concepts influences the development of business practices. In following years Iskraemeco was elected for another award, the Fair Meter Project within Mednarodno Okoljsko Partnerstvo, which awards organizations cooperating on partnerships abroad. Partnerships are based on the principles of fairness, transparency and mutual benefit, and should contribute significantly to the three elements of a coherent development: environmental protection, economic development and social justice (Okoljsko srečanje, 2018). For the Fair Meter Project, Iskraemeco received the Golden award, which was handed out by the Slovenian Chamber of Commerce (GZS, 2018). All these awards and achievements show that Iskraemeco has established itself as one of the prominent organizations in sustainable development in Slovenia and the Adriatic region.

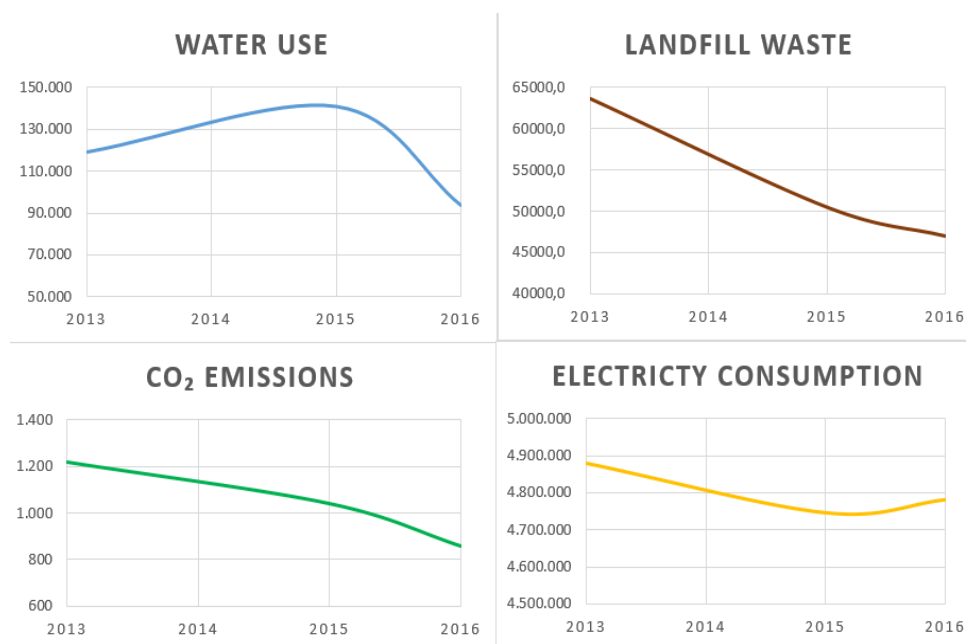
Supply chain measures would probably have greater worldwide impact for Iskraemeco, but it is just as important not to neglect local environment and communities. Iskraemeco have made certain strides over the last couple of years regarding CO₂ emissions, waste water, electricity consumption, landfill disposal, etc., and it should continue to do so. In Slovenia, it is very common for people to participate in removing litter from the local natural environment. Iskraemeco could promote such activities as well as any other volunteering activity that would increase employees' feeling of participation and belonging. As Iskraemeco employs people from many different communities, the feeling of belonging would be even greater and longer lasting.

6.5 Financial results

In making sustainability part of its corporate strategy, Iskraemeco has reached success that translates over to financial benefits. As described in Chapter 6.2: by implementing sustainability activities, Iskraemeco was able to significantly decrease environmental impact by water use, electricity consumption, landfill waste and CO₂ emissions. Table 8 sums all significant

improvements achieved by Iskraemeco regarding environmental impact. It is followed by Figure 18, where the same data is graphically present to emphasize the success Iskraemeco has recorded.

Figure 16: Graphical presentation of Iskraemeco's environmental impact from 2013 to 2016



Source: Measurement of environmental effect in Iskraemeco (2016b).

Table 8: Iskraemeco's environmental impact change from 2013 to 2016

Area	2013	2015	2016	Change 2013/2016
Water use (l)	119.218,00	140.832,00	93.951,00	-28%
Landfill waste (kg)	63.578,00	50.487,00	47.002,00	-26%
CO ₂ emissions (tons)	1.219,96	1.041,28	857,99	-30%
Electricity consumption (kWh)	4.881.273,00	4.747.001,00	4.782.431,00	-2%
Turnover (meters sold)	1.799.500	1.908.358	1.974.402	10%

Source: measurement of environmental effect in Iskraemeco (2016b).

Significant results not only lower the carbon footprint and environmental impact of Iskraemeco, but also bring relevant cost savings for the company. For example, lower water use from the re-use of water disposal for cooling of machinery, equipment and the workplace. Improvement in electricity consumption obviously helps Iskraemeco to reduce energy expenditures. Lower CO₂ and other hard particle emissions not only improve the air quality in the nearby region for the

surrounding communities and employees, but also prevents Iskraemeco from receiving any kind of fine due to high emissions.

Iskraemeco has been active in the recent years in providing employees a safe and healthy work environment and has complied with all legislative parameters and requirements related to health and safety at work. Providing a safe environment is essential in an industry with relative high risk for injuries and other defects. As several measures have been implemented, less injuries have occurred in 2016 in comparison to prior years. In addition, Iskraemeco also encourages its personnel to take care of their health and recommend them a healthy lifestyle through pre-prepared activities and several projects.

The described activities do not only increase health and safety of the employees, but also create a perception of a better, trustworthy, employee-friendly employer. Employees who feel valued and taken care of tend to feel part of the company. Such activities push employees to voluntarily take on greater responsibility and attract young employees with high potential, which can create increased value and innovation in Iskraemeco. Consequently, Iskraemeco could receive a strong financial return as both revenues and profit margin could increase as a result of lower employee turnover and decrease of operational expenses.

To sum up, sustainability activities have ultimately brought several financial benefits to the organization. Hard work is quickly appreciated, which enhances the loyalty, trust and commitment between stakeholders and organization. Customers then start referring business and investors recommend the stock (Epstein & Rejc Buhovac, 2014).

6.6 Proposal for a new structure of Iskraemeco sustainability report – example of environmental reporting

Based on the parameters described in the chapters above and the use of risk management payoff model, on which my understanding of Iskraemeco's sustainability strategy and development is built, I have tried to create a sustainability report proposition for Iskraemeco, which could be used as an assistance in future sustainability reporting carried out by Iskraemeco. The structure of the report is based on the information provided by Iskraemeco (Iskraemeco, 2015c, 2016a, 2016b, 2016d, 2017). The Corporate Sustainability Model was used as a basis for the preparation of the report for Iskraemeco as well as Figures 15, 16 and 17. The sustainability report follows a sample of various components consisting of external and internal environments. The sustainability report proposition tries to embody all of the contexts described above in order to fully encompass all relevant data presented earlier. Sustainability report propositions resolves around causal linkage models (Figures 15, 16 and 17) to guide the reader using logical relations between presented inputs, business activities, stakeholder reaction and sustainability performance. Causal linkage

models assist the reader to understand the co-dependency and relationship between each parameter displayed in sustainability report proposition.

For the sustainability reporting proposal, I selected the environmental dimension with emphasis on management of waste, water, electricity and air emissions with additional focus on supply chain issues and its direct impact on environment (see Figure 15). I tried to incorporate key success factors in a way that is interactive and engaging for readers of the report (interested internal and external stakeholders) by supporting it with a background on specific activities performed to achieve certain levels of sustainability. For sole purpose of creating a proposal, which is focusing on the form of the sustainability report, data included and displayed consists of actual data, approximations or estimations. Text written in the proposal is a combination of information extracted from Iskraemeco's internal documents, website and mostly my own visualisations of the information in a form that would be as attractive as possible for future readers of the report. Information on references obtained from Iskraemeco can be found in paragraphs four and five and under the section "List of references". For preparing clean and visually attractive report, references are not included in the report proposal.

The proposal starts with a cover page Iskraemeco could use for its own reports. The introduction page follows, where I describe Iskraemeco, its business, portfolio and its goals. I have added possible communication channels stakeholders could use to get in touch with Iskraemeco. In figure 24, I demonstrate how the three sustainability dimensions resolve around core values introduced and established in the organization. I also point out what these core values are. In the next figure, an introduction to the environmental dimension is made. I emphasize what drivers are influencing Iskraemeco the most in relation to environment protection. This figure is also an introduction to following processes and business activities Iskraemeco is already performing. In figure 26, I incorporate the causal linkage model into the environmental dimension of the sustainability report proposal. Readers of the report get a clear understanding of what inputs influence business processes in Iskraemeco, how these business processes produce outputs and how these outputs impact the overall sustainability performance of Iskraemeco. With the causal linkage model, the central part of the sustainability report begins. Since the page numbers are shown, readers can jump quickly to their preferred topic of interest. If the reader is only interested in how Iskraemeco deals with waste, he can simply skip the other topics. The central part of the report opens with water use in Iskraemeco. The figure demonstrates the decrease of water consumption in Iskraemeco and what key activities were performed to achieve that. In figure 28, I present the of reduction CO₂ emissions in Iskraemeco by showing the emission levels in 2016 compared to 2013. Description of dealing with landfill waste in Iskraemeco follows, comparing the total landfill waste in 2016 with 2013 and explaining what activities Iskraemeco performed in order to address the waste issue. In figure 30, I present the actions and challenges of Iskraemeco regarding electricity consumption. It is an area where Iskraemeco has not been the most

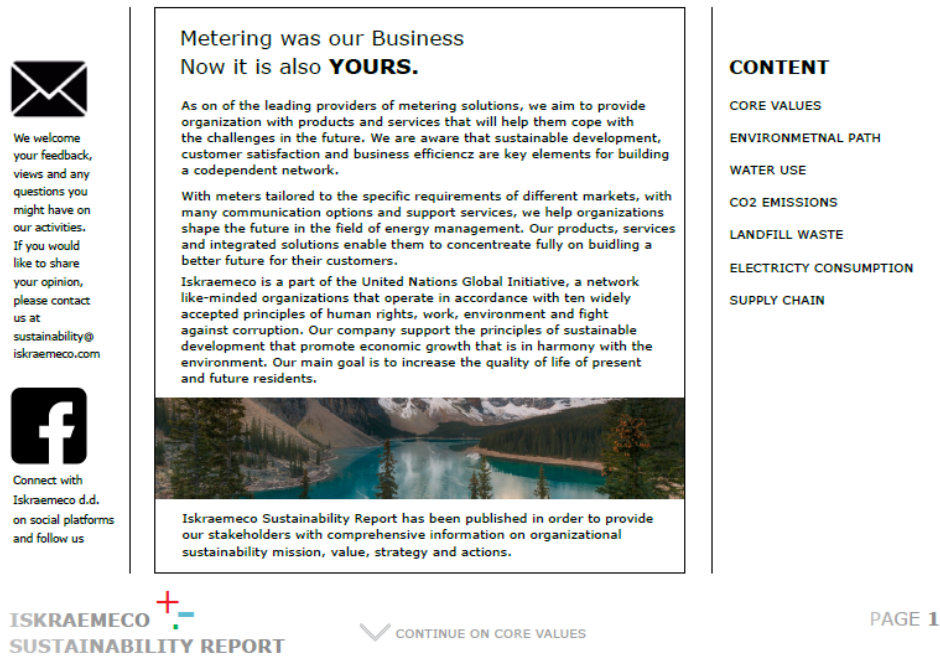
successful. Since I talked beforehand about the importance of honest and open communication, I think it is vital for company to disclose the information on their struggles and challenges. Last but not least, I show how the supply chain is a key part of the sustainability strategy. Since Mojca Markizeti pointed out that 80% of Iskraemeco's responsibility revolves around its supply chain, I present crucial factors influencing Iskraemeco's supply chain measures and the Fair Meter project being the face of Iskraemeco's sustainability strategy.

Figure 17: Cover page for Iskraemeco sustainability report



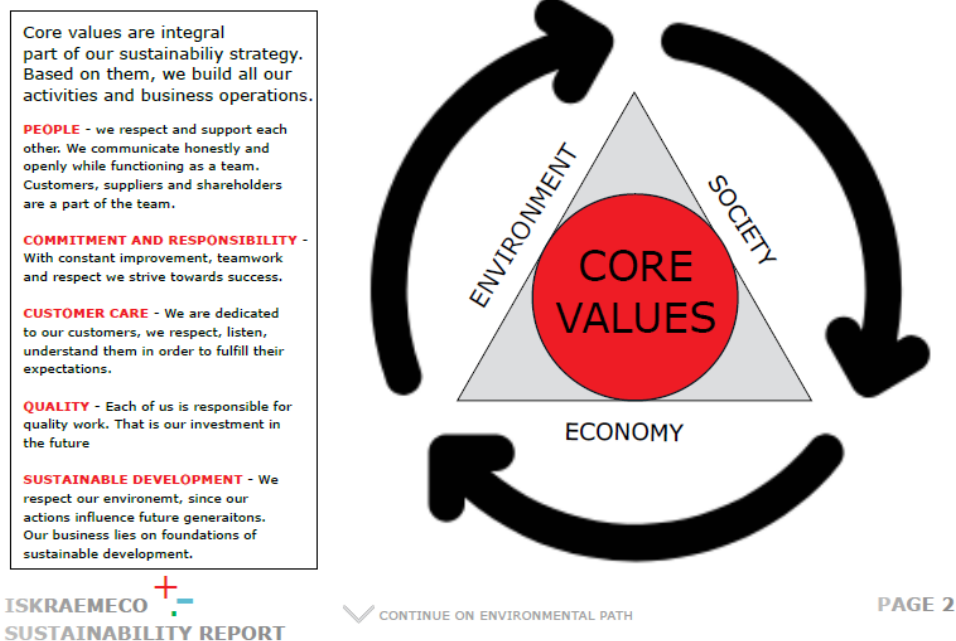
Source: Own work.

Figure 18: Introduction page



Source: Iskraemeco (2015a), own work.

Figure 19: Iskraemeco's core values



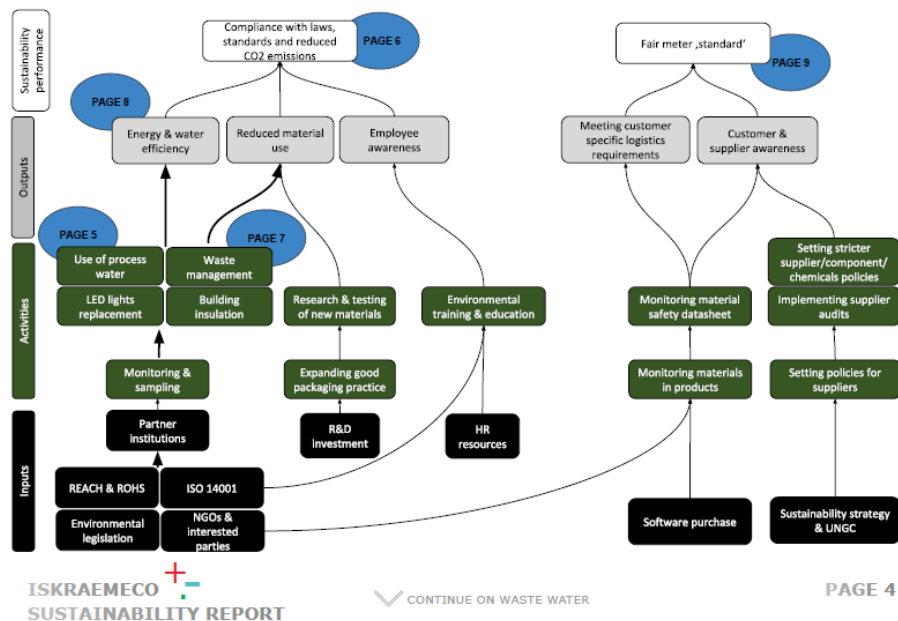
Source: Iskraemeco (2015c), own work.

Figure 20: Description of environmental factors influencing Iskraemeco



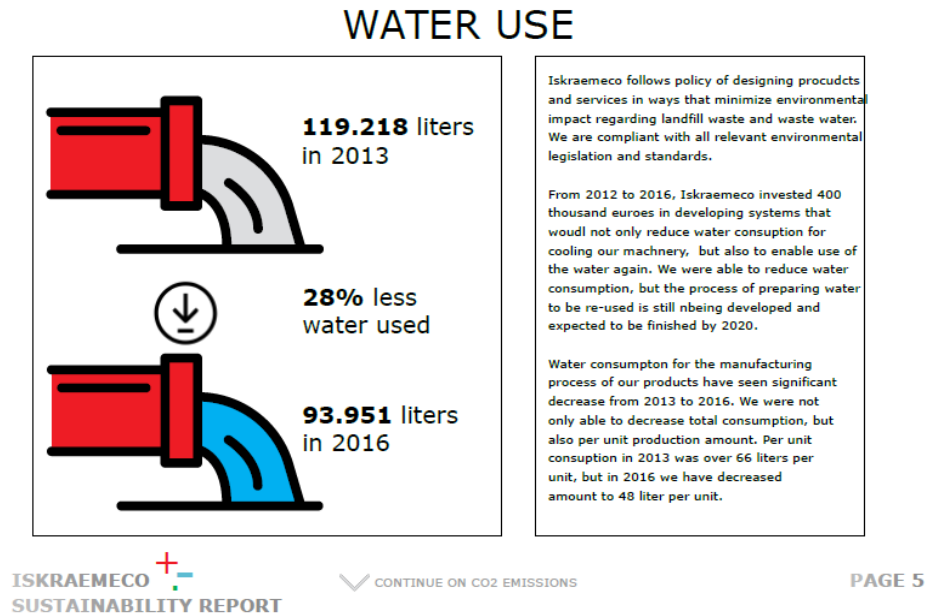
Source: Iskraemeco (2014), own work.

Figure 21: Inclusion of environmental causal linkage model in sustainability report



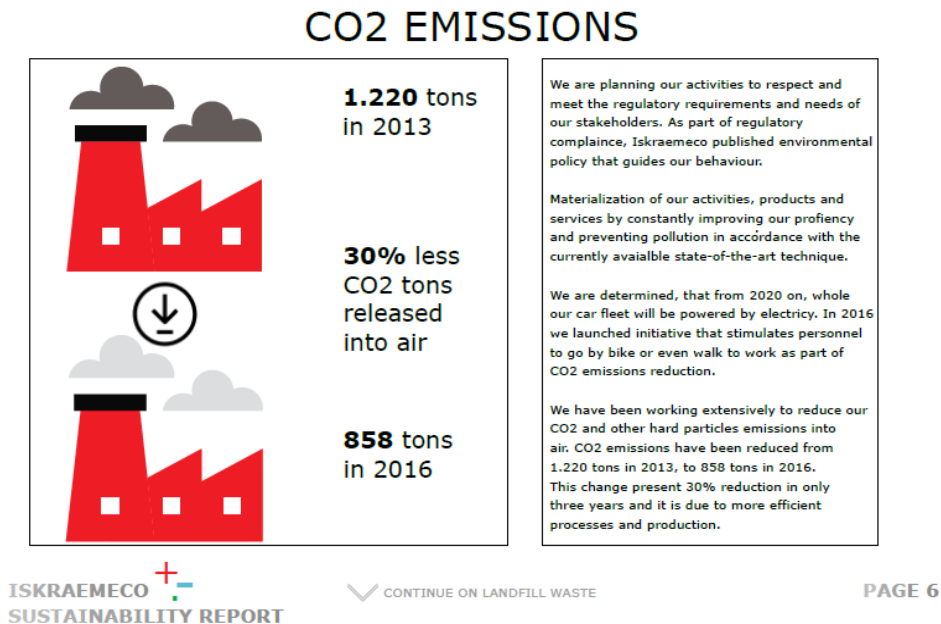
Source: Own work.

Figure 22: Water use in Iskraemeco



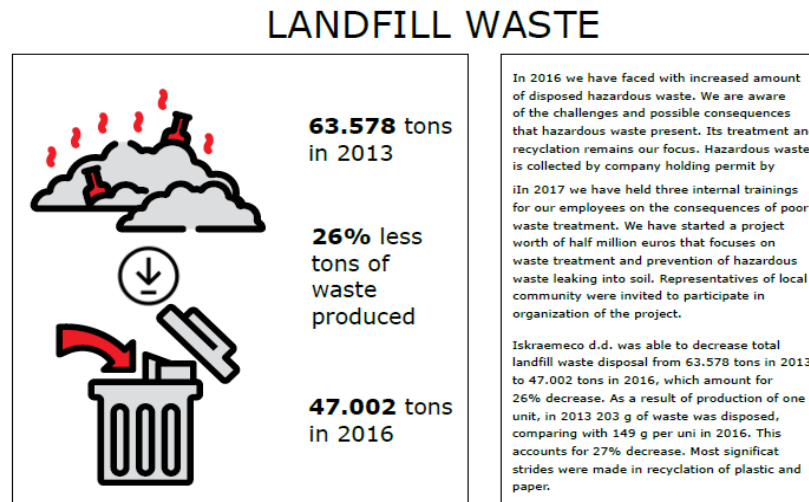
Source: Iskraemeco (2016b), own work.

Figure 23: CO₂ emissions in Iskraemeco



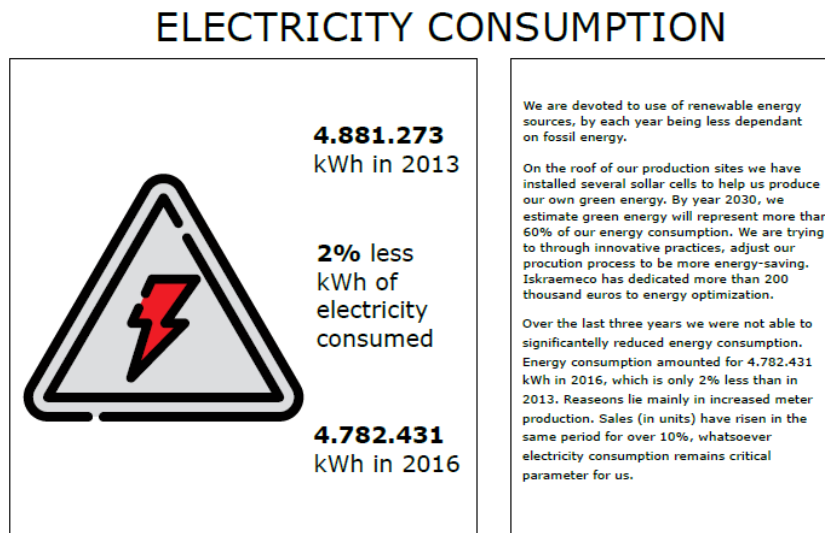
Source: Iskraemeco (2016b), own work.

Figure 24: Landfill waste treatment in Iskraemeco



Source: Iskraemeco (2016b), own work.

Figure 25: Electricity consumption in Iskraemeco



Source: Iskraemeco (2016b), own work.

Figure 26: Supply chain in Iskraemeco



Source: Fairmeter (2018), Iskraemeco (2015c), own work.

CONCLUSION

Profitability is not considered anymore the only long-term goal for corporate organizations. Organizations are increasingly trying to minimize negative impacts from any business activities and maximize the positive footprint of their operations. These include improved health, higher level of employment, social equality and equity, economic prosperity and preservation of environment (Epstein & Rejc Buhovac, 2014).

Since the information has become readily available, public has started to pressure organizations and their questionable practices (Daizy, Sen, & Das, 2013). In order to mitigate their risks, organizations are obliged to find the sources of negative impacts on stakeholders and improve their environmental, social and economic performance as part of sustainable development. (Epstein & Rejc Buhovac, 2014). Reporting on sustainability performance is also one of the ways for a company to manage its impact on sustainable development. Through sustainability reporting, companies can therefore identify errors and gaps, measure, track and improve their performance.

Various internationally recognized frameworks for sustainability reporting have emerged on the market. Each framework assists organizations and their stakeholders to make better decisions based on non-financial information and communicate their impact on the environment and society. Master thesis provides further information on three frameworks, Global Reporting Initiative, UN Global Compact and OECD guidelines for multinational corporations. Many of global organizations are already using them.

The master's thesis continues with presentation of some most innovative and effective reporting practices in the field of sustainable development. Presented is sustainability report structure, displays and content of organizations, which were ranked high in the ranking of organizations that report on sustainable development, global companies in the electronic industry and the direct competitors of Iskraemeco. Regardless of those sustainability reports being ranked high on the Ranking of Brands, I encountered lack of stakeholder engaging material, attractive displays making readers more interested in sustainability practices.

Deep understanding of the business activities and processes in Iskraemeco obtained from conducting semi-structured interviews with key personnel contributing to sustainable reporting provided guidance on how to prepare the sustainability report proposal that focuses on environmental dimension. Data and information collected enabled me to create an engaging and stakeholder-oriented sustainability report proposal. The framework of the proposal was based on The Corporate Sustainability Model created by Epstein & Rejc Buhovac, using the causal linkage models, which were designed based on the demonstration given by Epstein & Rejc Buhovac (2005), involving environmental, social and economic inputs, processes, stakeholder engagement, sustainability performance and financial results. The core of the sustainability report proposal

resolves around causal linkage model of Iskraemeco's environmental performance, which interprets the logically consequential relationship of organizational individual inputs, activities and outputs. Inclusion of causal linkage model provides ability to understand, how content summarized in report proposal is interdependent and linked together, while still enables readers to dig into separate topics depending on their personal preference.

Sustainability reporting approach based on causal linkage models is yet to be used widespread in sustainability reporting practice. An example of the proposal I prepared for the master's thesis, which could serve as an aid to Iskraemeco in creating its own sustainability report and assist Iskraemeco in its' breakthrough in the field of sustainable reporting, as it brings a new, innovative approach which seeks to interact with readers and stakeholder that are related to organization on different levels. It would not only promote Iskraemeco's sustainability activities but also ultimately lead to new business opportunities, cooperation with new business partners, suppliers and buyers, and further strengthen relations with local communities. It would assists Iskraemeco in sharing the acquired knowledge, thus helping other organizations in attempt to become better corporate citizens themselves.

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APPENDIXES

Appendix 1: Povzetek magistrskega dela Trajnostno poročanje v podjetju Iskraemeco: nov okvir poročanja

V zadnjih desetletjih je človek zadal okolju hud nepovraten udarec. Prekomerno izkoriščanje naravnih virov je privedlo do ostrih sprememb v naši atmosferi in naravnem okolju. Človeštvo se kot s posledico svojega ravnanja sedaj sooča z degradiranim okoljem, ki je na robu propada, ogroženimi rastlinskimi in živalskimi vrstami, onesnaženim zrakom, pomanjkanjem pitne vode itd. Zaradi lažjega dostopa do informacij se je tudi javnost začela zavedati razsežnosti vpliva in potencialnih katastrofalnih posledic takega ravnanja. Začel se je večati pritisk na podjetja zaradi domnevnih dvomljivih delovnih praks, ki so prišla v javnost (Bertoncelj, Meško, Naraločnik, & Nastev, 2011).

Podjetja so prišla do spoznanja, da je nujno potrebno, da postanejo boljši korporativni državljani. Začela so izvajati proaktivne strategije trajnostnega razvoja z vključevanjem vseh deležnikov. Trajnostni razvoj poskuša premostiti razkorak med gospodarsko rastjo in varstvom okolja, hkrati pa vključuje še druga pomembna vprašanja, ki so povezana s socialnim razvojem (Aras & Crowther, 2009). Odgovorno ohranjanje narave, spoštovanje ljudi, etične poslovne prakse in vzpodbujanje odgovornega gospodarjenja so postali gradniki trajnostnega razvoja. Dolgoročni cilj podjetij ni več zgolj dobičkonosnost, temveč tudi zmanjšanje kakršnegakoli negativnega učinka poslovnih dejavnosti ter vpeljevanje aktivnosti, ki bodo povečale pozitivni globalni odtis podjetja. Te aktivnosti med drugim vključujejo skrb za zdravje in razvoj zaposlenih, višjo raven zaposlovanja, družbeno enakost in pravičnost, gospodarsko blaginjo in ohranjanje okolja (Epstein & Rejc Buhovac, 2014).

Panoga elektronskih izdelkov zaposluje tisoče ljudi po svetu (Intel, 2017). Zaradi pretirane potrošniške mentalitete so zahteve po elektronskih izdelkih narasle, posledično je to vplivalo tudi na porast porabe surovin, ki se uporabljajo za izdelavo elektronskih komponent. Nekatere od teh surovin so imenovane "konfliktne rudnine". Med konfliktne rudnine štejemo zlato, volfram, kobalt, baker, kasiterit in tantalit. Nahajajo se v prenosnih računalnikih, kamerah, avtomobilih, telefonih in letalih. Pogosto izhajajo iz držav centralne Afrike, kjer delavci delajo pod nevarnimi razmerami, kršene so jim osnovne človekove pravice ter opravljajo delo za zelo slabo plačilo. V razvitem svetu so te rudnine redke, posledično pa zelo dragocen vir dohodka. To je pripeljalo do oboroženih konfliktov lokalnih skupnosti na območjih centralne Afrike, kjer so rudniki teh rudnin. Dohodki od prodaje konfliktnih rudnin so desetletja financirali oboroževanje milic in uporniških skupin v Demokratični Republiki Kongo in osmih drugih sosednjih državah (Intel, 2017). Vprašljive delovne prakse, nerešeno vprašanje odlaganja e-odpadkov in na sploh uporaba teh konfliktnih rudnin so izpostavile panogo elektronskih izdelkov dodatnemu tveganju in nadzoru različnih regulativnih in zakonodajnih organizacij.

Iskraemeco se je uveljavil kot eden izmed pomembnih akterjev v panogi elektronskih izdelkov kot ponudnik merilnih rešitev. Portfelj Iskraemeco vključuje števec električne energije za različne aplikacije, komunikacijske sisteme, programsko opremo za upravljanje podatkov in druge podporne storitve (Iskraemeco, 2015a). Kot del elektronske industrije Iskraemeco prav tako v proizvodnji uporablja nekatere konfliktno rudnine'. Zavedajoč se sodobne problematike onesnaževanja okolja, redkosti virov, podnebnih sprememb, družbene neenakosti in problemov v nabavni verigi, je Iskraemeco razvil svojo okoljsko politiko ter vzpostavil glavna načela in vrednote, da bi zaščitil okolje, zagotovil človekove pravice in izboljšal delovne pogoje v svojih dobavnih verigah. Iskraemeco sodeluje z različnimi nepridobitnimi organizacijami z namenom razvijanja najboljših poslovnih praks in zmanjšanja negativnega vpliva na okolje in družbo. V svoji dobavni verigi, kjer prihaja do večine zlorab, povezanih z zaposlenimi, intenzivno išče in vpeljuje rešitve. (Iskraemeco, 2014). Iskraemeco ima namen postati vzor za trajnostni razvoj podjetja v panogi elektronskih izdelkov, ki temelji na poštenih poslovnih praksah in odprto izmenjavo znanja z vsemi deležniki.

Poročanje o uspešnosti trajnostnega razvoja v podjetju je eden izmed načinov, kako lahko družbe obvladujejo zaznavo javnosti o njihovem prispevku k trajnostnemu razvoju. Na splošno velja, da imajo velika podjetja višjo raven odgovornosti do okolja, skupnosti in družbe kot akterji, ki pomembno vplivajo na vse nivoje. S poročanjem o trajnostnem razvoju lahko odkrijejo napake in vrzeli v svojih poslovnih praksah, nato pa izboljšujejo svojo uspešnost. Poročanje o trajnostnem razvoju spodbuja tudi transparentnost in odgovornost, saj vsem deležnikom omogoča, da sledijo uspešnosti podjetja na področjih, povezanih s socialnimi vprašanji, okoljem, družbo itd. (Young & Dhanda, 2013).

Na trgu so se pojavili različni mednarodno priznani okviri za trajnostno poročanje. Vsak okvir na svoj način omogoča vodstvom podjetij in njihovim deležnikom, da začnejo sprejemati boljše odločitve. Med najbolj razširjenimi okvirji so Global Reporting Initiative, UN Global Compact in OECD Guidelines for Multinational Corporations. Omenjeni okvirji so podlaga za trajnostno poročanje marsikaterih mednarodnih korporacij. V magistrskem delu so predstavljene najbolj inovativne in učinkovite poročevalske prakse na področju trajnostnega razvoja mednarodnih podjetij, ki so se uvrstila visoko na razvrstitvi podjetij, ki poročajo o trajnostnem razvoju. Posebej obravnavam tudi globalna podjetja v panogi elektronskih izdelkov ter neposredne konkurente podjetja Iskraemeco. Kljub temu da so predstavljene poročevalske prakse zasedle visoke položaje na mednarodnem portalu o trajnostni uspešnosti, je marsikatera prikazana vsebina nemalokrat dolgočasna, ne vključuje bralca, saj nima inovativnih prikazov, temveč vsebuje preveč besedila, ki zgolj povečuje monotonost trajnostnega poročila.

Namen magistrskega dela je bil pomagati Iskraemeco pri pozicioniranju med vodilne na področju trajnostnega poročanja v elektronski industriji, cilj magistrskega dela pa priprava osnutka sodobnega trajnostnega poročila za Iskraemeco. Raziskovalne metode vključujejo

polstrukturirane intervjuje s ključnimi zaposlenimi v podjetju. Struktura osnutka je bila zasnovana na podlagi korporativnega trajnostnega modela (ang. Corporate Sustainability Model) (Epstein & Rejc Buhovac, 2014). Iskraemeco je s pomočjo zunanjega strokovnjaka že razvil t.i. modele vzročno posledičnih povezav (ang. causal linkage models) za vse tri dimenzije trajnostnega razvoja – ekonomsko, okoljsko in družbeno. Osnutek trajnostnega poročila se osredotoča na vložke, aktivnosti, neposredne rezultate in trajnostne učinke, vezane na okoljsko dimenzijo. Jedro osnutka je prav omenjeni model vzročno posledičnih povezav, ki na enostaven način prikaže logično povezave in medsebojno prepletajoči se odnos posameznih vložkov, aktivnosti, neposrednih rezultatov in trajnostnih učinkov. Osnutek poročila se nadaljuje s podrobnejšim vpogledom v posamezne trajnostne vsebine in temelji na inovativnem prikazu, ki se osredotoča na čim bolj učinkoviti komunikaciji z bralcem.

Sistem trajnostnega poročanja, ki temelji na modelih vzročno posledičnih povezav je po svetu še neuveljavljen. Primer osnutka, ki sem ga pripravil v magistrskem delu, bi omogočil Iskraemeco preboj na področju trajnostnega poročanja, saj prinaša na trg inovativen komunikacijski pristop, ki predstavi odnose med vsebinami na nov, drugačen način, in skuša aktivno vključiti bralca poročila. Iskraemeco lahko predstavljeno strukturo osnutka okoljskega vidika trajnostnega poročila uporabil pri izdelavi svojega končnega trajnostnega poročila, kjer sta tudi ekonomski in družbeni vidik. Inovativni pristop lahko pripomore k mednarodni prepoznavnosti podjetja in njegovih trajnostnih aktivnosti, s tem pa vodi v nove poslovne priložnosti, sodelovanje z novimi poslovnimi partnerji, dobavitelji in kupci ter še naprej krepi odnose z lokalnimi skupnostmi.

Appendix 2: Semi-structured interview questions

We have conducted two separate interviews with Mojca Markizeti, Fair project manager in Iskraemeco in order to gain understanding of the sustainability activities and processes in the organization. Before conducting interview, I had made a list of initial questions that guided me throughout the interviews. The questions prepared proved to be a great basis for smooth flow of the interviews.

QUESTIONS:

1. What are key characteristics of electronic industry and how is it adapting to the globalization and urge for sustainability? How are your main competitors adjusting to the changes?
2. Why Iskraemeco is highly interested in sustainable development and practices? What are the key drivers for its implementation?
3. What external factor influence you experience the most in terms of preparation of sustainability strategy, litigation and regulation compliance, stakeholders demands, etc.?
4. What are challenges in regards to business operations and implementation of sustainability strategy? Which barriers were you able to overcome in recent years?
5. What processes and activities has Iskraemeco already established as a focal point of its sustainability strategy and how were the changes accepted among employees? How is research and development department embedded in sustainability development? How is management involved in support and development of sustainability strategy?
6. What are going to be focuses for following years? Are there any significant sustainability projects planned?
7. What would Iskraemeco like to achieve by releasing sustainability report? What are key areas Iskraemeco feels that need to be addressed?

Appendix 3: Iskraemeco's internal documents used in master thesis

For the purpose of preparing structural proposal of sustainability report, I needed access to internal data and statistics about the processes and activities Iskraemeco conducts on a daily basis. I have received a list of documents that have help me create a structural proposal.

Table 1: List of documents

Document	Year of publishing	Author
Fioniskra Fair Meter Report 2017	2017	Fioniskra
Report on safety and health at work	2017	Iskraemeco d.d.
Spreadsheet with calculation on water use, electricity use, waste and CO ₂ emissions	2016	Iskraemeco d.d.
The annual report for the management review of the environmental management system in Iskraemeco d.d.	2016	Iskraemeco d.d.
UNGC Communication on progress	2016	Iskraemeco d.d.

Appendix 4: Nokia's sustainability goals and progress

