HOW SHOULD WE REPORT CORPORATE SOCIAL RESPONSIBILITY? THE CASE UPM.
Corporate Social Responsibility (CSR) reporting is similar in traditional financial accounting in the sense that it gives an account of the doings of a company over a given period of time, traditionally a year. This report is usually available to the general public, however, it differs from traditional financial accounting in that even a publicly listed company is not obligated to produce such a report. Currently, CSR reporting is still based on voluntary service.

This research has been conducted due to the rising importance – or trend – of Corporate Social Reporting in order to assess how to properly report a company's doings in order to produce the maximum value for both the company and its stakeholders.

In order to analyze such, the action-based method was used. First, the Global Reporting Initiative framework is briefly described, after what the case study begins. A series of interviews were conducted with executives at the international pulp and paper company UPM Kymmene, in order to determine how suitable their current reports are and how to possibly improve future ones.

As a result of the research, the thesis comes to the conclusion that there is not a single way to properly report CSR, but rather a multitude of different ways in which companies can properly report such, and, thus, both create value for their stakeholders, and the company itself. As a conclusion, the paper explains that reporting depends on many different factors, such as time, strategy, audience, industry, etc.

Like any exploratory study this thesis aims at revealing possible leads for further research. Further research on this same topic could potentially focus on analyzing proper ways to report CSR in different companies in order to confirm whether reporting methods are indeed a variable or not.
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INTRODUCTION

CSR stands for corporate social responsibility; Gillis and Spring (2001, p. 23) in a textbook explained that “Corporate social responsibility (CSR) refers to business decision-making based on ethical values, compliance with legal standards, and respect for communities, their citizens and the environment”. Even though CSR as such is not a new concept, opinions still diverge as to whether it is useful or not. However, most of the biggest companies now have CSR reports, and even entire departments dedicated to it. On one hand, it has been proven that consumers are willing to go with the trends, by supporting socially responsible businesses different various ways. Financially for example, Creyer and Ross in 1997 showed that consumers faced with two identical product will most probably buy the one produced by an ethical firm, and even would pay a premium price for an ethical business. On the other hand though, some companies have seen CSR failing them, and in some cases, it was even counterproductive. One good example would be the case of Phillip Morris with its campaign against youth smoking (Yoon, Gürhan-Canli, Schwarz, in 2006).

Faced with such differences in results, we might ask what can be the determining set of actions that will set the pace, and make the difference between a sustainable company to the eyes of the public, and a company that is poorly performing in corporate social responsibility matters.

The first step will be to gather existing knowledge via the existing literature on the topic in order to build a strong basis for this paper. Then, the thesis will focus on identifying the stakeholders relevant to UPM, hence targeted by its CR reports. In this thesis, CSR (Corporate Social Responsibility) and CR (Corporate Responsibility) are synonyms. The reason why they are both in use, is that UPM prefers to refers to it as CR, which is a broader term, since it encompasses the social responsibilities, but also other responsibilities (environmental, financial, etc.). CSR is a too restrictive term in
their opinion (the translation of CSR in Finnish is more restrictive than the translation of CR).

1.1 Purpose of the paper

The purpose of this thesis follows the one highlighted by Margolis and Walsh (2003) explaining that originally, the purpose of researches in CSR was to create value the society could benefit from. Even if CSR is now heavily researched due to its raising importance, this research aims at bringing something new to the community by adopting a new angle to study this phenomenon.

The contribution will be both practical and theoretical. On the practical side, readers will have the possibility to evaluate to which extent UPM's current reports are addressing their stakeholder's expectations and to see the guidance for the next reports. Also, they will understand that successful reporting cannot be achieved with the same basic process for every company. It is a complex and long development unique to each company.

On the theoretical side, this exploratory study will gather existing knowledge and exploiting it in order to understand the value creation process in CSR reports. Even if the thesis studies the phenomenon with a single case company in a particular industry (pulp and paper), some of the results will be applicable to different companies. The paper also hints at some topics for further researches.

Indeed, if researches on CSR are numerous, it is harder to get into a company by a partnership since corporate aren’t usually eager to share their knowledge, and information relative to their strategy. Moreover, as Niamh and Solomon (2008) pointed it out the need of qualitative methods in analyzing corporate accountability
are even though accessing the information may be challenging. In this paper, we have the opportunity of cooperating with a leader in the pulp and paper industry, which gives us the chance of bringing something new to the research community. What this thesis aims at is to analyze a problem that has practical significance and make a contribution in theories and practices.

In order to find out what makes the difference between a good CSR report and a poor one, we will address two research questions: 1) What do stakeholders value in a CSR report, the example with UPM and 2) Does one need to follow GRI principles in order to produce a report that brings value to its stakeholders?

In order to be able to analyze and answer these question, I will limit my research the pulp and paper industry, and more selectively to UPM Kymmene. Even though this may limit my result, it will help me narrowing my research down.

1.1.1 Restrictions

Due to the fact that UPM's CR report is integrated with the annual financial report, information may be scattered between the actual document, and the material available on their website which is constantly updated. Since gathering all this information would require much time, the thesis mainly used the CR information provided in the annual report of 2009. This may narrow the scope of the thesis, but it also analyze the CSR process from the point of view of a random stakeholder, i.e. a stakeholder who would not take the time to analyze multiple sources of information, but rather base its opinion solely on the annual CR report.

The research was conducted on the pulp and paper industry, which may limit the applicability of the results to other industries or companies. Even though the research
was aiming at analyzing CSR and reporting at a general level, some details are distinct and proper to the pulp and paper industry only.

Also, interviewees are only representing their stakeholders. Indeed, the fact that most interviewees are internal to UPM may bias the results of this research. However, due to the important size of the client and its operations, as well as the size of its customers and suppliers, it would be virtually impossible to gather all of the relevant points of view. This method seemed to be the most time and resource efficient for a Master thesis.

Finally, as any exploratory study, this thesis may seem incomplete or inconclusive, but results cannot possibly be drawn from one study only. Thus, this thesis does not hold the one and only truth, as the reader will be able to read later on.

1.2 Background of research

The reader may wonder why I chose this topic. I will attempt at replying this question in this paragraph. First of all, I think that CSR is a really important topic, especially in today’s world. Business has become a routine for many companies, and especially the big ones. In that respect, CSR comes as an addition to this routine, in order to analyze the way this routine that business has become.

Indeed, I believe that once processes have been settled – to some extent at least, since they will always evolve – it becomes important to explain how the value is created, and more importantly, how the company is contributing to the enrichment of the society.
On a more personal level, I have always been interested by CSR as such, and the ethical values embedded within CSR. From that perspective, I truly believe that tomorrow belongs to those who will be able to only to do good business in terms of financial bottom line, but also good business in terms of environmental issues and ethical ones. If these issues appear to be important, I am as an individual, interested not only in those but in all CSR matters.

If companies once believed that the financial performances were the only ones that mattered, the financial aspects are highly related to the environmental and ethical ones. With scandals raging everyday, ranging from environmental catastrophes (oil spills, nuclear catastrophes, etc.), to unethical behavior (sweatshops, unacceptable working condition, child labor, etc.), CSR brings business to a whole new level, more sustainable, and optimistically more transparent.

The choice of UPM as a case study comes from the fact that I used to work in this company for two years, and got the opportunity to work with them, on a topic I chose, with the help of the CR director and manager. Since my bachelor thesis was also conducted for UPM (stakeholder analysis, another topic I value), I thought that a Master thesis based on CSR would be a perfect suite.

As Salzmann et al. (2005) explain in their article, most of the empirical studies on CSR based on qualitative data do not have hard enough evidence, and are too focused, hence not applicable to a wider range.

With this study, I am aiming at contributing to the existing literature by generating an outcome that will not only be applicable one sector or industry, but that could also possibly be applied to CSR and reporting in general. The choice of a case study seems perfectly suited to this purpose, as I will be able to base my reasoning not only on statistical data, but also on subjective opinions from the stakeholders.
1.3 Research methods and methodology

The research will be a qualitative analysis structured as an exploratory study, i.e. it will reveal possible leads for further investigations. As Yin (1984, p. 13) explained it "Case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context". Besides, as Gleadle and Haslam (2010, p55) justified it, "the goal of an exploratory case is to develop propositions and identify problems for further enquiry".

The main purpose is to develop another aspect of CSR. What the research intend to do, is not only to explain possible benefits or sustainable reporting, or not even to demonstrate how to properly achieve a proper reporting, but rather to adopt the point of view of stakeholders, finding out how to create value for them. In order to achieve the best results, the paper will follow a action-oriented approach. Indeed, as Kihn and Näsi (2010) pointed it out, the action-oriented methodology aims at analyzing case studies at a deeper level, and in our case, verifying whether the current reports are consistent with stakeholder's expectations.

The action-oriented approach is similar as the constructive approach which aims solving problems by building innovative model and linking the problem with its solution through existing theoretical knowledge. As many researchers explain it (Kasanen et al. in 1993, Malmi & Granlund in 2009), constructive approach implies an intervention from the researcher during the innovative and construction process in order to solve a problem. The action-oriented approach distinguishes itself from the constructive approach in that sense that it "does not seem to aim at creating any explicit managerial constructions" (Kasanen et al. in 1993, p 15).
The choice of a case study is in this paper a strategic choice. Indeed, as Eisenhardt (1989) underlined it, qualitative case study is a rather frequently used method as a basis for building theories, which is aligned with the use of a constructive approach and therefore, with the action-based approach too. These analyses can be based on single or multiple case studies, and can adopt different level of analysis. The data collection is also flexible, since case studies can gather and use different sources such as observations, interviews (etc.), whether the data are quantitative or qualitative.

For our purpose, two perspectives are adopted: analysis of the reporting standards set by the GRI (Global Reporting Initiative) initiative and analysis of the reporting standards currently used in UPM according to the interviewees' opinion (semi-structured interviews).

### 1.4 Structure of the thesis

In order to address the research questions, the thesis will be divided into five parts. After the introduction, which constitutes the first part, I will go through the theories necessary to understand the rest of the thesis. After gathering the information from previous researches, I will target them towards the particular topic of this thesis. The theoretical part will build a strong basis for the rest of the paper. In this second part, the reader will mainly be introduced to Corporate Social Responsibility and the Global Reporting Initiative.

Then, the third part will start with the empirical research, and more specifically the case study. I will analyze the reporting system in place at UPM Kymmene Oyj and provide a basis for the materiality study necessary to the implementation of GRI guidelines. This analysis will help the reader and UPM see what changes would be
needed in case GRI guidelines are chosen as reporting standards. During this step, the main documentary data will be used (UPM’s CR reports, GRI reports, etc.).

Once the most important part of the information gathering has taken place, the semi-structured interview will take place. The company will provide the respondents (internal employees as representatives of their stakeholders), as well as from the thesis writer. All the respondents will have knowledge about CSR, at least as a general idea.

The main reason for such an order is to be able to link existing knowledge in order to apply it to a practical situation (real life example), and produce new consistent results that could then be used both theoretically and practically. This third part will go through the development of the empirical study and follow with the semi-structured interviews.

The fourth part will expose the empirical findings gathered from the case study and explain them further. This part is the one that brings the most contribution both practically and theoretically.

Finally, the conclusion will summarize the thesis, and expose the limitations and possible future research topics that could be studied.
2 THEORIES

2.1 Introduction to CSR

Corporate social reporting is not mandatory. Even though some of the initiatives discussed in CSR reports come straight from directives (gas emissions, lawsuit the company has faced, etc.), being sustainable as a company is not a must, i.e. companies are not legally obliged. We may then wonder what makes it worthy in the eyes of companies. Many attempts at addressing this question have been made, for example the fact that companies, as entities having power are “obliged” to do so as explained by Esther M.J. Schouten and Joop Remme (2006).

Moreover, all companies nowadays not only have to make profits, but also have to deal with external and internal influences. Focusing on “controllable” – or at least influenceable – entities, we would have to focus on stakeholders. Indeed, according to Freeman (1984) “a stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization’s objectives”.

A stakeholder can take the form of an individual, a group of individuals, a company, a government, etc. In point of fact anybody could be considered as a stakeholder of any company. Indeed, as a human being, I can be considered as a stakeholder of a company that is polluting, because indirectly, it will affect the planet, and therefore affect me too.

For this reason, when referring to stakeholders, it is important to define them thoroughly. This can be done in different ways (Fassin Y. 2009, Mitchell & al. 2007, Savage & al. 1991), but the most important is to define them according to the company's goals. For the same company, the stakeholders can be different from one
period to another, depending on the positioning of the company, its strategy, its goal, etc. For example, a company that would decide to decrease the salaries of its employees would have to consider them and the unions as main stakeholders.

In this thesis, the stakeholders have not been chosen by the writer, but by the case company. The reason for this choice is simple, the company knows its strategy best, and the report has been written for these specific stakeholders. It is therefore their opinions which is valuable to the firm.

In this paper, I will distinguish both internal and external stakeholders. An internal stakeholder refers to a person employed by the company and receiving a salary, for example, an accounting clerk, manager, etc. An external stakeholder refers to any other stakeholder not on the company's payroll for example a customer, a governmental organization, etc.

2.2 History of CSR

CSR is something highly trendy nowadays, due in part to the fact that being green is being good. The hardest part in this economic context is to argue whether sustainable business also is a trend, or if this is the achievement of years of doing business towards better practices. We will not argue in this thesis whether CSR will hold on the long run, but simply state its current situation starting from its beginning. For now, Corporate Social Responsibility still is at its early state; hence, we will focus in this essay on the main developments.

One first innovation that one may have seen if studying this field is the change in naming CSR reports. We indeed went from Environmental Health and Safety (EHS) reports to sustainability or even responsibility reports. This way, reports that were at first mainly oriented towards employees and internal stakeholders, are now oriented
towards a more external use, with disclosures on the externalities and actions of their business. In fact, the need for this information has grown so dramatically that the firms, which at first integrated these reports into their annual reports, finally decided, for most of the biggest ones, to nowadays have all this information in a stand-alone report (separate report).

Corporate Social Responsibility has actually become so important that new positions have opened (such as “Chief Ethic Officer”), and that one can now find, from almost any homepage of big company’s business site, a link like responsibility, sustainability or affiliated terms (often with its own mini-website).

Lately however, companies have seen the return of integrated reports, also referred to as connected reporting, which is supported by many different initiatives such as the ACCA (Association of Chartered Certified Accountants), or the Accounting for Sustainability forum, for example. The aim is to eventually come up with guidelines and instructions to help companies reporting a similar way in order to allow readers to compare different reports. Besides, another advantage of integrated CSR reports is that the external assurance from the auditors (which is mandatory in financial annual reports) would have to be expanded to the CSR content, and not only restricted to the accounts, which gives more weight to the disclosed information.

However, the remaining question is whether the companies disclose because they are willing to, or forced to. A typical example would be if a worldwide company X would publish a sustainability report, would its direct competitor dare not to publish one? Or maybe the corporations are publishing “voluntarily” so that governments do not make it mandatory (pre-emptive measures). Indeed, there is not clear regulation on corporate social reporting, and no law obliges companies to disclose their information. Even if it has been suggested that disclosures can depend on many factors such as the size of a company, its industry, or the culture in which it is
operating (Orij, 2010), the reasons that push companies to report on their actions remain rather blurry.

2.3 The GRI

2.3.1 Presentation of the GRI

We cannot possibly speak about CSR without mentioning one of the biggest innovations in this domain, which is the attempt to generate universal standards. If many stakeholders have tried to achieve this purpose, there is so far one organization that has gone a step further, the Global Reporting Initiative most commonly known as GRI. The GRI, according to its own website is “a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide”\(^1\).

This organization is rather new in the field (1997-1998), which makes its success quite impressive, with around 10 members reporting according to the guidelines in 1999, to around 1,300 ten years later, including big companies such as Vodafone, Vivendi, Veolia, Nordea, etc.

Besides, the GRI is publishing these reporting guidelines for free, in order to give a common reporting framework to all companies worldwide, trying to make adjustments according to special sectors or entities. The aim of the GRI is to create guidelines to be followed by organization reporting about CSR; one of the main

\(^1\) Source http://www.globalreporting.org/AboutGRI/WhatIsGRI/
reasons being for comparison purposes between different organizations within the same field.

However, as the name states, these guidelines are not to be followed by anyone who reports, but by anyone who is willing to follow them. Indeed, as Camilla Berens (2004) wrote in Financial Management Review, the actual reporting standards are not ruled by any law, leaving a lot of space for the firm to arrange the information the way which suits them the best, and for some of them reporting only favorable events, hence allowing them to use CSR as a marketing tool.

This last point has actually being the object of many studies, which result in one main theory, which is known as the legitimacy theory. As Lehtonen J. (2003) wrote “the primary argument of legitimacy theory (is that) external factors influence corporate management to seek to legitimize activities.

The theory provides an explanation of management's motivation to disclose environmental information”. Indeed, according to some researchers and scholars, the main purpose of CSR is not as commonly agreed, to disclose information publicly (both negative and positive) in order to inform the stakeholders, but rather to provide an explanation, or refute accusations. Indeed, some companies largely disclose on positive events, and include some of the negative information in smaller proportions (Patten, 1992, 175).

The way the information is exposed also makes the whole difference. In some reports, actions which appear to have been taken by the firm on its own initiative (actions such as giving funds to local communities, cleaning natural areas, etc.) are in fact either imposed by law, or the court, which is not mentioned in the report. In such a context, reporting standards as given by the GRI take all their senses! Besides the harmonization of reporting and accounting techniques the GRI also analyzes how to account for social impacts (Sustainability Reporting Guidelines, 2006, p2).
2.3.2 Definition of GRI and principles

The Global Reporting Initiative, started as a project in 2007. This is an organization working via a network that has set up a framework for sustainable reporting and is updating is according to current trends and needs. This framework is developed by the GRI in cooperation of various participants such as professors, business, civil society, etc. It provides reporting guidelines as well as indicators for environmental, economic and social performances (Sustainability Reporting Guidelines, 2006, p2).

As explained in the GRI guidelines (2006, p3), the reports produced are meant mainly to compare companies with each other over time, demonstrate how the organization influences and is influenced, and benchmark the sustainable performances of the organization with the norms standards, law, etc.

The organization developing the guidelines is constituted by various stakeholders such as (but not only) companies, environmental groups, and researchers. The framework itself does not target specific organizations, but can be used by any company no matter its size, location or sector.

CSR reports nowadays are already subject to much criticism. The fact that law and legal institutions failed in regulating of reporting issues makes it possible for companies to report the way they want, if they want. One of the frequent complaints from stakeholders comes from the explanations on how the company is incorporating their environmental and social findings into their strategic decision-making process (Adams, C. and Frost, G., 2006).
2.3.3 Defining the content, quality, and applicability of the report

2.3.3.1 Explanation of the GRI guidelines

The GRI guideline is divided into two parts. The first one includes the reporting principles and guidance, and the second one focuses on the standard disclosures (indicators, measurements, etc.).

The GRI does not require a full integration in the reporting scheme already in place within an organization, but can also be only partly integrated. The company can choose to which extent they prefer the GRI guidelines to be integrated within their reports.

The only obligation for the organization using it is to set the boundaries or their reporting according to the framework. In order to allow easy comparison among companies, the GRI has developed an application level scale from C for the less complete reporting to A+ for the most advanced level of reporting.

Basically, there are three available grades (A, B and C), and for each of them a distinction between externally assured reports or not (addition of the sign “+” next to the letter).

These grades are represented on the figure below, which explains the rating in rather detailed way. This figure can also be seen from the appendix in a better format. It is paced here in order to allow the reader to place the figure into context only.
The GRI also offers a sector supplement (food processing sector, mining and metal sector, etc.), but unfortunately, none is available for the pulp and paper industry (UPM’s sector).

The whole section 2.3.3 is based on the global initiative's website and guidelines, publicly and freely available online.

2.3.3.2 Content

As the GRI is not mandatory, and only a few guidelines can be chosen if the company wants to, it is essential to notify the reader to what extent the guideline applies to the sustainable report. First of all, the topics chosen for the application of the guidelines should be mentioned, after which the indicators have to be defined. In order to produce relevant content, four aspects have to be taken into account: materiality,

2 Source: http://www.globalreporting.org/ReportingFramework/
stakeholder inclusiveness, sustainability context and completeness (Sustainability Reporting Guidelines, 2006, p4).

Materiality implies that the topics and aspects covered by the report should reflect the impact of the organization (in economic social and environmental matters), and should be useful to stakeholders. As an example, a company that just dismissed half its employees worldwide must mention it substantially in its report. In a nutshell, any event likely to influence a stakeholder’s decision regarding the company (whether it concerns investing in it, working for it, etc.) should be regarded as important enough to be in the report. Moreover, the place in the report is also strategic; it has to be given importance; less important topics cannot be given more importance (Sustainability Reporting Guidelines, 2006, p8-9).

Stakeholder inclusiveness is about the identification of the organization’s stakeholders. After the main stakeholders have been defined, the report should describe in which aspect it is addressing their concern and expectations. Indeed, the function of sustainable reports is to fulfill stakeholders’ expectations. It can be indeed argued whether all stakeholders can be equally fulfilled, and scholars usually describe the process as a “realignment through negotiation” (Hanke & Stark 2009), yet the bottom line remains that the main stakeholders should see a value in this report. The whole process of selection and the purpose of the report for the stakeholders should be covered in the final document, at least to some extent, in order to achieve a better transparency (Sustainability Reporting Guidelines, 2006, p10-11).

The next point is similar. In point of fact, the sustainability context requires the organization to put the information into its context. This can be done in different ways, but the most common is to link the company’s good or bad performances with the sector’s limits (or competitors if available). Ultimately, the reports should reveal the readers to what extent the organization leads to a better or worse of the
environment, socially, economically, environmentally, etc (Sustainability Reporting Guidelines, 2006, p11-12).

Finally, the completeness of the report should be assessed. The report should be comprehensive enough to enable stakeholders’ assessment of its quality. After reading the report, each and every player involved in the company’s actions should have enough information to judge whether or not the report reflects the company’s influence (Sustainability Reporting Guidelines, 2006, p12-13).

2.3.3.3 Quality

The quality of the GRI report is set by six criteria: the balance, comparability, accuracy, timeliness, clarity, and reliability. Each of these principles has to be followed in order to build a comprehensive report with proper foundations. If one of them were to be missing or incomplete, the whole report would be considered biased.

Balance, for example, means that the report should reflect both positive as well as negative aspects of the company in order to provide a good basis for performance appreciation. Stakeholders should be able to base their judgments according to the information provided in the report the same way as if they had followed the company closely all year long. The report is a summary of the company’s activities, which means not only the favorable ones (Sustainability Reporting Guidelines, 2006, p13).

The comparability principle enables the reader to evaluate the company relative to its previous performances. Previous figures should be given in order for the stakeholders to be able to appreciate them for what they are, relative to the previous ones. Performances cannot be evaluated with a single number, but rather with a series of them.
Previous results help to show a useful trend in order to see where the company is, and how it has evolved. Such a reporting also allows easier benchmarking, thereby increasing transparency. Comparability also means that methods should remain the same through years (method of analysis and calculating data), and if changed, explanations should be given (Sustainability Reporting Guidelines, 2006, p14-15).

The report should be accurate enough to allow stakeholders to properly evaluate the company’s performances. As the report does not target a particular stakeholder, details should be detailed enough for the majority of the stakeholders, but not too detailed (the information still has to be summarized). In case some error margins may occur (statistical data), these should figure in the report. The level of details should be consisted with the information it explains (Sustainability Reporting Guidelines, 2006, p15).

Timeliness implies that the information should be given on time for stakeholders to take decision on time, with all the facts available. In case some relevant information is known, it should be communicated beforehand instead of hiding it until the next reporting period. Information not given in time may become useless (Sustainability Reporting Guidelines, 2006, p16).

As mentioned before, the information should be understandable to most stakeholders. The clarity principle emphasizes this. Sometimes, information has to be summed up or consolidated in order to be appropriately used. Stakeholders should not have to go through long calculations or searches in order to make a decision. Sometimes, numbers are too abstract to make sense; graphics may be useful in these cases (Sustainability Reporting Guidelines, 2006, p16).

Reliability concerns the process of collecting and gathering the data used to prepare the report. If not explained during the previous steps already, processes and calculations should be explained, and if possible supported by internal controls, which
should be disclosed to some extent in order to ensure the veracity of the report (Sustainability Reporting Guidelines, 2006, p17).

2.3.3.4 Applicability of the report

In order to be complete, the CSR report should mention its limits and scope of applicability. The company has to disclose anything about the entities it controls or has a significant influence upon (partnership, joint ventures, daughter company, etc.).

Depending on the strength of the linkage between the company’s influence and its impacts the reporting can be narrative (if the link is weak), can report on the management performances only (if the link is not weak, but not strong either), or can be reported on its performances (for a strong link).

If the organization decides not to report or disclose about a particular entity, the reason for this choice should be disclosed in order to increase the transparency of the report as already mentioned earlier in this paper.

Boundary setting may be present in different part of the report, and it may be difficult to understand how to report it, and where specifically. The figure below explains it a more detailed way. It explains where the boundary should take place in a simplified way. For example, for an entity without a significant influence, but over which the reporting company has control, it is not necessary to report.
2.4 Summary

What the reader should keep in mind from the theoretical part of this thesis is that the topics analyzed here are rather new when compared to some economic or accounting theories. CSR started attracting the attention of media and multiple stakeholders only lately, which drove organizations such as the GRI to rise in an attempt to guide

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3 Source: http://www.globalreporting.org/ReportingFramework/
reporting practices. The relatively young age of these concepts makes it difficult for one to be able to evaluate whether CSR is useful or not, or whether it will last or not.

CSR has been and still is a topic with significant importance, and even though scholars still debate on its usefulness as previously seen, it still exists. For that reason, I did not try to decide to which extent CSR is useful (or not), but instead focusing more on how to improve the reports, especially so "early" in their history.

Considering the theoretical part concerning the GRI, we have to remember that this Non Governmental Organization is younger even than CSR, which is logic since it was built to better it. All these guidelines are especially useful into shaping the future CSR and give it more content.

The young age of both these concepts coupled with the fact that CSR remains quite in a large part subjective (as we will see it later on also), the results of this paper are not unconditionally true. They depend on contextual elements such as current economical conjuncture, time, mentalities, etc.
3 EMPIRICAL RESEARCH

3.1 Presentation of UPM and the research

UPM Kymmene is a Finnish firm providing forest products within the pulp and paper industry. It has about 22,000 employees throughout the world and is the number one producer of printing paper. The firm operates in more than 15 countries with some employees based all over the world. UPM is the result of a 1995 business merger between Yhtyneet Paperitehtaat Oy (United Paper Mills in English) and Kymmene Oy, but only began operating under its new name from the first of May 1996.

Nowadays, the company is composed of about 100 production units that were originally independent businesses. The oldest firm in UPM is "Papeteries de Docelles" in Vosges, France, which has existed since the end of the 15th century. UPM is the seventh largest paper producer in the whole world with sales totaling 7.7 billion Euros in 2009 and 8.9 billion in 2010, and is listed on the NASDAQ OMX Helsinki stock exchange. Its main competitor in the pulp and paper industry is Stora Enso, a Swedish company.

The first aspect considered for research when starting this thesis was to see how easy it was to find information about the company's CSR policy and its transparency toward stakeholders. As one could expect from such a huge company, looking up the name UPM in any search engine directs one straight to the company's main page, on which one can access CSR matters simply by clicking on the "responsibility" link. Furthermore, the website is rather easy to browse through and there is an entire part related to CSR issues, organized as a "mini-site".
I am here trying to assess how GRI guidelines should be implemented to a worldwide company from scratch, and if they are totally necessary. A typical mistake would be to change the whole system radically from how it exists to new guidelines because the company would risk not being seen as consistent.

In order to implement a new system, we should first focus on implementing a core system properly, after which the following years can be dedicated to improving the whole report.

The constructive approach chosen for this thesis implies the construction of an innovative model. Since CSR reports constitute a way of communicating between a company and its stakeholders (Craib Design & Communications and PricewaterhouseCoopers LLP 2010, 20; Den Hond, G. A. de Bakker, Neergaard, 2007), it is essential for the company to define its main stakeholders as well as their expectations.

In this thesis, I will provide a basic framework which will be twofold: (1) I will analyze whether the current reports are viewed as relevant with the information they provide, and (2) will allow the stakeholders to propose improvements in the content (what they would like to see appearing within the report).

In order to build this framework, I will first isolate the key stakeholders according to UPM's understanding, analyze the type of information UPM is currently disclosing, and ask these selected stakeholders how relevant the information is to them. This part will assess the current relevancy of the report. In addition, I will ask the stakeholders to add the information they would like to see appearing on UPM's annual report.
3.2 Stakeholder's selection, and disclosed information

3.2.1 Stakeholder's selection

Selecting the proper stakeholders can be a long process. In this thesis, stakeholder selection has been conducted by UPM, leaving me with only a semi-structured interview to conduct. UPM views its most important stakeholders to be shareholders, employees, the local community, customers, and business partners. The table below summarizes which stakeholder groups will be represented by each interviewee.

It is important though to keep in mind that boundaries between stakeholders are not so clear; indeed, the interviewees did not usually represent only one cluster, but rather different stakeholders.

In reality, categories of stakeholders are not so distinct from one another; an employee can also be an investor, a customer, or even a supplier (some employees are forest owners, selling their wood for example). The interviewees are encouraged by UPM to have a broad mind when making decisions.

In practice, this means that the Investor Relations Manager, for example, will mainly focus on stakeholders being the shareholders, but will also consider environmental organizations, employees, etc., when making a decision affecting the whole company.

Mister White (cf table below) will be interviewed as an expert consultant in the field of CSR, however, he will not be asked to fill in the materiality grid, the reasons for which will be explained below.
Table 1: Interview grid

<table>
<thead>
<tr>
<th>Represented party</th>
<th>Interviewee(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders</td>
<td>Investors Relations Manager (Miss Yellow)</td>
</tr>
<tr>
<td>Local communities, customers, business partners, employees</td>
<td>Communication Managers (Miss Blue and Miss Purple)</td>
</tr>
<tr>
<td>Environmental stakeholders</td>
<td>Environment Senior specialist (Mister Green)</td>
</tr>
<tr>
<td></td>
<td>Environment Director (Mister Brown)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Senior Specialist sourcing process and system (Mister Grey)</td>
</tr>
<tr>
<td>External parties – Materiality Grid not to be completed.</td>
<td>Ex Corporate Responsibility Director (Mister White)</td>
</tr>
</tbody>
</table>

As stated by the CR Director (Corporate Responsibility), information about responsibility regarding UPM is rather scattered. A summary can be found in annual reports, but on their website, under the "responsibility menu" can be found much more. Indeed, as we can see in their annual report, "UPM does not publish a separate environmental and corporate social responsibility report but has integrated the contents into this annual report" (p.2 and 52 of UPM annual report 2009). In order to define the scope of this thesis, I will mainly use the information available in the annual report, for easier comparison and understanding from the readers.

3.2.2 Disclosed information

In its 2009 annual report, UPM published a list of principles divided by key areas. These principles are the ones that are shown on the page 53 of their 2009 annual report.
Based on these principles, I will build a table gathering the respondents' points of view in order to assess the relevancy of current reports, as well as give interviewees the opportunity to add what they would like to see in the next reports.

I will fill in these tables at the end of each interview and the respondents will be asked to assess, on a scale from zero to ten, to which extent these principles are relevant to them and the stakeholders they represent.

---

**Table 2: UPM Principles**

<table>
<thead>
<tr>
<th>KEY AREA OF RESPONSIBILITY</th>
<th>UPM PRINCIPLE</th>
<th>MEASURE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROF</td>
<td>Value creation</td>
<td></td>
</tr>
<tr>
<td>GOVERNANCE</td>
<td>Accountability and compliance</td>
<td>Group Management System, Code of Conduct</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEADERSHIP</td>
<td>Responsible leadership</td>
<td>High employee engagement, Behaviour in line with company values and Code of Conduct, Change management practices in place</td>
</tr>
<tr>
<td>PEOPLE DEVELOPMENT</td>
<td>High performing people</td>
<td>Personal performance reviews with employees and target setting, Development of key competencies</td>
</tr>
<tr>
<td>WORKING CONDITIONS</td>
<td>Safe and encouraging working environment</td>
<td>Ensuring human rights, Equal opportunities, Good employee/employer relations, Zero accidents goal and continuous actions to reduce absenteeism, End-user responsibility throughout the supply chain</td>
</tr>
<tr>
<td>COMMUNITY INVOLVEMENT</td>
<td>Local commitment</td>
<td>Employment opportunities, Cooperation and initiatives with local stakeholders, Responsible restructuring</td>
</tr>
<tr>
<td><strong>Environmental</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRODUCTS</td>
<td>Products which are sustainable over their lifecycle</td>
<td>Renewable raw materials, Recyclable or biodegradable products, High share of certified products, Third-party environmental eco-labels, Lifecycle assessment</td>
</tr>
<tr>
<td>CLIMATE</td>
<td>Best-in-class* carbon footprint</td>
<td>Improve energy efficiency, Maximise use of carbon-neutral energy, Increase bio-based energy</td>
</tr>
<tr>
<td>WATER</td>
<td>Sustainable use of water resources</td>
<td>Best-in-class* water footprint and effluent quality, Net water consumption</td>
</tr>
<tr>
<td>FOREST</td>
<td>Sustainable forest management</td>
<td>Maximise share of certified fibre and meet UPM biodiversity programme targets for managed forests</td>
</tr>
<tr>
<td>WASTE</td>
<td>Minimal waste</td>
<td>Minimise solid waste to landfill, Reuse waste</td>
</tr>
</tbody>
</table>

*Best-in-class = leading the industry sector

Source: UPM 2009 Annual Report, p53
In addition to the available principles, the interviewees will be allowed to add one or more topics that they would like to see in the reports.

Table 3: Empty Materiality Grid

<table>
<thead>
<tr>
<th>UPM Principles</th>
<th>Importance to stakeholders</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value creation</td>
<td>Mr Grey</td>
<td>Miss Yellow</td>
</tr>
<tr>
<td>Products which are sustainable over their lifecycle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best-in-class carbon footprint within the industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountability and compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local commitment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable forest management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safe and encouraging working environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsible leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainable use of water resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High performing people</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minimal waste</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3 Explanation of the table

The table counts eleven items, starting from the value creation to minimal waste issues. Each respondent, at the exception of Mister White, was asked to rate how important to their stakeholders each of the items are, on a scale from zero to ten; zero
meaning "totally irrelevant" and ten meaning "really important". Mister White is not considered for this part, since he does not represent any group of stakeholders. The reason he was interviewed as a part of thesis is to integrate his extensive knowledge of CSR.

After each respondent rated the items on the list, the average was made, and the items sorted out from the most important (highest average), to the least important (smallest average). The purpose of such was to ensure UPM's principles are aligned with stakeholders' expectations. If the smallest average would be equal to six or lower, the alignment between the principles and the stakeholders' expectations could be questioned.

For the rating, a scale from zero to ten was chosen in order to allow respondents to assess their grade an accurate way. Any other scale could have been chosen, but this one seemed to be detailed enough without creating confusion.

This scale allowed the respondent to think both in terms of grade or percentage (one corresponding to ten percent, five to fifty percent, etc.). A scale from zero to five appeared to be too restrictive, and a scale from zero to twenty was too detailed and abstract to my opinion. A too detailed scale could confuse the respondents and thus flaw the results.

Once the interviewee filled in the grid, he/she was asked whether a principle should be added to reflect the stakeholders' perspective. The expected result would be for all the categories to get an average of seven or higher, which would confirm that the principles have been properly identified.
3.4 Interviews

3.4.1 Conduction of the interviews

The interviews were semi-structured and organized as an informal discussion between the interviewer and the interviewee. The identity of the respondents will not be revealed, but in order to assess the relevancy of their answers, their title and position in the company they work for (or used to work for) will be revealed. During these interviews, all respondents were asked the same core questions (cf appendixes). In addition, they were allowed to freely speak about whatever they thought was relevant. The interviews below consist of a summary of the interviewee's responses (according to their answers to the questionnaire), and then the free comments they made, as well as other comments.

The interviews always started with a description of myself, as a student and researcher. The purpose of the study and its scope were explained, as well as the reasons why I chose this topic. They were explained that the interview was recorded, and that their names would not appear on the final paper. As the procedure requires it, each interview was recorded, and respondents were aware of that.

After this brief introduction, I explained that the interview was semi-structured, so that they could interrupt me anytime to ask further questions or clarifications. After that, most of the interviewees introduced themselves shortly, after what the interview started.

The first question that was asked was the position they are currently occupying, and for how long, in order for me to establish how familiar with CSR each respondent
was. Then was asked how long they have been working in the company, so that I could understand their career path so far.

The step was to ask them to which extent they actually are familiar with CSR. With this question, I aimed at grasping whether they were deeply involved in CSR as such, or if they just heard of the topic. I added this question in order to avoid problematic with the term Corporate Social Reporting, in case any respondent would not know it. Formulating this question allowed me to define CSR and explain it a bit more in details.

Since not all the interviewees were directly working on reporting, I also wanted to know if they thought these reports were useful, and if the subject itself made sense to them, of whether they found it pointless. With this question, I was hoping to get different perspectives and opinions, and not only hear positive comments about Corporate Reporting.

I then focused the rest of my question to CSR and GRI concerning UPM, by asking them if feedback was received from their side, and if they had any idea how heavily these reports were read.

After these, I introduced the GRI topic, since not all of the respondents knew about it. After a short description of it, I asked whether such a framework would in their opinion bring more values to the actual reports, and for what reasons.

Also, I asked them which part of the report was the most valuable to their stakeholders, and what was missing or could be improved in the current report. Finally, I ended with a free discussion about CSR, in case they had anything left to say. The next part was to ask them to rate the principles.
3.4.2 Interview 1: Mister White

The respondent in this interview was the head of Corporate Responsibility from a large retail company in Finland, and reported directly to the deputy CEO. He is now retired from this company but owns a consulting company and is working with the European Union on a few projects connected with Corporate Social Responsibility.

According to Mister White, CSR reports are intended to show both employees and retailers that the company they are involved with is working on some important issues towards a better future, both from their business activity's point of view and beyond. The report also serves to present how the company is working, what is important to them, and who they are. This is so that existing stakeholders can be proud of working with them and possibly be encouraged to follow the same path in being eco-friendly, for example.

Mister White reads approximately twenty reports a year, in detail, and used to read UPM's reports, focusing mainly on supply chain and traceability issues. However, he has not read these reports for the past two years.

Mister White is familiar with the GRI initiative since the it was created, and believes that GRI definitely brings more value to reports. The first reason being that a standard way of reporting helps comparisons between different companies, especially if they are from the same field or industry.

To him, as an external stakeholder (i.e. not employed by UPM), the most important part of the report would be the environmental performances and social problems (human rights, accidents, etc.), as well as economic benefits. In addition to that, he is really interested about supply chain issues (as already mentioned earlier).
UPM's previous reports were missing, in his opinion, the achievement of targets, as well as the materiality assessment (how they organized, planned, gathered and selected the information). Additionally, an external assurance statement from a known accounting firm would definitely add a plus to the report.

The first process that should be conducted to ensure a proper relevant report would be a materiality assessment, coupled with data management. By data management, Mister White means that the data system of collection has to be reliable and cover all parts of the company. The data gathering and organizing should be the same in every mill, plant, or country in order to ensure the correctness of information.

Regarding the integrated reports, Mister White thinks that all companies are different, therefore there is no right or wrong answer as to whether companies should definitely switch to integrated reports, or keep using stand alone reports. In his opinion, some companies should keep separate reports, especially if their sustainable impact is important because having an integrated report restrains the amount of information firms can add on their annual statements. He, however, does not comment on UPM's integrated reports and found them valuable.

Mister White believes that CSR reporting has become easier now, since frameworks are available, which was not the case before. He was reporting for over twenty years in his previous position, followed developments in the field, and believes that the twenty years of evolution it took to reach the state of nowadays reports (speaking for his former company), could now be reached in approximately two to three years.

Through reporting, they could explain and justify why they are now asking more from their stakeholders, for example asking for eco-friendly products from their suppliers, and showing that this will not only fulfill economic benefits, but also environmental and ethical ones. These reports are also a compact way to show everything that has
happened during the year to many interest groups at a time, whether they are environmental organizations, work unions, local communities, etc.

The company he used to work for also wanted to be listed in international indices, such as the Dow Jones Sustainability Indexes, because it is a way to internationalize and get to the international stock market; it is not easy when operating from Finland to get known in the US market. But being on these markets, and especially being amongst the top companies in a given sector (like his former firm was), helps gain attention. That is how foreign investments have been attracted.

Another view for him is that from the retail business' point of view, reports are not really useful to consumers; even though a lot of information can be used from a consumer’s point of view, these reports are mostly targeted to specialists (suppliers, analysts, NGOs, etc.). Lately, consumers' perspectives have been added to these reports due to their growing importance, but this focus was not the first concern originally.

Mister White believes that details should be oriented towards all stakeholders, meaning that it should be general enough for everybody to understand. Further, it should have more detailed information directed towards a few stakeholders such as analyst, scholars (etc.), and should be available online only. He feels it is really important not to focus only on a few stakeholders in the report, but to keep it general enough for all.

3.4.3 Interview 2: Mister Green

The respondent has been working for environmental affairs for two and a half years now as a senior specialist, dealing with water and carbon foot printing, as well as life
cycle analysis and other tasks. His level of familiarity with CSR is well advanced. He is, for example, involved in the Carbon Disclosure Project\textsuperscript{4}, rating companies all over the world.

To this respondent, CSR reports are useful, especially for companies operating in a social environment; for example in UPM's case, some mills may be located in cities, yet UPM's activities involve a lot of tree cutting and consumption of water, affecting the whole ecosystem. In such circumstances, stakeholders surrounding the mills are affected by the changes in the area and would like to know what is actually happening. CSR reports serve to inform them what’s going on.

Speaking more generally, the interviewee thinks that CSR is a platform where companies are allowed to interact, discuss, hold meetings about new plant developments, and other business decisions with the public and affected communities. In that sense, CSR goes beyond what is required by law. A few years back, CSR was seen more as a one-way communication channel; the company only explained to it's stakeholders what it is doing and no more., However, more recently, its focus has been broader and dialogue with stakeholders is what is most beneficial to UPM.

It is important to support the community a company is involved in and there is more than one way to do business. One recent example was the shutting down of the Kajaani mill and its related lay offs; the mill was converted into a business park, allowing new opportunities for the local community.

The respondent does not get any feedback on UPM's CSR report and does not really know if they are actually read by the stakeholders. In his opinion, a water footprint is

\textsuperscript{4} "The Carbon Disclosure Project is an independent not-for-profit organization holding the largest database of primary corporate climate change information in the world." https://www.cdproject.net/en-US/Pages/HomePage.aspx
bound to get more and more attention, and since it is an important input for UPM's processes, it is important to show how this resource is used in reporting.

For now, UPM operates mostly in developed countries, which makes the reporting easier. Indeed, people (employees, communities, etc.) are taken care of by governments and institutions in most developed countries, and laws are made so that at least the basic needs of people are respected.

However, if UPM would begin operating in a developing country, CSR would become even more important. The company would have to show that they are really creating a dialogue with the local population and stakeholders, and not using the lack of legislation to exploit their environment.

The GRI is known and UPM is following it to some extent, but they are not reporting completely according to it, thus not fully complying with it. Switching to GRI guidelines would most likely bring more value to the reports; for instance, it would be comparable with other companies within the same industry, and most likely would please analysts interested in this matter.

For this respondent, the part that interests his stakeholders the most is environmental performances, especially the water footprint.

There is a real need for improvement in UPM's report for the socially responsible reporting, for example in their communication style and initiative. Indeed, the company has done a lot, but somehow is not bringing forward their efforts that much. It needs to explain more openly the projects that have been conducted and the processes through which the firm contributes positively to its environment.

Communication, whether it is favorable or not to the company, should always be encouraged and appreciated so that CSR can become more transparent. Indeed, it is
currently hard to be fully transparent in CSR reports since reporting a fault may result in boycott by consumers. But if all companies decide to be fully transparent (from their own initiatives or through regulation), it can be beneficial for the better performing ones.

Even if the respondent thinks that communication should be improved, he also mentions that since UPM is such an old company in a traditional industry, it may take time for it to change and be totally transparent. However, the latest reports (2009, and even 2010) showed a better trend towards clearer communication.

The respondent then rated the questionnaire and explained how each item was linked to his stakeholders. The value creation was qualified as "the light bulb of the company", meaning that without profitability, the company could not last. The respondent explained that the value creation as such was important, but between two alternatives, his stakeholders would most probably chose the most eco-friendly one as long as it is profitable to some extent, even though the other alternative may be more profitable while less eco-friendly).

Without any surprise, the environmental part of UPM's report was the most important to Mister Green. To his mind, the product is one of the most important topics with its stakeholders because for being sustainable, companies should think about the entire life-cycle of their product, from production, to use, and to waste after its final use.

The climate is also something really important to him and the stakeholders he represents, especially nowadays, since climate change is in everybody's mind. Greenhouse gases are now the most discussed gas emissions, but according to Mister Green, the industry should always be two steps in advance. The company already knows it has carbon emissions by the tons of paper produced, but whether climate change will be a long-term issue or if it's just a trend - there is no real way to know.
Due to the industry in which UPM is primarily operating (pulp and paper), the firm is seen as a large water consumer. However, the water consumed is not lost or wasted. Mister Green explained that out of ten cubic meters taken in, four are released right away without any modifications (water used for cooling), the other four cubic meters are used during the processes, and are then clean and released. The two cubic meters remaining are then evaporated (lost in the atmosphere). This process should be further explained to stakeholders in order for them to understand how responsibly it is used as a resource, and Mister Green believes that this topic will become more and more important over the next ten years.

The perfect situation and the ultimate goal, eventually, is not to have waste at all, but this is almost impossible. An alternative solution would be to reuse the waste, either as a combustible, or as UPM is currently doing, by offering new products.

Indeed, UPM is nowadays reusing its waste (recycled raw materials), including plastic from their label processes and paper, making a new product out of it. This product is sustainable, and can be recycled or disposed through incineration. Further, ashes can also be used to build bricks for houses.

Speaking on what is actually missing from the 2009 annual report, the respondent only found that follow up targets were missing. Indeed, in the 2009 report, only the targets and their measurements were disclosed, and since it was the first year they were disclosed, the follow up targets could not properly be assessed.

The sustainability principles should also be more emphasized in the report, and even though profits have to be made, UPM should show how committed they are to the social matters. At the end of the day, CSR should inform people in a neutral way.
3.4.4 Interview 3: Mister Brown

Mister Brown is the Director of Environmental Services for the whole company. He has been in this position for one and a half years, and ten years in environmental related positions. As of today, he has been working for twenty-three years for UPM. The respondent is familiar with CSR, but mainly on the environmental side. He reads about ten reports a year.

In his opinion, CSR reports should always be a two-way dialogue, but he admits that this is not UPM's strength. The company tends to be "Finnish engineers" minded, in the sense that the only thing that matters is to be good and efficient without needing to communicate such. The interviewee used as an example the year 1996, when UPM was faced with the challenge of tracing Russian fibers. They created a system for such which worked perfectly for five years, at which point one customer found out that such a system was used and so they created a communication plan regarding the system. This plan helped UPM win the International UN-ICC award at a sustainability summit in Johannesburg in 2003.

Mister Brown regrets that the stakeholders' dialogue is not present in the actual report, and wishes he could have more place in the annual report. The fact that the report is integrated into the annual report makes it difficult for Mister Brown to be able to add the content he would like to. In his personal opinion, he would like to see either a separate report, or a much thicker CSR part. The idea of having everything as one report, linked with the business, is a really good initiative; nevertheless, there should be a bit more place. Another aspect of the report is that its structure does not really look like a standard CSR report.

The interviewee reads about ten reports a year and has an employee dedicated to that task too. Regarding the format of UPM's reports, no feedback is received, even though it would be really appreciated. However, some investors or stakeholders
sometimes ask him direct questions regarding information published, or ask why some numbers of data are missing from the report.

The GRI is a good initiative and could bring more value to the report because competitors use this framework; when compared, UPM may look weaker than them. If some indicators and measurements are considered as useful, there are also some indicators are not sensible enough or are even irrelevant to UPM's processes. The best solution would be a golden middle between switching totally to GRI and remaining without this framework. Regardless, Mister Brown does not think that reporting according to GRI principles would increase results comparability because, even though companies are operating within the same industry, they are all different and thus a common framework wouldn't enhance comparability in his opinion.

The most beneficial and valuable part of the report for Mister Brown's stakeholders are the business cases because they bring some essential value, linking environmental stories with concrete examples. The respondent believes that CSR should be an open topic and that whenever a company achieves something valuable, other companies should be able to "steal with pride", meaning that good ideas should be shared and used by as many people as possible, since the ultimate goal is to achieve sustainable business; reporting only comes after.

Moving on to the rating grid, Mister Brown decided to rate only the environmental part since it is the only part that his stakeholders value. The product was rated as a ten since it is considered as an "umbrella concept", i.e. encompasses water, climate, emissions, etc. Therefore, the product should be a main priority, and from there, negative impacts can be reduced.

The item "best-in-class carbon footprint" (climate) was rated as really important even though the stakeholders Mister Brown is representing view climate change, especially global warming, as the most important issue today; Mr Brown disagrees with them.
Waste and water were seen as significantly less important since there are not reported by the media as much as forestry and climate issues. Waste is important to UPM because it is an important cost factor, yet stakeholders are not considering it as a real problem yet.

Regarding what is missing from the report, Mister Brown raised the topic of raw materials. Even though they can be included in the product, a separate category would be highly appreciated and then it could then also focus on chemicals a little more extensively.

3.4.5 Interview 4: Miss Blue

Miss Blue's background is in Media Relations, a position in which she was working for ten years at UPM. In 2008, she changed her job title to Communication Projects and Crisis Communication Manager, focusing on the annual report and annual general meeting, the two biggest projects. All together, she has been working for UPM for sixteen years. Lately, she became interested in reporting in general, and started reading and comparing annual and CSR reports from other big companies in Finland and worldwide.

Miss Blue is not familiar with formal procedures and rules concerning CSR, but rather familiar with the content. For her, separate CSR reports are more of a trend than a need. She does not see the point of having a stand-alone report separate from the annual financial report. Content integrated into the annual reporting helps show the readers how embedded within the business CSR is and that it is not less important than any other issue. Sustainable business should be seen as "business as usual".
Besides, a stand alone report contains more work and repetitive information, such as basic information about the company.

The interviewee compared UPM's report with around thirty other reports, on a general level. This helped her highlight the weaknesses in current reports from her company, such as transportation, which is incomplete. Another of the gaps identified was the lack of communication regarding company's suppliers, and more importantly, on what basis they are chosen as regular suppliers.

Miss Blue thinks the annual report should focus on the key stakeholders defined by UPM (customers, shareholders, and employees), answer their concerns and questions, and provide them with a useful content. Even though they all have access to the same level of information, the reports aim at presenting the information under a different light, to increase the understanding of each stakeholder group.

In her opinion, if the information provided on UPM's web pages is a nice addition, the report should present the most important facts. The main reason for this is that stakeholders usually do not take the time to visit their supplier or employer's web pages if not encouraged to. This is where the communication of employees comes into action - to make stakeholders understand and reach the information. For this reason, the language used in the CSR report should be understandable for everyone, and not only for experts. Specific information targeted to these experts should be available in a different form, such as personal inquiries to UPM, or a section in the Internet pages of the company.

Also, the level of expectations is changing regularly. A few years back, information provided on the report was mostly created for experts (environmental organizations, NGOs, etc.), because they were the only ones asking questions and who seemed interested in these issues. However, lately, concern has grown from different types of stakeholders, ranging from basic employees to experts. In order to be able to please
the widest possible range of parties, UPM has decided to ease its language, leaving experts' information on their web pages or available upon demand.

In addition to the report, Miss Blue believes that employees should have a deep understanding of the matters explained. Indeed, in addition to the information provided in the report, UPM receives inquiries and question related to the report, asking about the veracity of the facts or additional information. In case these issues are not further developed on the Internet pages, employees should be able to either address these issues or be able to direct the inquirer to persons able to give a proper answer.

UPM has always been fact oriented, which is the reason why the earlier reports where just a "report", in opposition to the stories they are now having. The people in charge were reluctant to use such a style at first and considered only the hard facts to be relevant. Experience has however shown that facts are not so important if isolated from business. This is the reason why the latter report of 2010 fine-tuned its style a little more. Responsibility stories need to be connected to the business because this link is the most important. Sustainability does not happen in the head office or in the higher management of UPM; it happens at the bottom of the pyramid, in the mills, from the factory workers, from the suppliers, etc.

The approach of UPM has been to gather all these sustainable facts from their businesses in order to relate them in their report. However, the company is constantly monitoring their approach in order to produce credible content, which is the reason why only sustainable initiatives with a real impact are taken into account instead of small facts that would be irrelevant to the big picture. These cases and stories are selected only if they fit all the characteristics, i.e. linked to the business, aligned with UPM's principles, relevant in the eyes of the stakeholders.
As a counter example, Miss Blue compared IBM and Shell, which both had a section on their website about HIV, plus a section on the 2009 report for IBM. In her opinion, such categories should not have a place in an IT, oil, or pulp and paper company's CSR initiatives since they aren't linked with the everyday business. They can of course be mentioned, but what are more likely to create the most damages will be their everyday operations.

The ambiguity though remains as to whether stakeholders value these kind of initiatives even though they are not relevant to the company's strategy, because if so, then firms like UPM may be penalized by being "too honest".

Miss Blue knows for a fact that customers and sales forces are reading UPM's CSR report, because she receives questions and feedback from these stakeholder groups. The whole challenge was to link the mills' improvements with the impacts that they had on the company's overall performances.

The respondent also highlighted that most of the stakeholders are reading this report to make sure everything is ok. As long as no problems arise, no feedback is given; they are expecting for everything to be fine.

In her opinion, GRI would bring more value to UPM's report, mainly in terms of credibility. Indeed, CSR, for now, is quite broad and unstructured as explained earlier, and GRI is currently the most complete and widely used reporting framework. Using GRI would limit UPM in terms of resources, even though it would definitely bring more structure, yet it probably would not make a financial difference. The approach the company would like to take would be to unofficially follow GRI's guidelines, using them to report but not thoroughly complying with it (no external assurance, no mention of the indicators, etc.). Such a step would allow UPM to remain up-to-date in CSR without restricting its current reporting process.
The fundamental purpose of switching to GRI should not only be to improve the reporting performances, but should also impact the business by making it more sustainable. A better reporting process is of course valuable, but at the end of the day what really matters when considering a sustainable point of view is the impact the company has on its environment; the less negative this impact is, the better the company is performing.

Miss Blue rated really high the value creation since it is where everything begins. Without value creation, the company cannot operate, so it has to be profitable first, before aiming at anything else. All the rest of her ratings were between seven and nine, according to how important these topics where to her stakeholders.

The respondent would like to see a deeper analysis of the supply chain in general (besides the chemicals and raw materials), as well as indirect operations, which are mainly transport issues. An analysis concerning suppliers could also be appreciated from her stakeholders.

Besides these identified gaps, Miss Blue thinks that the report itself could use a part where it actually explains reporting practices and processes in order to increase the report's transparency; and could also certainly use a third party recognition, which could increase it's harmonization.

The last note Miss Blue wanted to emphasize was that UPM should always keep a step ahead, anticipating what new information stakeholders might be interested in for example, and if so, is there some new data the company should start monitoring. The main challenge to CSR seems to be getting feedback from all of the stakeholders involved.
3.4.6 Interview 5: Miss Purple

Miss Purple is the Communication's Manager for environmental and corporate responsibility, research and development, and new businesses since January 2011. Her main task is to coordinate communication on a group level; each business has their own messages, which should be articulated to be coherent within the whole company. Prior to this position she has been working for UPM for four years (in environmental communication and media, and PR).

This interviewee sees CSR as a two way dialogue with stakeholders, and that there is a real need for improvement in this domain for UPM, because even though the company is in constant dialogue with its stakeholders, it does not report it extensively enough. She reads through twenty to thirty CSR reports yearly, mainly those of competitors and the world’s leading companies.

Miss Purple knows for a fact that UPM reports are read by the main shareholders, media, NGOs, and journalists. She also receives feedback mainly from the stakeholder groups listed above. Her knowledge of GRI is rather limited; she could not justify whether GRI as such would bring more value to the company and preferred not to answer this question.

The respondent felt that one major improvement for the report should be the target follow-up, as mentioned previously by several interviewees. Another gap, as mentioned earlier, would be to report about stakeholder dialogue. Regarding the limited space in the report, Miss Purple believes it is not an issue and that UPM currently has the proper amount of information in the report; any extra information should be online.
Regarding the stories reported about, Miss Purple explained that the company chooses the most important projects, both for UPM and its stakeholders, if they are done at the company level and affect all the operations. Sometimes local projects limited to one mill or one country are also selected if they have a real impact - socially, environmentally, etc. The hardest part for her is to choose between all the stories UPM has, but the choice is made according to how important to the company's principles the story is; each of them must have add an impact on the target achievement.

Miss Purple rated all the items on the materiality as really high since, in her opinion, none of them should be regarded as less important than another. When asked whether some items should be added or not, she explained that, for now, the main need would be to solidify the current report before adding any improvement. Also, the information should be properly cascaded down, in order to gather more feedback and to have a report translating the company's view.

3.4.7 Interview 6: Mister Grey

Mister Grey has been a Senior Specialist in sourcing processes and systems for the past three years within the sourcing department. He is in charge of the source contract process, which defines how the negotiator should proceed between the expression of his client's needs and the contracting. The negotiator is a UPM employee and the client a specific function at UPM, such as a mill or department.

He is familiar with CSR at a general level (reading between five and ten reports yearly), and sees a real use for these reports that represent a support mechanism for communication between stakeholders and company. In his opinion, suppliers are definitely reading these reports, especially the biggest suppliers.
Mister Grey does not know the GRI in details but believes that it may bring more value for clients, who will then be able to compare whether they prefer to buy their products from UPM or a competitor. This may also give more importance to the pricing of certain products, if they are more sustainable yet more expensive than the competition for example. Suppliers, however, probably won't see a use in this, since they do not really need to compare their customers.

What suppliers could use this report for would be for marketing purposes. Being the supplier of a sustainable company that is really strict in selecting its suppliers would imply, by extension, for these suppliers that they are amongst the best. It basically would mean that if they can deliver resources competently to such a big and demanding company as UPM, they can deliver competently to any of their clients.

Another strength of this report would be to promote UPM's ways of doing things. Suppliers could see that everything communicated by the sourcing department is actually aligned with UPM's strategy at a group level. The negotiator would, therefore, have more power when speaking with suppliers. Without a good report, suppliers would think that UPM is only interested in low prices, not for any other reason than having high profits, in opposition to using this extra margin to be environmentally friendly.

There could be a place in the report where stakeholders could see the position of UPM regarding sourcing processes, without focusing too much on suppliers for the simple reason that suppliers are already indirectly included in every topic.

Concerning the materiality grid, Mister Grey rated the two first items (Value Creation as well as Accountability and Compliance) as important. The value creation is important because it will impact them. In order for UPM to create more value, it means that the supplier will create a bit less.
The responsible leaders and high performing employees are regarded as moderately important. Mister Grey justified that most of the social matters within UPM are not really important to their suppliers. What they expect is for their point of contacts to remain the same, so the company has to be good enough for employees not to want to move away.

Besides, suppliers are usually seeking a long lasting relationship with their clients so social matters just help them assess if the company will be in business for a long time or will end up facing major ethical problems (using forced labor for example), which would end up deteriorating the financial bottom line and result in the company reducing its purchases.

The safe and encouraging work environment, as well as the commitment to the local community, are rated as more important because they both affect the suppliers in a more direct way (especially small suppliers). For example, if a mill were closed, local suppliers would expect a commitment from UPM, so that they do not suffer too severe financial losses. Mister Grey did not want to rate them higher because, in his opinion, it is quite common for a supplier not to see the link between local commitments and a possible shut down.

Sustainable products would be highly rated only by one category of suppliers that are in the chemical industry or that are supplying UPM in big quantities. In fact, these suppliers will be highly interested in UPM's requirements in terms of products, but a smaller supplier or service provider most probably won't be consider these as important. In any case, small suppliers and service providers will be less likely to read UPM's CSR report, contrary to what raw material and chemical providers would do.

In Mister Grey's opinion, suppliers do not expect to see anything concerning them directly. For this same reason, they will not expect to have any significant influence
over UPM's strategy, but they will, however, monitor the company's actions quite closely in order to evaluate what creates a risk or an opportunity for them.

3.4.8 Interview 7: Miss Yellow

Miss Yellow has been in the position of Manager of Investors Relations for the past two years. She has worked for UPM for almost ten years and is familiar with CSR at the general level (reading between five and seven reports a year, mainly those of UPM's competitors), and is working quite tightly with the CSR functions within UPM.

She sees CSR as an increasing trend and an important issue. During the time she has been at UPM, she has seen CSR related questions arise more and more often, especially during the past few years. These CR reports are creating value for both companies and stakeholders, especially when concrete examples are used within them. For that reason, she thinks that the UPM annual report being integrated with the financial one, and strongly linked with the firm's operations, is more valuable than a stand-alone report, which could end up being more theoretical.

According to her experience, shareholders read UPM's reports (if not themselves, through a consulting company they are using). They are actively involved in the process of building it and send feedback through confidential reports. Several of them also ask for a meeting with UPM in order to be able to confidentially bring up unclear or missing topics, as well as discuss some new information. UPM uses this feedback really carefully and includes it when building their next reports. The fact that shareholders want their comments or meetings to be kept confidential may give the illusion that feedback is not received.
Miss Yellow feels that GRI would be beneficial to UPM's report because she feels a need for standardization when reporting about CSR. Within the current reports, it may sometimes be hard for shareholders to interpret results and make sense of them. Therefore, Miss Yellow believes that GRI guidelines, if applied not only in UPM but also to a larger panel of companies, would be a real improvement. However, she agrees that implementing these guidelines may be harder said than done.

When speaking about which part of the report is actually the most valuable to her stakeholders, the interviewee replied that the environmental part, management remuneration (how much shares do they own), and the incentives systems were most valuable. Their next focus goes on to the proper use of wood and energy; the reason for this is that an improper use of these resources may end up damaging UPM's reputation. The business cases are not really important to the shareholders since most of them are rather involved in the company's actions and strategy. They, therefore, already know this information.

Despite a limited amount of pages, the basic information is there. But to the shareholder's, there is definitely not a detailed enough descriptions of the financial impacts. However, the information available on the internet pages is perfectly suited to this audience. Miss Yellow also understands that a highly detailed level of information within the CSR report would take up too much space and would be valuable to only a handful of stakeholders.

The first two elements of the materiality grid were rated as really important (Value Creation, Accountability and Compliance). The responsible leadership was also seen as essential since it is linked to the corporate strategy. High performing people and the sustainable use of water were rated as quite important, but not primordial; shareholders usually do not focus on these aspects of the company. The rest of the items where perceived as moderately important.
Shareholders usually are confident in a company and this is one reason why they do not see everything as really important. For example, when asked about ethics, they are rather confident about UPM. The only reason why they were not rating some items as lower was because of the Chinese and South American factories. Indeed, shareholders believe that these issues are rather well regulated in most of the world (by governments and institutions), but can be subject to abuses in these two particular locations.

Miss Yellow then explained that the most important idea is for UPM to remain consistent in what they are doing. This brings a feeling of control and helps stakeholders trust the company. However, even though the firm has traditionally operated its own way, there is presently a real need for communication to be improved. Even though the company is doing good, a benchmark of UPM compared to its competitors and the industry average would help stakeholders understand the whole picture and put facts into a context. Also, she would have mentioned a need for targets (in UPM principles), if this were not corrected in the 2010 report.

3.4.9 Materiality assessment based on the interviews

As explained before, each interviewee was asked to rate UPM's principles on a scale from zero to ten. As previously explained, Mister White, being an external stakeholder, was not asked to proceed with this task. After each question was answered, the respondents were given the principles, which were read to them, and if necessary, given to them on a written form. The instructions were to rate these items independently from each other, i.e. without attempting to rank them.

The table shown below is the same one as table 3, except that the respondents have now filled it in.
Table 4: Materiality Grid filled in

<table>
<thead>
<tr>
<th>UPM Principles</th>
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<th>Average</th>
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<td>8</td>
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<tr>
<td>Accountability and compliance</td>
<td>8</td>
<td>9</td>
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<tr>
<td>Local commitment</td>
<td>6</td>
<td>8</td>
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<tr>
<td>Sustainable forest management</td>
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<tr>
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<tr>
<td>Responsible leadership</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Sustainable use of water resources</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>High performing people</td>
<td>4</td>
<td>6</td>
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<tr>
<td>Minimal waste</td>
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4 EMPIRICAL FINDINGS

Since all the interviews took place before the publication of the 2010 annual report, a lot of the information that was considered as missing from the 2009 report has been added. Due to the lack of time and resources when writing this thesis, only the 2009 report and materials published before 2011 were thoroughly taken into account. However, in order to provide a full analysis, I read through the 2010 report and found a few of the gaps found in the 2009 report corrected in the later version.

One gap that was frequently mentioned through several interviews was the lack of target follow-ups. This is one of the major improvements of the 2010 report. The principles are more deeply embedded into UPM's strategy and communication and the website has also taken on a totally new form.

The section focused on sustainability is now built around these principles, their measurements, and their achievements. Not only have the measurements been added, but also the percentage or amount of completion. Even if the people in charge of Corporate Responsibility have agreed that some changes still have to be done, the report is heading in the right direction, which was set both by UPM and its stakeholders.

Some respondents also felt that the current report was still lacking in communication, meaning that even though UPM was working on several projects that were worth disclosing, nothing appeared on the final report. The 2010 report corrected this by adding a few stories centered on on-going projects.

During some interviews, another topic seemed to have been omitted. Indeed, even though UPM’s reluctance to share its list of clients is totally understandable from a business strategy point of view, it could add more information about its suppliers. As
a matter of fact, since UPM is integrating information about product life-cycles, focusing on what happens to the products after they have been sold, they should also take into account what happens before the product is created by looking into their suppliers' processes.

To be truly sustainable, UPM should communicate a little bit more on the selection of their main suppliers, demonstrating that here, again, their choice is a balance between profitability and sustainability.

On a similar topic, interviewees felt that the company should have a place in its report to explain the reporting process and possibly a stakeholder analysis, pointing out how the company works with all its stakeholders to achieve better results and to build a tailor-made CR report.

Another recurring theme was the lack of space within the report. Indeed, each part of the company would like to have more space to report about what they are actually doing. In the 2009 reports, the part preceding the accounts is eighty pages long. Once the presentation and general information is stripped, there may be sixty pages left that are divided between all the companies and functions within UPM. At the end, only a handful of people are able to report what they have achieved during the whole year in only a few pages. This gap has been identified, but couldn't be solved unfortunately. Even though it is a tough decision, UPM decided to keep a compact report, focusing on main events and important information and leaving all other information on the website.

Concerning the reporting gaps, respondents identified a few topics that could be more extensively reported. On the environmental side, stakeholders could appreciate a more detailed part concerning raw materials and chemicals used. Even though their use may be subject to controversy, disclosing information would increase UPM's transparency.
Another part of the report that would be useful to the readers would be transportation, since it plays an important role in UPM's processes. Several interviewees judged that the stakeholders they are representing could very well use such information to base their decisions and future actions on.

Even though the report could still be criticized and called incomplete, readers should keep in mind that it takes time for such a big company to implement changes and take into account feedback. Also, UPM is a traditional company that has kept its ways of operating for decades and now starts shifting towards stakeholders' expectations by communicating a little more. Before, it was just aiming at doing its best and not really focused on communicating this.

The company has taken the decision of implementing each change slowly and carefully, in order for their strategic decisions to be consistent from year to year, instead of changing the way it reports or presents information because that would perhaps confuse readers.

The challenge is to build a complete report that encompasses both financial and non-financial information for the whole year and to make it consistent through the years. Thus, although several interviewees regretted the lack of space, they all understood that this was a necessary sacrifice, so to say. If every function could get the space it needed, the report would end up being thousands of pages long and would not fulfill its purpose anymore. However, in order to give a voice to all people in a better way, the website was redesigned and re-launched in February 2011.

In order to address my first question "what do stakeholders value in a CSR report", we have to consider the above paragraphs. After defining the company's strategy and selecting the key stakeholders involved that are essential to the company, one has to introduce a long lasting dialogue. Indeed, I am afraid that there is no straight answer as to what stakeholders are actually expecting. Expectations shift almost on a daily
basis. As Patten (1992) explained, the volume of environmental disclosure by Exxon reached a peak the year following the accident of the 1989 oil spill.

While health and social concerns were the backbone of every good CSR report a few years ago, nowadays, climate change is the most important topic. The answer then to what do stakeholders value in a CSR report cannot be a universal truth. Indeed, Frederick (1994) defined CSR1 as, “…corporations’ obligation to work for social betterment” and then developed a theory where he will refer to CSR2 (Corporate Social Responsiveness) as, “…the capacity of a corporation to respond to social pressures”. This explains why stakeholder's expectations shift, hence what they value may change.

The way companies should incorporate this into their strategy is to keep an honest and open two-ways dialogue, to constantly monitor their stakeholder's expectations, and provide them with a CSR report that actually answers their concerns and questions. The CSR report should help stakeholders see the overall picture and understand what the firm has been doing, in a nutshell, over the year.

As for the second question, "does one need to follow GRI principles in order to produce a report that brings value to its stakeholders", the answer is no. As seen through the interviews, GRI could bring more value to UPM's report, especially from a point of view of comparability and structure. This would require though, the whole industry (competitors, suppliers, etc.) to start following the same example, otherwise the benefits would be rather limited. Switching to GRI could definitely bring more value to UPM's reports, but at what costs?

To the last question, "what makes the difference between a good CSR report and a poor one", the main difference stands in an open and ongoing dialogue between the company and its stakeholders. Indeed, I could not provide in this thesis a "recipe for success" as such.
A good report does not depend on what the company is reporting or even on how it is reporting, but rather on how successfully the company has been able to fulfill its stakeholders' expectations. Indeed, I truly believe that two similar companies operating in the same industry could have the exact same report, but one of the reports could be seen as poor when the other one could be rated as exceptionally good, depending on what strategy the company has adopted and, therefore, which stakeholders are the key ones.

As noticed during the interviews, UPM's reports are tightly linked with their business and the choice of having an integrated report makes it also challenging for UPM to select which information is important enough to figure in the report. GRI guidelines may require much more space than what is currently dedicated for it and, also, could end up being more restrictive. At the moment, the company is free to report the way it wants, emphasizing on the relevant information for its strategy and stakeholders. If GRI may bring more structure, it would also bring more rigidity; besides, more structure does not mean a better structure.
5 CONCLUSION, LIMITATIONS AND FUTURE RESEARCH TOPICS

Many companies are still struggling with social reporting since there are no clear rules. Some business are still confused whether GRI or such standards have to be adopted, whether they are a trend, a real initiative, or even beyond; whether corporate social reporting itself is a long-lasting phenomenon or something that will end up fading away (Burritt & Schaltegger 2010).

My personal opinion is that a common framework should be used in order to allow comparability of results. Indeed, no matter how reliable or unreliable a framework might be, it at least creates a comparison and benchmarking entity according to the same base.

Taking a simple example, it would be impossible to evaluate whether a five centimeters long pen is bigger or smaller than a four inches long pen. The only reason we can understand these measures is because we are able to convert these units. In this same way, I believe that we shall evolve toward a business world with only a few different standards, which will allow comparisons between companies.

For now, UPM does not really see what extra value, other than comparability, can come out of adopting GRI guidelines. The main reason for this is that a lot of the indicators just aren't properly suited to the pulp and paper industry. For example, when speaking about water footprint, pulp and paper appears as a large water consumer, but according to my interview with Mister Green, only 20% of the water used actually dries out in the atmosphere. Out of the 80% remaining, half is used for cooling down and released right after; the remaining half is used, cleaned, and then released.
This then creates the problem of improper standards. One of the solutions pointed out during a discussion with an interviewee (Mister Brown) would be a collaboration between GRI and UPM (and possibly other industries within the same field), in order to produce another sector's supplement if applicable and suited to the pulp and paper industry.

This being said, I do not believe than one standard is better than another, but I would suggest keeping only a few relevant standards and principles so that conversion can be possible. Indeed, for now there are as many reporting principles as there are companies reporting without any guideline, which makes comparisons or conversions virtually impossible.

Imposing one standard may not be the best solution (since flexibility should be allowed), but giving companies the option of choosing between a few standards, as it is now being done in traditional accounting, would definitely tend to make things easier and more transparent, which should be the goal of sustainability reporting.

As most of the exploratory studies reveal, we cannot really draw clear conclusions from the results of this paper, however, we reveal possible hints for further research and hopefully pointing society into the right direction. If I can agree that some results may be disputable, my main aim is to reveal the clear interest of the stakeholders for these reports in an attempt of giving them the opportunity to have their voices heard. Indeed, there exists numerous intermediaries between the concerned stakeholders and the people who are actually reporting, and this paper hopefully served both the company and these stakeholders.

This thesis also served as an analysis for UPM and will hopefully help facilitate the preparation of the next CR report. By gathering different opinions and summarizing them, I attempted to synthesize the core values and interests of all the interviewees,
which may help in preparing future reports or at least note the improvement of the 2010 report when compared to the 2009 report.

When looking at the theoretical contribution, this study, as one of the first in this topic, will help open a new perspective and direct further studies or researches on the matter. Indeed, as explained many times above, reporting is not something set in stone. How to report is something that varies a lot, depending on times, sector, companies, stakeholders, etc. With this thesis, we are able to assess that there is not only one truth – the situation is far away from that.
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ACCA website, 2011.
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Accounting for Sustainability 2011.


Reports


UPM Annual report 2009

IBM Corporate Sustainability Report 2009

Attachment 1: Outline of the interview questions

- What is your position (title, time in the position, time in the company)
- How familiar with CSR are you?
- Do you see a use in CSR report in general?/What use do you see in a CSR report?
- How many CSR reports are you reading (yearly/monthly)?
- Are UPM CSR reports read to your opinion?
  - By whom?
  - How heavily?
  - Is there feedback?
- Are you familiar with GRI? (If not, will follow a short description of it)
- Do you feel that GRI would bring more value to UPM’s report? Why? Why not?
- Which part of the actual report is the more valuable to your stakeholders?
- What is missing or could be made better from the current reports?
- Free comments about CSR reports in general
## Attachment 2: Completed materiality grid

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Attachment 3: Completed materiality grid

Figure 1: Application levels

Source: http://www.globalreporting.org/ReportingFramework/