

SUSTAINABILITY ENGAGEMENT AND INCENTIVIZATION FOR EMPLOYEES AT OATLY NORTH AMERICA

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Executive Summary

Companies are increasingly focused on building sustainability initiatives and implementing programs that address environmental and social issues while maintaining positive financial performance. While most companies have a specific sustainability team that sets and monitors a company's sustainability goals, engaging all employees on these initiatives is an important part of maximizing their impact. One effective way to approach employee engagement is by separating initiatives into the formal, psychological, and social dimensions. The formal dimension encompasses job descriptions and employment contracts; the psychological dimension encompasses rewards, expectations, and commitments; and the social dimension encompasses perception, values, and cultures.¹

This Master's Project aimed to establish a set of recommendations to increase employee engagement around sustainability for Oatly, a leading global oat milk company. Oatly has a strong set of company sustainability goals across three pillars: driving a food system shift, setting the example as a future company, and leading a plant-based revolution.² This project explores ways to increase employee engagement that support these three sustainability pillars across the formal, psychological, and social dimensions, based on sustainability engagement best practices by other leading sustainability companies.

We first assessed Oatly's current sustainability engagement practices, using a matrix format organized by Oatly team and engagement dimension to identify areas of strength and areas for improvement. The areas that Oatly currently has strong sustainability engagement are within the social and formal dimensions, specifically within the People and Transformation, Sustainability, Product Development, Communications and Public Affairs, Engineering and Continuous Improvement, Internal Manufacturing and Leadership, Coffee, and Creative teams.

We then used this same matrix format to identify leading sustainability engagement initiatives by 40 companies across a variety of industries. From this landscape analysis, we identified 70 sustainability engagement strategies, all with accompanying case studies. Finally, we analyzed these sustainability engagement strategies to pick out the top six strategies (two short-term and four long-term) as final recommendations for Oatly to implement. These final recommendations were chosen because they met the criteria of: fitting within Oatly's company culture; supporting Oatly's existing sustainability strategy, pillars, and ambitions; aligning with existing sustainability engagement strategies; and feasibility when considering time, cost, and resources. The two short-term recommendations are:

¹ Polman, P., & Bhattacharya, C. B. (2016). *Engaging employees to create a sustainable business (SSIR)*. Stanford Social Innovation Review. Retrieved October 2022, from https://ssir.org/articles/entry/engaging_employees_to_create_a_sustainable_business

² Allen, A. (n.d.). *Oatly Sustainability Update*. Oatly, The Original Oat Drink Company. Retrieved October 2022, from <https://www.oatly.com/en-us/sustainability>

1. The People and Transformation team should provide education and training around sustainability to employees, falling under the social dimension of engagement.
2. The People and Transformation team should create formal objectives for each employee laddering up to sustainability goals, also falling under the formal dimension of engagement.

The four long-term recommendations are:

1. The Executive Leadership team should establish an external sustainability advisory board, falling under the formal dimension of engagement.
2. The Product Development team should establish formal sustainability product guidelines, design principles, and evaluation tools, falling under the formal dimension of engagement.
3. The Product Development team should conduct sustainability hackathons to encourage employee involvement in sustainability solutions for company challenges, falling under the psychological dimension of engagement.
4. The Internal Manufacturing and Plant Leadership team should implement a program challenging manufacturing employees to submit sustainability ideas for plant operations, falling under the psychological dimension of engagement.

Table of Contents

- EXECUTIVE SUMMARY..... 2**
- INTRODUCTION..... 5**
 - EMPLOYEE ENGAGEMENT AROUND SUSTAINABILITY 5
 - SOCIAL, PSYCHOLOGICAL, AND FORMAL ENGAGEMENT..... 6
 - THE CLIENT: OATLY..... 6
- PROJECT OVERVIEW 9**
 - PROJECT IMPORTANCE..... 9
 - PROJECT OBJECTIVE..... 9
 - PROJECT DELIVERABLES 9
- METHODOLOGY..... 10**
 - OATLY MATRIX..... 10
 - LANDSCAPE ANALYSIS MATRIX..... 11
 - RECOMMENDATIONS 11
- FINDINGS 12**
 - OATLY MATRIX..... 12
 - LANDSCAPE ANALYSIS MATRIX..... 15
- RECOMMENDATIONS..... 17**
 - PEOPLE AND TRANSFORMATION..... 17
 - PRODUCT DEVELOPMENT 23
 - COMMUNICATIONS AND PUBLIC AFFAIRS 28
 - EXECUTIVE LEADERSHIP TEAM..... 30
 - FINANCE TEAM..... 33
 - US TECH HUB TEAM 33
 - SUSTAINABILITY TEAM 35
 - ENGINEERING/CONTINUOUS IMPROVEMENT TEAM..... 37
 - INTERNAL MANUFACTURING/PLANT LEADERSHIP TEAM 38
 - SUPPLY CHAIN PLANNING, LOGISTICS, INVENTORY, CO-PACKING & PROCUREMENT TEAM 40
 - COFFEE TEAM..... 41
 - CREATIVE TEAM..... 42
 - RETAIL TEAM 43
- DISCUSSION 44**
- OPPORTUNITIES & NEXT STEPS 51**
- WORKS CITED..... 52**

Introduction

Employee Engagement Around Sustainability

Sustainability— or “doing business without negatively impacting the environment, community, or society as a whole”— is becoming increasingly popular as evidence shows that strong sustainability performance is correlated with positive business outcomes.³ Within businesses, sustainability is often managed by implementing initiatives that address the environmental and social issues most material to a business, while ensuring financial performance is not compromised. Evidence has shown that adopting impactful sustainability initiatives creates competitive advantages for companies as consumers often prefer businesses that are more sustainable, and such initiatives often result in stronger stakeholder engagement, improved risk management, and increased innovation.⁴ With such outcomes, it is evident that integrating sustainability throughout an organization is a favorable business strategy.

Although a company may have a central sustainability department that leads and implements sustainability strategies across the organization, a company’s sustainability initiatives are most impactful if they are fully supported and pursued by all teams and individuals throughout the organization. The sustainability team for a company may be the “team leader” of initiatives and ideas, but all employees and teams across an organization need to implement and act on these plans.⁵

Some well-known companies leading in the sustainability sphere are Unilever, Patagonia, Nike, PepsiCo, Disney, and General Mills.⁶ These companies each vary their emphasis on the environmental, economic, and social aspects of sustainability, but they all have strong engagement with their employees and executives on sustainability issues. For example, Nike has successfully engaged employees to reduce waste through their “Reusable Dishware Program” that encourages employees to bring reusable lunch containers, as well as engaged factory workers by collecting feedback through their Engagement and Wellbeing Survey.⁷ Disney encourages employee engagement with their “Zero Waste to Landfill Sites” goal through education efforts, as well as a food recycling and waste program that converts employee food waste into electricity and fertilizer for the parks.⁸ Lastly, PepsiCo has multiple channels through

³ Spiliakos, A. (2018, October 10). *What is sustainability in business?*. Harvard Business School. Retrieved October 2022, from <https://online.hbs.edu/blog/post/what-is-sustainability-in-business>.; Fink, C., & Whelan, T. (2016, October 21). *The Comprehensive Business Case for Sustainability*. Harvard Business Review. Retrieved October 2022, from <https://hbr.org/2016/10/the-comprehensive-business-case-for-sustainability>.

⁴ Fink, C., & Whelan, T. (2016, October 21). *The Comprehensive Business Case for Sustainability*.

⁵ C. Edmonds, personal communication, October 2022.

⁶ *14 Best Sustainable Business Examples to Follow*. (2022, October 19). The Impact Investor | ESG Investing Blog. Retrieved October 2022, from <https://theimpactinvestor.com/sustainable-business-examples/>

⁷ *Prioritizing Worker Engagement and Wellbeing*. (2022, June 10). Nike. Retrieved October 2022 from, <https://about.nike.com/en/impact/initiatives/prioritizing-worker-engagement-and-wellbeing>.; *6 Examples of Sustainability in the Workplace (And Their Impact)*. (2020, July 2). Recycle Coach. Retrieved October 2022 from, <https://recyclecoach.com/blog/6-examples-of-sustainability-in-the-workplace-and-their-impact/>.

⁸ *2030 Environmental Goals*. (2022). The Walt Disney Company. Retrieved October 2022 from, <https://impact.disney.com/app/uploads/2022/01/disneyenvironmentwhitepaper.pdf>

which employees are encouraged to “Voice Opinions Fearlessly”, such as their Organizational Health Survey, Employee Confidence Index, and Life Cycle Surveys. PepsiCo takes a top-down approach to sustainability employee engagement, with executive level employees modelling the sustainability practices and attitudes they hope all employees will adopt.⁹ Within each of these companies, it is evident that engaging employees with sustainability is a core component to the business’ overall sustainability strategy and performance.

Social, Psychological, and Formal Engagement

One approach to engaging employees is to do so across three different dimensions: the formal, the psychological, and the social. The formal dimension encompasses job descriptions and employment contracts; the psychological dimension encompasses rewards, expectations, and commitments; and the social dimension encompasses perception, values, and cultures. Aligning personal and corporate values across these dimensions allows a company to effectively reach their sustainability goals.¹⁰

The Client: Oatly

The project client, Oatly, is a global food and beverage company known for its dedication to sustainability issues within the food industry and the world’s global food system. Founded in the 1990s, Oatly was formed when its founders used research from Lund University to create a non-dairy milk using oats. The company is headquartered in Malmö, Sweden, but has a North American presence and distributes its products in thousands of countries worldwide. Oatly creates a wide range of non-dairy, oat-based products including milk, yogurt, ice cream, and spreads. For this project, we are working directly with the North America Sustainability team, who all work remotely within the United States.

Oatly’s mission is to help people live healthier lives while minimizing the impact on the environment. To do this, they aim to shift consumer preferences towards oat milk and away from cow’s milk, as the dairy industry is one of the largest contributors to rising greenhouse gas emissions.¹¹ They have successfully scaled their business over the years, with their most recent annual performance showing a revenue increase of 52.6%.¹² In 2021, Oatly launched its IPO on

⁹ 5 Companies Engaging Their Employees Around Sustainability. (2015, October 21). Triple Pundit- The Business of Doing Better. Retrieved October 2022 from, <https://www.triplepundit.com/story/2015/5-companies-engaging-their-employees-around-sustainability/31371>; Employee Engagement. (2022, July 6). PepsiCo. Retrieved October 2022 from, <https://www.pepsico.com/our-impact/esg-topics-a-z/employee-engagement>

¹⁰ Polman, P., & Bhattacharya, C. B. (2016). *Engaging employees to create a sustainable business (SSIR)*. Stanford Social Innovation Review. Retrieved October 2022, from https://ssir.org/articles/entry/engaging_employees_to_create_a_sustainable_business

¹¹ *Oatly who?*. (n.d.). Oatly, The Original Oat Drink Company. Retrieved October 2022, from <https://www.oatly.com/en-us/oatly-who#what-is-oatly>

¹² *Oatly Reports Fourth Quarter and Full Year 2021 Financial Results*. (2022, March 9). Oatly, The Original Oat Drink Company. Retrieved October 2022, from <https://investors.oatly.com/news-releases/news-release-details/oatly-reports-fourth-quarter-and-full-year-2021-financial>

NASDAQ and started trading under the stock symbol OTLY. It started trading at \$17 a share, which implied a \$10 billion valuation at the time.¹³ While the company is proud to serve its shareholders, they believe they have an equally important role in building a sustainable society and protecting the world we live in.

Oatly's current sustainability objective is to drive a systemic shift in society in the ways people eat, food is produced, and the planet is treated. Laddering up to this objective are three pillars of action:

- 1) Driving a food system shift,
- 2) Setting the example as a future company,
- 3) And leading a plant-based revolution.¹⁴

Under each pillar, there are specific actions and ambitions that the company is working to fulfill.

1) Driving a food system shift

The ambition for this pillar is that “by 2029, Oatly’s food system will give back to nature and communities where [they] source by restoring carbon, improving biodiversity, and boosting farmers’ income.” Oatly believes this is an important ambition because the current global food production threatens communities, climate, and ecosystem resilience. And because Oatly is a buyer of oats, they feel a responsibility to source oats responsibly and develop more sustainable farming practices with their partners.¹⁵

To achieve this ambition, Oatly has outlined three key actions they will take. The first action is to invest in restorative and regenerative agricultural practices to support farmers and promote climate-friendly agriculture. The second action is to source 100% of their materials from the most sustainable options available. And lastly, they have created a “Lighthouse partnership with communities and other supply chain stakeholders to improve livelihoods and promote equity, fair working conditions and human rights—while restoring the natural environment and biodiversity.”¹⁶

¹³ Lucas, Amelia, May 20, 2021, *Oatly shares soar 18% in company's public market debut on Nasdaq*, Retrieved March 2023. <https://www.cnn.com/2021/05/20/oatly-ipo-otly-starts-trading-on-nasdaq.html#:~:text=Oatly%20priced%20its%20initial%20public,than%20doubled%2C%20reaching%20%24421.4%20million.>

¹⁴ Allen, A. (n.d.). *Oatly Sustainability Update*. Oatly, The Original Oat Drink Company. Retrieved October 2022, from <https://www.oatly.com/en-us/sustainability>

¹⁵ Oatly. (n.d.). *Drive A Food System Shift*. Drive a food system shift. Retrieved March 27, 2023, from <https://www.oatly.com/en-us/oatly-who/sustainability-plan/drive-a-food-system-shift>

¹⁶ Ibid.

2) Setting an example as a future company

The ambition for this pillar is that “By 2029, Oatly will reduce [their] climate footprint per liter of Oatly produced by 70% and align that ambition with a 1.5-degree C climate pathway.” They also have a secondary ambition to support this pillar that sees Oatly’s facilities meeting a “future company criteria” by 2029, where the facilities are operated sustainably and its employees and suppliers are treated fairly. Oatly cites the UN’s call for all businesses to accelerate the transformation toward a sustainable future as their primary motivator for this pillar of change.¹⁷

Oatly outlines the following actions to help them achieve this ambition. By 2029, they will develop criteria to make their factories sustainable, efficient, safe, and inclusive. This includes sourcing 100% renewable energy, shifting to 100% renewable transport, reducing water withdrawal by at least half from 4.3 liters per liter of Oatly in 2019, and eliminating waste to landfills by repurposing waste. They also outline specific actions for employees such as creating a safe and equitable space for personal growth, thought leadership, and transformational change.¹⁸

3) Lead a plant-based revolution

The final ambition involves Oatly leading an industry shift away from dairy products, with a milestone to shift 2.9 billion liters from dairy to Oatly between 2019 and 2025, saving up to 2.5 million tonnes of CO₂e.¹⁹ The Intergovernmental Panel on Climate Change (IPCC) warns that we have less than a decade to tackle climate change, and currently, food production accounts for about one-third of the world’s greenhouse gas emissions. Additionally, diets rooted in animal products are responsible for 85% of these greenhouse gas emissions and, given that 6 billion people in the world consume some kind of milk, Oatly believes they can drive significant change and positive impact.²⁰

To achieve this ambition, Oatly plans to demand climate action in public forums in the markets in which they operate and provide thought leadership to their consumers to inspire them to shift to plant-based diets. They also plan to engage with the finance community and demonstrate how investment in sustainable solutions can add value and improve performance.²¹

¹⁷ Oatly. (n.d.). *Set the example as a future company*. Set the example as a Future Company. Retrieved February 26, 2023, from <https://www.oatly.com/en-us/oatly-who/sustainability-plan/set-the-example-as-a-future-company>

¹⁸ Ibid.

¹⁹ Oatly. (n.d.). Empower a plant-based revolution. Retrieved March 27, 2023, from <https://www.oatly.com/en-us/oatly-who/sustainability-plan/empower-a-plant-based-revolution>

²⁰ Ibid.

²¹ Ibid.

Although Oatly has a robust sustainability strategy and clearly outlined goals across all three pillars of action, the business does not have an established strategy to drive sustainability engagement and incentivization for their own employees and executives across the organization. As mentioned above, it is critical that businesses develop strategies that align personal and corporate values within sustainability to ensure employees and executives are committed to the businesses' sustainability performance. Therefore, as further detailed below, the purpose of this project is to help Oatly develop a strategy that is focused on engaging their employees and executives with sustainability.

Project Overview

Project Importance

The importance of this project stems from the rising need for companies to make sustainability a priority for every employee in order to future-proof the organization. Companies who embed sustainability into their business model have not only seen financial improvement, but employee retention, productivity, and overall engagement have also improved. The challenge for most companies is that they lack the resources and/or expertise to embed sustainability into their employees' day to day work. Specific to our client, Oatly employees also assume that they are already doing enough by working for Oatly because it is considered a sustainable company as a producer of plant-based products. It is important that we help Oatly develop a tangible plan that engages their employees in sustainable action so that they can future proof the business and reach their 2029 sustainability goals.

Project Objective

The objective of this project is to develop a suite of recommendations that Oatly can implement to engage and incentivize employees and executives in sustainability throughout their North American business. These recommendations will be informed by best practices from leading sustainable businesses across various industries and will be aligned to each of the client departments' priorities and goals. The recommended strategies will help Oatly understand how to engage employees in sustainability through three dimensions of engagement:

1. Formal (job descriptions, employment contracts, performance agreements)
2. Psychological (rewards, recognition, expectations, commitment)
3. Social (perception, culture, values)

Project Deliverables

At the conclusion of this project, the MP team provided Oatly with three main deliverables:

1. A baseline matrix that outlines what strategies currently exist within Oatly to engage and incentivize employees within sustainability. This matrix outlines strategies across the

three dimensions of engagement (formal, psychological, social) that currently exist within each of the North America business departments. This matrix also helps Oatly identify the gaps in the current sustainability strategies and where there is opportunity to engage employees across the formal, psychological, and social dimensions.

2. A landscape analysis matrix that outlines best practices for incentivizing and engaging employees in sustainability across various industries. This matrix adheres to the same format as the baseline matrix mentioned above and outlines strategies across the three dimensions of engagement (formal, psychological, social). However, it instead outlines strategies that Oatly competitors and businesses outside of Oatly's industry implement that successfully drive employee and executive sustainability engagement.
3. A final set of recommendations for Oatly. This deliverable outlines the strategies across the three dimensions of engagement (formal, psychological, social) that the team recommends being implemented within each department at Oatly. This set of recommendations was determined based on the findings from the landscape analysis matrix and includes only the strategies that meet the following criteria: fitting within Oatly's company culture; supporting Oatly's existing sustainability strategy, pillars, and ambitions; aligning with existing sustainability engagement strategies; and feasibility when considering time, cost, and resources

The purpose of each of these three deliverables is to help Oatly understand how they are currently engaging employees within sustainability and where there are gaps, how their competitors and other market players are effectively driving sustainability engagement, and what best practices and strategies are most feasible to implement within their own business to further drive sustainability engagement within their North American business.

Methodology

Oatly Matrix

We first conducted a robust secondary research review of Oatly's resources that outlines their current sustainability goals, strategies, and recent sustainability performance. The resources reviewed were Oatly's most recent public sustainability reports, their public website that extensively covers their current sustainability strategy and 2029 goals, and internal resources that the client provided. The purpose of this research and data review was to help us develop a clear understanding of Oatly as a business and the main sustainability strategies and goals on which they are most focused.

After reviewing Oatly's sustainability resources, we conducted an internal engagement review with current Oatly employees assigned to an advisory team (hereafter referred to as "the advisory team") for the purposes of this project. This advisory team was composed of employees from a variety of departments who have significant involvement in or awareness of sustainability initiatives throughout the business. The purpose of this internal review was to further understand

the strategies that currently exist within the business to engage and incentivize employees in sustainability across Oatly's 17 different employee teams. The 17 different Oatly teams the MP team will be focusing on are the following: 1) People and Transformation, 2) Commercial Strategy, 3) Retail Team, 4) US Tech Hub, 5) Finance, 6) Quality, 7) Engineering/Continuous Improvement, 8) Internal Manufacturing/Plant Leadership, 9) Food Service, 10) Supply Chain Planning, Logistics, Inventory, Co-packing & Procurement, 11) Coffee, 12) Sustainability, 13) Creative, 14) Product Development, 15) E-Commerce/D2C, 16) Communications + Public Affairs, and 17) Executive Leadership. Through this research and analysis, we identified strategies that currently exist at Oatly across the social, psychological, and formal dimensions of sustainability engagement. The results of this analysis were collected and delivered through the baseline Oatly matrix, which will be described in more detail in the *Findings* section of this document. Once this matrix was complete, a gap analysis was conducted to identify areas of strength in Oatly's current sustainability engagement strategies and areas with opportunities to engage employees further across the formal, psychological, and social dimensions.

Landscape Analysis Matrix

Once the internal engagement with the Oatly advisory team was complete and the baseline matrix was delivered to Oatly, we conducted an extensive landscape analysis. This landscape analysis involved researching the existing sustainability engagement and incentivization strategies implemented by 40 companies, including Oatly competitors within the dairy alternative industry, leading sustainable business across other industries, and large institutions (such as universities). Similar to the internal engagement review, this research and data analysis process was focused on sustainability engagement strategies that fall across the social, psychological, and formal dimensions of engagement. The results of this analysis were delivered in a format aligned with the Oatly matrix. To stay consistent with the Oatly matrix format, teams from other companies' teams were categorized into the most similar Oatly team. Leading businesses across various industries that would be the most informative to analyze for this project were identified by the MP team. Data was sourced from publicly available documents (e.g., annual company reports, sustainability reports, articles) that contain information regarding the sustainability strategies of Oatly competitors and other leading sustainable businesses.

Recommendations

After conducting the landscape analysis and identifying sustainability engagement strategies from Oatly competitors and other industries, these strategies were further analyzed to decide which of these strategies would be effective and feasible within Oatly's organization. We used these findings to develop specific recommendations for Oatly to implement to incentivize and engage employees with sustainability across different Oatly teams and the three dimensions of engagement. The final analysis and set of recommendations were delivered to the client, which will be described in more detail in the following section of this document.

Findings

Oatly Matrix

After we reviewed Oatly's sustainability resources and discussed current sustainability engagement initiatives with the advisory team, the Oatly Baseline Matrix was developed (*Figure 1, Figure 2*). The Oatly matrix highlights where Oatly currently has strong sustainability engagement initiatives across specific Oatly departments and the three dimensions of engagement. The boxes highlighted in green represent well-developed, effective strategies that already exist within Oatly and have proven successful in driving sustainability engagement within the company. The boxes highlighted in yellow represent strategies that currently exist at Oatly but have opportunity for improvement.

Through this matrix analysis, we identified that Oatly has notably strong sustainability engagement initiatives in the social dimension across the People and Transformation, Sustainability, Product Development, Communications and Public Affairs, Coffee, and Creative teams. They also have strong sustainability engagement in the formal dimension across the Communications and Public Affairs, Engineering and Continuous Improvement, Internal Manufacturing and Plant Leadership, and Coffee teams.

A few examples of some of Oatly's most effective sustainability engagement strategies that we learned of are discussed in the remainder of this section.

An important practice that the Sustainability team currently does is travel to in-person team workshops to inform other teams across the Oatly North American business how their work and roles fit into Oatly's sustainability ambitions. This is a critical engagement initiative by the Sustainability team, as it ensures all employees understand how their work can support the company's sustainability initiative, even if sustainability isn't part of their official job description. By strengthening this understanding and awareness for all employees, the Sustainability team is creating a stronger culture of sustainability within Oatly. Additionally, it is important to note that the company's Sustainability leadership is included within Oatly's Executive Management team. This is a critical way of creating a culture of sustainability within the company, as it solidifies the fact that sustainability is prioritized and integrated into Oatly's overarching business strategy and leadership agenda²².

Additionally, Oatly's People and Transformation team is currently responsible for various sustainability engagement initiatives within the business. Most notably, during onboarding and orientation of new hires, the People and Transformation team ensures there are discussions about the importance of sustainability within Oatly and distributes a packet of Oatly's guiding principles, which includes sustainability. This is a critical engagement initiative that the People and Transformation team is responsible for as it ensures all new hires at Oatly understand the

²² Personal Communication, C. Edmonds & Oatly Advisory Team, Nov 2022

importance of sustainability to Oatly's core business initiatives and values, as well as highlighting sustainability at the forefront of Oatly's culture²³.

Within the Product Development team, the most effective sustainability engagement strategy that exists today is the team's practice of including sustainability issues within the discussion of new products, ingredients, and packaging. This is a critical practice to formally make sustainability part of more employees' jobs outside of the Sustainability team, as it ensures that the Product Development employees are aware of the most material sustainability issues for Oatly and focus on developing products and packaging that best support Oatly's sustainability goals.²⁴

Oatly's Communications and Public Affairs team is also currently responsible for various sustainability engagement initiatives. One specific practice is their "In the Weeds" program, which is a monthly speaker series discussing different topics across sustainability. This program has already had significant engagement with Oatly employees, and the team plans to continue developing it to ensure sustainability engagement and education is strengthened within the company. Additionally, the Communications and Public Affairs team manages the OatNet, Oatly's internal intranet, in which valuable sustainability resources from the "In the Weeds" speaker series are documented and archived. This is a critical practice that ensures Oatly employees can continue learning about the various sustainability issues being discussed within the company. Lastly, the Communications and Public Affairs team recently launched the "Sustainability Scholars Program" within the company's manufacturing plants. This program synthesizes the content from the "In the Weeds" speaker series into slides, and digitally displays the information within the plants for the manufacturing employees to learn about the various sustainability topics. The manufacturing employees can then test their knowledge of these sustainability topics and are incentivized to participate with an award of Oatly merchandise. As of now, this program has seen limited engagement, but it is an initiative that the team hopes to expand and develop within the manufacturing facilities to increase sustainability engagement within the company.²⁵

Lastly, both the Engineering/Continuous Improvement team and the Internal Manufacturing/Plant Leadership team are formally engaged with Oatly's sustainability strategies. Specifically, both departments are responsible for supporting the company's target setting and tracking of energy and water usage. This is an effective way of engaging employees with Oatly's energy and water targets, as the formal process ensures these departments are focused on Oatly's energy and water usage and ultimately are engaged with the company's critical sustainability goals.²⁶

²³ Ibid.

²⁴ Personal Communication, C. Edmonds & Oatly Advisory Team, Nov 2022.

²⁵ Ibid.

²⁶ Ibid.

Once we reviewed all the sustainability engagement practices that currently exist within Oatly, we used this matrix to conduct a gap analysis to identify opportunities for sustainability engagement improvement and guide our focus for the landscape analysis research.

Oatly Baseline Matrix				
Oatly Team	Team Role	Social	Psychological	Formal
Sustainability	Defines and implement sustainability strategies in region	How to get people to understand to be a sustainable company we need to do more than just produce oat milk		
		Traveling to in person team workshops to describe how other teams fit into our sustainability ambitions		Lead process to embed sustainability into teams' job descriptions, org charts, work plans and individual performance goals
		Trainings on how to use PCF and LCA with external parties		
		Sustainability team describing recent updates on regular team mtgs		
		Focus on expanding PCFs Sustainability leadership part of Executive Management		
People and Transformation	Human resources equivalent: focuses on hiring, onboarding, comp and benefits, sustaining and improving culture, how we work together, etc	Connecting sustainability with DEI and social justice through conversations about environmental racism and climate justice		Sustainability discussions during orientation; receive packet of Oatly's guiding principles (including sustainability) during onboarding
		Talking about how people join Oatly because of the sustainability values		3 must wins, opportunity to make this more formal
Product Development	Product engineering of existing products as well as development and testing of new products	Including sustainability in the discussion of new products, ingredients, and packaging		
Communications + Public Affairs	Comms focuses on press inbound and outbound, public affairs focuses on policy, legislation, coalitions and movements related to our values	"In The Weeds" monthly speaker series, Oatnet archives all this content	Sustainability scholars program at the manufacturing plants (see below)	CO2 and legislative agenda prioritizes sustainability, nutrition and plant based alternatives
		Biweekly newsletter includes section for sustainability updates		Podcasts, conferences, press, and social media presence centering Oatly's sustainability narrative
				What types of public affairs campaigns are most successful from CPG companies
Finance	Manages accounting and financial controlling, manages forecast and actuals for revenue and spending	Leadership of financial team leading by example that their job is to help sustainability work succeed		Finance has asked for sustainability indicators of CAPEX projects to be weighed alongside economic indicators
US Tech Hub	Information technology equivalent, supports hardware and software systems			
Engineering/Continuous Improvement	Operation and improvement of plant equipment, including consumption of utilities	Eng explicitly calculates environmental payback and looks for sustainability related savings when prioritizing and budgeting projects		Formally included in target setting and tracking of energy and water performance targets
Internal Manufacturing/Plant Leadership	Manages plant operations for throughput and other priorities including sustainability	Opportunity: expand on "sustainability ambassadors" at the plants to create the culture	Have sustainability Scholars program (kahoot quiz with prizes) at the manufacturing plants, but has minimal engagement; Green Catch program implemented, but no submissions yet	KPIs tracked on energy and water and renewables with expected goals to be met

Figure 1. Oatly Baseline Matrix

Oatly Baseline Matrix				
Oatly Team	Team Role	Social	Psychological	Formal
Supply Chain Planning, Logistics, Inventory, Co-packing & Procurement	Manages transportation, warehousing of finished goods prepared by Oatly and copackers; co-packing manages contract manufacturing partnerships, and procurement organizes purchasing			Farm Framework: supporting procurement to build the capacity to accomplish our sourcing goals
Quality	Oversees ingredients and product preparation to ensure safety, health, and accuracy of product and package, prepares plants for audits, etc			
Commercial Strategy	Directs sales strategy to help define product types, markets, and sales approach			
Coffee	Manages customer accounts with coffee people and coffee shops, including events and other support	Sustainability and social justice valued tremendously by market managers working from small coffee shops to large partner orgs, including BIG idea grant shows how important sustainability leadership is for partners		Oat milk as default partnership to encourage conversion and plant based thinking amidst coffee channel
Creative	Invents and organizes campaigns, visual art and multimedia assets, installations and events	Focus on sustainability minded campaigns such as ReRuns, Trashoween, and reusing/recycling merch, expo materials Focusing their message on telling the Oatly sustainability story		
Retail Team	Manages and expands retail customer accounts to maintain existing customers and expand where Oatly is sold, including conferences and product expos			
Food Service	Manages accounts and sales with food service customers			
E-Commerce/D2C	Manages website sales direct to consumer			

Figure 2. Oatly Baseline Matrix (cont.)

Landscape Analysis Matrix

The landscape analysis matrix identified ways that other companies, both competitors and in other industries, engaged their teams in sustainability across the three dimensions. The full landscape analysis matrix is presented in *Figure 3* and *Figure 4*, with significant trends and highlights detailed here. For the Landscape Analysis matrix, a total of 70 recommendations were identified. A large amount of sustainability engagement initiatives in the social dimension was found across the Sustainability, People and Transformation, Communications and Public Affairs, Executive Leadership, and Supply Chain and Procurement teams. A significant amount of engagement initiatives in the psychological dimension was found across the Sustainability, Communications and Public Affairs, Engineering and Continuous Improvement, and Internal Manufacturing and Plant Leadership. Lastly, a large amount of sustainability engagement

initiatives in the formal dimension was found across the People and Transformation, Product Development, Executive Leadership, Finance, US Technology Hub, and Creative teams.

Landscape Analysis Matrix				
Oatly Team	Team Role	Social	Psychological	Formal
People and Transformation	Human resources equivalent: focuses on hiring, onboarding, comp and benefits, sustaining and improving culture, how we work together, etc	1. Provide education/training courses around sustainability to employees	1. Provide a rewards/recognition system for sustainable action and volunteering	1. Provide employee professional development programs that incorporate sustainability skills into their career paths
		2. Regularly survey employees to understand employee sentiment and outlook around company sustainability, along with other components of company		2. Financially support employees' peaceful environmental activism
		3. Create a volunteer employee resource group (ERG) dedicated to sustainability		3. Create formal objectives for each employee ladder up to sustainability goals, incorporating the 4 Personas of Sustainability
		4. Have yearly community work days volunteering with environmental partners in employees' local communities		4. Provide employee health and wellness benefits tied to sustainability, such as sustainable living credits
Product Development	Product engineering of existing products as well as development and testing of new products	1. Implement software/system that allows all employees to collaborate/present ideas/innovations for a challenge a company is facing	1. Sustainability Hackathons to get employees to submit sustainability solutions for company challenges	1. Establish formal sustainability product guidelines/design principles for all product design
				2. Training and workshops on upskilling for sustainability/circular design
				3. Setting up cross-functional teams to determine sustainable product design decisions
Communications + Public Affairs	Comms focuses on press inbound and outbound, public affairs focuses on policy, legislation, coalitions and movements related to our values	1. Regularly evaluate communication channels for internal communication around sustainability by talking to employees to figure out what the best communication strategy is for them	1. In newsletters, recognize and celebrate teams that have significantly contributed to company's sustainability progress	1. Donate a % of annual profits to charities/organizations (related to sustainability)
		2. Set up a wiki for sharing sustainability knowledge and communication	2. Run employee awareness campaigns for reminders of ways that employees can be more sustainable	
		3. Make sure all external and internal comms around sustainability goals and progress are consistent to maintain sense of trust and transparency		
Executive Leadership Team		1. Collaborate with universities to improve credibility and excellence		1. Tie executive compensation to some measure of sustainability performance
		2. Regularly hold town halls with Executive Team/local leadership for employees to ask leadership questions on issues of concern, including sustainability		2. Increase sustainability expertise on board through new appointments and training
				3. Prioritize/create playbook of what needs senior leadership engagement and what can be done within leadership
				4. Establish a C-suite sustainability council that helps execute decisions when central sustainability team is struggling with a specific initiative/strategy
				5. Create an external Sustainability Advisory Board
Finance	Manages accounting and financial controlling, manages forecast and actuals for revenue and spending			1. Implement a green finance framework/sustainable finance instruments within the company to hold the business accountable for sustainable progress
				2. Have the finance team set an internal price on carbon. These funds collected from the carbon price can then be utilized to advance sustainability projects
				3. Have the CFO/finance teams involved in determining how sustainability projects create value for the company
				4. Own sustainability reporting to identify financial risks and opportunities
US Tech Hub	Information technology equivalent, supports hardware and software systems	1. Have IT management teams communicate how the hardware an employee is receiving is connected to company sustainability efforts, and also provide instructions on how to use and care for their equipment so it		1. Make the cloud green
				2. Implement circular economy practices with vendors and service providers and work with source/procurement team to improve e-waste management, increase reuse, refurbishment, and component harvesting
				3. Have IT teams implement policies that prolong IT asset life by taking control of hardware upkeep
				4. Consult with IT teams to automate the data collection needed for sustainability efforts
Sustainability	Defines and implement sustainability strategies in region	1. Regularly communicate company sustainability strategy at company-wide live events, provide updates and progress on strategy	1. Hold eco-challenge events around Earth Day to gamify personal sustainability for employees	
		2. Allow employees to participate in company's future direction of sustainability strategy	2. Highlight more of what leadership/direct employees are doing within the sustainability report	

Figure 3. Landscape Analysis Matrix

Landscape Analysis Matrix				
Oatly Team	Team Role	Social	Psychological	Formal
Engineering/Continuous Improvement	Operation and improvement of plant equipment, including consumption of utilities		1. Implement a program challenging employees to submit sustainability ideas for plant equipment/utilities 2. Run employee awareness campaigns for reminders of ways that employees can be more sustainable	1. Obtain building certifications (e.g. LEED, WELL) 2. Provide employee opportunities to obtain LEED or other sustainability building certifications
Internal Manufacturing/Plant Leadership	Manages plant operations for throughput and other priorities including sustainability		1. Implement a program challenging manufacturing employees to submit sustainability ideas for plant operations 2. Run employee awareness campaigns for reminders of ways that employees can be more sustainable	
Supply Chain Planning, Logistics, Inventory, Co-packing & Procurement	Manages transportation, warehousing of finished goods prepared by Oatly and copackers; co-packing manages contract manufacturing partnerships, and procurement organizes purchasing	1. Have collaborative engagements with supply chain partners to share sustainably-related best practices and innovations 2. Task a point person or procurement staff with extending the company's sustainability program to first- and lower-tier suppliers 3. Engage in industry associations that collaborate with competitors to develop sustainability standards, provide assessment tools, and offer training to first-and lower-tier suppliers	1. Educate/screen suppliers on sustainability issues and provide incentives for implementing sustainability practices	1. Establish a sustainable procurement policy/charter 2. Provide training/upskilling on sustainable procurement and engaging suppliers for internal teams 3. Sustainability scorecard for suppliers and local procurement teams
Quality	Oversees ingredients and product preparation to ensure safety, health, and accuracy of product and packages, prepares plans for audits, etc		1. Implement a program challenging employees to submit sustainability ideas for product preparation	
Commercial Strategy	Directs sales strategy to help define product types, markets, and sales approach			1. Develop sustainability criteria/guidelines for each customer type, and incentivize sales teams with additional commission for meeting a certain threshold of criteria
Coffee	Manages customer accounts with coffee people and coffee shops, including events and other support	1. Provide education opportunities on the coffee industry and how sustainability/oat milk plays a role		1. Develop sustainability criteria/guidelines for each customer type, and incentivize sales teams with additional commission for meeting a certain threshold of criteria 2. Establish formal communication/feedback channel (like an NPS score) that allow customer accounts to provide feedback on how Oatly is meeting their needs, including sustainability goals and objectives
Creative	Invents and organizes campaigns, visual art and multimedia assets, installations and events			1. Establish a framework to reflect diversity and sustainable action in any creative work 2. Be selective about creative production partners and clients
Retail Team	Manages and expands retail customer accounts to maintain existing customers and expand where Oatly is sold, including conferences and product expos			1. Develop sustainability criteria/guidelines for each customer type, and incentivize sales teams with additional commission for meeting a certain threshold of criteria 2. Establish formal communication/feedback channel (like an NPS score) that allow customer accounts to provide feedback on how Oatly is meeting their needs, including sustainability goals and objectives
Food Service	Manages accounts and sales with food service customers			1. Develop sustainability criteria/guidelines for each customer type, and incentivize sales teams with additional commission for meeting a certain threshold of criteria 2. Establish formal communication/feedback channel (like an NPS score) that allow customer accounts to provide feedback on how Oatly is meeting their needs, including sustainability goals and objectives
E-Commerce/D2C	Manages website sales direct to consumer			1. Develop sustainability criteria/guidelines for each customer type, and incentivize sales teams with additional commission for meeting a certain threshold of criteria 2. Establish formal communication/feedback channel (like an NPS score) that allow customer accounts to provide feedback on how Oatly is meeting their needs, including sustainability goals and objectives

Figure 4. Landscape Analysis Matrix (cont.)

Recommendations

The data collected for the Oatly matrix and gap analysis were then used to identify initiatives from the landscape analysis that should be recommended to Oatly and would be feasible for Oatly to implement. Through this process, we identified an initial set of 27 recommendations that was further refined into 6 final recommendations. The initial recommendations are detailed below, organized by Oatly team, and the final recommendations are highlighted in the *Discussion* section of this paper.

People and Transformation

Oatly's People and Transformation team is responsible for hiring, onboarding, and cultivating team culture. Through employee trainings and contracts, there are multiple avenues through which the People and Transformation team can be more engaged on sustainability, as well as actions they can take to engage other employees on sustainability. These avenues are detailed in the recommendations below.

1. Provide education and training around sustainability to employees (social)

Many company employees may want to be more involved in sustainability both in the workplace and their daily lives but are unsure of where to start. Providing education and training specific to sustainability practices will aid employees in figuring out how to

incorporate sustainable practices into their routines, helping them go beyond simply working at a company that makes a sustainable product. Specifically, Oatly can use existing guides to help build their educational materials, such as Project Drawdown’s Job Function Action Guides. This resource is separated into checklists for different teams in a company, including Finance, Government Relations and Public Policy, Human Resources and Operations, Legal, Marketing, Procurement, and Sales and Client-Facing Roles. Each checklist contains ideas about how different teams can implement sustainable concepts and practices into their daily tasks.²⁷ The purpose of these guides is to encourage employees to think of their job as a “climate job”. This strategy is actionable for Oatly because these sustainability trainings and guides can be added to existing trainings that employees are required to take every year. This form of engagement is in the social category because it aids in creating a more sustainable employee culture.

There are companies that have successfully implemented sustainability trainings as part of their employee engagement, such as Microsoft. In October 2021, Microsoft launched an all-employee learning course containing four hours of content focusing on water, waste, carbon, and ecosystems. Upon completing this sustainability course, employees receive a Sustainability in Action badge. The intent of creating this course and badge system was to encourage employees to become daily champions of sustainability in the workplace and in their personal lives. This program has seen great success; in the first two months since launching over 3,000 employees completed this training and received their badges.²⁸ Employees can also share their badges to LinkedIn to display their accomplishment to colleagues. The Sustainability in Action badge is also listed in the 2023 Microsoft EcoChallenge as a task that employees can complete to learn more about and engage in sustainability.²⁹

Like Microsoft has done, Oatly’s People and Transformation can develop a similar training program that is tailored to each department, to ensure that all employees are equipped with the knowledge of why and how sustainability matters to their role. Additionally, pairing it with a similar Sustainability in Action badge that Microsoft does would fit well into the remote, digital culture at Oatly, as employees will be able to visually share their learning achievements through the digital tools the company uses for employees to stay connected. This type of reward and recognition practice will help motivate employees to participate and make employees feel part of a shared culture of sustainability. Overall, this education and training program will strengthen employee’s

²⁷ *Job Function Action Guides*. (n.d.). Project Drawdown. Retrieved March 4, 2023, from <https://www.drawdown.org/programs/drawdown-labs/job-function-action-guides>

²⁸ *2021 Environmental Sustainability Report*. (2021). Microsoft. Retrieved February 23, 2023, from <https://query.prod.cms.rt.microsoft.com/cms/api/am/binary/RE4RwfV>.

²⁹ *ibid*.

knowledge about sustainability, clarify how they can utilize their skills to support Oatly's sustainability goals, and ultimately develop the company's culture of sustainability.

2. Regularly survey employees to understand employee sentiment and outlook around company and individual-level sustainability (social)

Surveying employees annually for happiness, productivity, and well-being is common practice among companies, however attitudes on sustainability are not always a part of these surveys. Adding questions to their annual survey around employee sentiment towards company and individual sustainability will encourage Oatly employees to give feedback and reflect on sustainability initiatives. This will engage employees in the social dimension because it will influence, as well as uncover, employees' thoughts and perceptions on sustainability engagement. This strategy is recommended for Oatly because they already have an annual survey sent out to all employees to which sustainability questions could be added.

Some leading companies that have successfully engaged employees through annual surveys are Unilever and Patagonia. Unilever is a multinational consumer goods company that has successfully implemented a survey to understand employee thoughts and ideas. Unilever's annual UniVoice Survey seeking to understand employee sentiment has a response rate of 82%, with 90,000 employees across the company taking part in the survey in 2021.³⁰ Feedback from the UniVoice survey is then used to create programs and policies to improve employee experience.³¹

Patagonia is an outdoor apparel and gear company who has a yearly digital survey focused on feedback. This survey is sent out to all employees and encourages them to give feedback on how they feel about the alignment of the leadership teams' actions and their values. The results of this survey are used to understand employee sentiments and analyze the leadership teams' actions towards their mission, with some of their long-term bonuses and incentives depending on the responses.³² In general, giving and getting feedback is shown to improve performance, increase ownership of professional

³⁰ *Our Company*. (n.d.). Unilever. Retrieved December 2022, from <https://www.unilever.com/our-company/>;
Engaging with Stakeholders. (n.d.). Unilever. Retrieved December 2022, from <https://www.unilever.com/planet-and-society/responsible-business/engaging-with-stakeholders/>.

³¹ *Board workforce engagement*. (July 2021). Unilever. Retrieved December 2022, from <https://www.unilever.com/files/origin/219acda8b2b5c6a274fec41dc8e9ce7593b26e81.pdf/board-workforce-engagement-policy-en.pdf>.

³² Davies, J. (18 April 2019). *Why HR 'doing things differently' is the norm at Patagonia*. Qualtrics. Retrieved December 2022, from <https://www.qualtrics.com/blog/at-patagonia-doing-things-differently-the-norm/>.

development, diffuse office conflicts, and increase employee engagement.³³ Therefore, Oatly could gain insight into employee mindsets, boost performance, and increase engagement on sustainability by adding sustainability-related questions to their annual questionnaire.

3. Create a volunteer employee resource group (ERG) dedicated to sustainability (social)

Employee resource groups (ERGs) are volunteer groups of employees that come together because of common interests and goals, often geared towards building community and conversation around a certain topic. Environmental (or sustainability) focused ERGs are becoming more common as awareness of climate change and the importance of sustainability efforts in corporate settings is becoming more widespread. Environmental ERGs have been created by employees across a wide spectrum of company sectors and sizes, including those who already have a sustainability team. These environmental ERGs are a space for employees whose primary job functions are not on the sustainability team, but who are passionate about the topic, to engage in conversations, brainstorming, and education around environmental sustainability.³⁴ This form of engagement is on the social dimension, as it creates a space for employees to share and form their perceptions and thoughts around this topic.

Two examples of sustainability or environmental ERGs are Microsoft, LinkedIn, and The Denver Foundation. Microsoft is a technology company with an environmental ERG, the “Sustainability Connected Community”, that has 5,000 members across 32 regional chapters. This group is committed to making sustainability a part of every employee’s job, driving sustainability initiatives to educate and engage employees in the advancement of the company’s sustainability goals.³⁵ The mission of the Sustainability Connected Community’s mission is to “make sustainability part of everybody’s job.

LinkedIn, a professional networking platform for business and employment topics and a subsidiary of Microsoft, also has a sustainability-focused ERG.³⁶ The Go Green sustainability engagement program at LinkedIn has similar goals of engaging employees throughout the company to take individual level sustainability actions and includes 12.5%

³³ Miles, M. (25 August 2022). *5 benefits of feedback- and why it matters*. BetterUp. Retrieved December 2022, from <https://www.betterup.com/blog/benefits-of-feedback>.

³⁴ Rolf, S., Schlachter, S., & Welbourne, T. (July 2016). Leading Sustainable Global Change from Within: The Case of Environmental Employee Resource Groups. *Employment Relations Today* 42(3), 17-23. DOI: 10.1002/ert.21564.

³⁵ *2021 Environmental Sustainability Report*. (2021). Microsoft.

³⁶ *About LinkedIn*. (n.d.). LinkedIn. Retrieved December 2022, from <https://about.linkedin.com>.

of employees throughout 26 chapters.³⁷ The Denver Foundation has an ERG geared towards education on sustainability related topics, specifically those relevant to Colorado.³⁸

Establishing a volunteer-led sustainability employee resource group at Oatly will allow all employees to participate in sustainability, even if it's not part of their official job description. Like Microsoft and LinkedIn, this has the potential to strengthen the culture of sustainability at Oatly, increase opportunities for sustainability learnings, and ultimately engage employees outside of the sustainability team on the company's sustainability goals.

4. Create formal objectives for each employee ladder up to sustainability goals (formal)

Having a system that helps employees formulate their goals regarding sustainability will help them think about sustainability in new ways, as well as what they can do to achieve those goals. Without formal structure and guidance, sustainability may get cast to the side in favor of more obvious day to day concerns. Implementing a structure of sustainability goals and objectives would allow Oatly to guide their employees in their sustainability trainings, goal setting, and education. This strategy would be in the formal category, because it acts as a performance objective for employees to work towards.

Innocent Drinks, a UK-based juice and smoothie company currently has a system in place that encourages their employees to set objectives to get involved in different areas like sustainability. In the 2019 Good All Around report, they added to their “force for good” objectives by updating the sustainability roles that employees can take on. The defined sustainability roles act as ways for employees to get involved.³⁹ The four roles are:

1. Agitator – looking out for how to be a more responsible business.
2. Ambassador – sharing our force for good work with others.
3. Activator – delivering a specific element of our force for good work.
4. Protector – guarding our approach to being a responsible business.

These newly edited and improved roles are more in line with Innocent's B Corp ambitions and give employees more areas to get involved with beyond sustainability. Another driving force behind editing these four roles is to increase the number of

³⁷ 2021 Environmental Sustainability Report. (2021). Microsoft.

³⁸ Rolf, S., Schlachter, S., & Welbourne, T. (July 2016). Leading Sustainable Global Change from Within: The Case of Environmental Employee Resource Groups.

³⁹ Good All Around Report 2019. (2020). Innocent Drinks. Retrieved February 23, 2023, from <https://www.innocentdrinks.co.uk/content/dam/innocent/gb/en/files/innocent-good-all-round-report-2019.pdf>

employees who set a sustainability objective. In 2019, 86% of a sample of 10% of Innocent employees set a sustainability objective, and the company wants to get this number to 90% in 2020. Changing the roles served as a relaunch of the force for good objectives, reminding employees to pay attention to and set sustainability objectives.⁴⁰ Innocent Drinks' 2020 Good All Around report stated that they fell slightly short of their 90% goal, landing at 88% of employees setting a sustainability objective.⁴¹ Nonetheless, this was an improvement from 2019 and demonstrates employees' interest in engaging with sustainability. Establishing a similar persona system at Oatly that defines the type of role an employee can play in the company's goal will be an effective strategy to engaging all employees in sustainability and increasing ownership of sustainability action across the organization.

5. Provide employee benefits tied to sustainability (formal)

Employee health and wellness benefits nowadays include more than just medical coverage. Companies can and have begun providing additional health and wellness benefits by incorporating these principles into the workplace. Oatly can provide sustainability benefits or rebates for employees in addition to medical benefits, in the form of an add-on plan or bonuses. This would be a formal recommendation, as it would be part of employees' contracts.

Dr. Bronner's is an American company that produces organic soaps and personal care products. They are setting the standard in including sustainability in their employee health and wellness packages. A benefit that Dr. Bronner's employees enjoy is a \$1,000 rebate on the purchase of an electric vehicle, as well as electric vehicle charging stations at work. They also offer plant-based, vegan meals at work for employees as well as more traditional but expansive health and wellness benefits like no-deductible PPO health insurance plans, dental and vision insurance, and access to a variety of mental health therapies.⁴² Dr. Bronner's goes above and beyond in providing comprehensive health and wellness benefits for their employees, managing to seamlessly incorporate sustainability as part of its bonuses. The Clorox Company also has a program that provides a "green living" bonus to its employees, giving them \$150 of credit to spend towards sustainable lifestyle choices like composting services and installing solar panels in their homes.

⁴⁰ *Good All Around Report 2019*. (2020). Innocent Drinks. Retrieved February 23, 2023, from <https://www.innocentdrinks.co.uk/content/dam/innocent/gb/en/files/innocent-good-all-round-report-2019.pdf>

⁴¹ Ibid.

⁴² *Love, justice, and other progressive business practices*. (n.d.). Dr. Bronner's. Retrieved February 23, 2023, from <https://www.drbronner.com/blogs/our-employees/progressive-business-practices>

Product Development

Oatly's product development team is responsible for the engineering of existing products, as well as development and testing initiatives of new Oatly products. Because product design decisions can have a significant impact on the sustainability performance and capability of Oatly's products, there are various strategies that the Product Development team can implement. Such strategies have strong potential to encourage sustainability innovation from employees and ensure Oatly's products make sustainable, long-lasting change once they reach consumer's hands. In the following section, a set of recommendations have been outlined that Oatly can implement to encourage sustainability engagement from Product Development team members either through the formal, social, or psychological dimensions.

6. Establish formal sustainability product guidelines, design principles, and evaluation tools for Oatly's product development team (formal)

Product design decisions play an integral role in determining the overall sustainability of a product. It has been estimated that almost 80 percent of a product's environmental impacts can be attributed to the policies and decisions made in the product's design phase.⁴³ Therefore, aligning employees around sustainability-related principles and providing tools to evaluate product sustainability can enable Oatly's Product Development employees to effectively engage with sustainability in their formal job responsibilities and ensure the products they're delivering have minimal environmental impacts.

A strong example of implementing sustainability principles into the product development phase is IKEA's circular product design principles. IKEA, a home furnishing store focused on adopting an entirely circular business by 2030, has established formal design principles to eliminate waste by enabling their products to be easily reused, refurbished, remanufactured, and recycled.⁴⁴ These four R's, what IKEA defines as their circular loops, have a strong influence on how the company meets customer's needs, what products and services they provide, how they source materials, and how their overall supply chain is developed. The eight principles that IKEA has developed fall into at least one of the circular loops and include design topics such as renewable or recycled materials, standardization, remanufacturing, and recyclability. After IKEA created these design principles, the company assessed and scored each of its home furnishing products across all 8 principles, determining the long-term strategy and roadmap for achieving a

⁴³ European Commission. (n.d.). *Sustainable product policy*. EU Science Hub. Retrieved February 26, 2023, from https://joint-research-centre.ec.europa.eu/scientific-activities-z/sustainable-product-policy_en

⁴⁴ IKEA. (n.d.). *IKEA designs for circularity*. What does 'circular design' mean to IKEA? Retrieved February 26, 2023, from <https://about.ikea.com/en/sustainability/a-world-without-waste/designing-for-a-circular-future>

circular business transformation by 2030.⁴⁵ Although not all of IKEA's principles are relevant to Oatly, as their products significantly differ from a home furnishing company, there are still many principles Oatly can adopt to eliminate waste from their product's packaging materials.

Another example of a company that formally implemented sustainability design principles and provided employees with a critical product evaluation tool is Cisco, a digital communications technology company. Cisco has outlined their Circular Design Principles across five focus areas, which are 1) Material use, 2) Standardize and modularize, 3) Packaging and accessories, 4) Smart energy consumption, and 5) Design for disassembly, reuse, and repair. The company has set a goal to incorporate these principles into 100 percent of their products and packaging by 2025.⁴⁶ Additionally, by developing an evaluation methodology and tool to track progress towards this goal, Cisco has already evaluated 13 percent of their new product and packaging designs against the methodology, with 33 percent of those successfully meeting their Circular Design Principles. At the end of 2022, Cisco's leadership announced that product scoring will now be a mandatory and formally required process of product development to accelerate their sustainability and circularity initiatives. Adopting these product design principles and evaluation methodology has had a significant impact on uniting the company around sustainability initiatives, as Cisco has already exceeded their goal to reduce virgin plastic by 20 percent by 2025.⁴⁷

3M, a large manufacturing company, adopted similar principles to IKEA and Cisco, called their Sustainability Value Commitment.⁴⁸ In 2019, the company announced that 100 percent of new products will be required to have a Sustainability Value Commitment and indicate the sustainability value it brings to the company, consumers, and the planet. These Sustainability Value Commitments fall across various environmental and social impact areas, including recyclability, energy and water savings, responsible sourcing, renewable/reusable materials, air quality, and worker/patient safety.⁴⁹ Each of the new products include a detailed overview of the sustainability value they bring, which ultimately educates the consumer of the benefits of the product. With more than 1,000 products developed each year and a research and development team of more than 10,000, this Sustainability Value Commitment has ensured all 3M employees consider

⁴⁵ Fast Company. (2021, September 10). *IKEA's 8 Principles for Circular Design - Fast Company*. Fast Company. Retrieved February 26, 2023, from <https://www.fastcompany.com/90674372/ikeas-8-principles-for-circular-design-show-how-to-build-a-business-based-on-reuse>

⁴⁶ *Product sustainability*. Cisco. (n.d.). Retrieved February 26, 2023, from https://www.cisco.com/c/m/en_us/about/csr/esg-hub/environment/product-sustainability.html#circular-design

⁴⁷ Ibid.

⁴⁸ 3M. (2018, December 5). *3M to embed sustainability into every new product*. 3M News Center. Retrieved February 26, 2023, from <https://news.3m.com/3M-to-Embed-Sustainability-into-Every-New-Product>

⁴⁹ Ibid.

environmental and social impacts earlier in the development phase, innovate across the company, and make sustainability part of their job.⁵⁰

According to a research study on the significance of sustainable product design, the Capgemini Research Institute (CRI) found that 71 percent of organizations that have implemented sustainable product design initiatives have seen faster progress towards their sustainability goals.⁵¹ Therefore, by formally establishing a set of sustainable design principles for product packaging, Oatly's Product Development employees will be able to regularly engage with and have a significant impact on Oatly's sustainability goals. Additionally, and most relevant to this project, the CRI found that 79 percent of companies that implemented sustainable product design initiatives experienced an increase in employee engagement, as employees felt more connected to the company's missions and felt they were contributing to work that benefited the planet.⁵² Therefore, we recommend that Oatly implement sustainability product design principles and evaluation tools within the Product Development team to formally engage these employees with Oatly's sustainability mission, accelerate the company's critical sustainability goals, and seamlessly incorporate sustainability into their jobs.

7. Develop and conduct training to upskill Product Development employees on sustainable product design topics and tools (formal)

In addition to developing and implementing a set of sustainability product principles for Product Development employees, Oatly should establish formal training opportunities focused on sustainable design and capabilities in technical tools that are critical for sustainable product design. Such investments in employees are necessary to ensure the Product Development employees have the appropriate and necessary skillsets that effectively align and support the previously recommended sustainable design principles.⁵³

Alongside their Circular Design Product Principles, IKEA is a strong example of a company that has developed a formal system for upskilling their employees on sustainability product design. Specifically, for all employees involved in the product development process, IKEA provides 1) awareness and educational trainings around the company's circular design principles and KPIs, 2) trainings on specific sustainability subject areas related to their circular design principles, such as material selection, product

⁵⁰ Murphy, S. E. (2019, January 8). *3M embeds 'sustainability value' mandate into new product development*. Greenbiz. Retrieved February 26, 2023, from <https://www.greenbiz.com/article/3m-embeds-sustainability-value-mandate-new-product-development>

⁵¹ Stillman, M., Elasri, I., Alleau, B., Pecknold, K., Perrin, J.-B., Cabral, S., Mitnick, L., Birn, L., Dalla Vecchia, E., Buvat, J., Nambiar, R., KJ, S., & Pande, S. (n.d.). (rep.). *Rethink: Why sustainable product design is the need of the hour*. Capgemini Research Institute. Retrieved from https://prod.ucwe.capgemini.com/wp-content/uploads/2022/09/CRI_Sustainability-By-Design_FINAL_WEB.pdf.

⁵² Ibid.

⁵³ Ibid.

life, and standardization and 2) workshops focused on specific product development projects and how the design principles relate to their products.⁵⁴ This three-step approach that IKEA formally provides for all employees involved in product development provides the proper upskilling opportunities to ensure these employees have the necessary sustainability subject matter expertise, understand IKEA's sustainability goals and objectives, and effectively align their product development decisions with IKEA's sustainability initiatives.

Cisco is another company that has effectively developed a training program focused on upskilling employees around their circular design principles. In 2020, after formally adopting their Circular Design Principles within the product and design teams, Cisco focused on developing a training program that focused on engaging the design community with their critical sustainability initiatives.⁵⁵ This training is an interactive, gamified course that allows product and design employees to learn about the company's Circular Design Principles and simulate taking the necessary steps to build a sustainable product. This program has been incredibly effective in educating employees and engaging them in Cisco's sustainable design initiatives, with 93 percent of supply chain and engineering employees completing the training course.⁵⁶

Like IKEA and Cisco have done, once Oatly defines and implements a set of sustainability design principles for the Product Development team, providing a training on the most material sustainability topics for the company will be critical for engaging the Product Development employees and effectively connecting their daily job responsibilities with Oatly's long-term sustainability goals.

8. Establish a cross-functional team that is responsible for defining sustainable product criteria (formal)

In addition to formal sustainability product guidelines, it is recommended that Oatly establishes a cross-functional team of employees and sets clear definitions that facilitates green procurement initiatives. Without defining what makes a product sustainable, it will be difficult for the Product Development team to procure sustainable materials in accordance with the previously recommended sustainability product guidelines.

Schneider Electric, a global energy management company, has set a great example in this space. Motivated by their goal to increase green materials within their products to 50% by 2025, Schneider Electric established a cross-functional team across Procurement, R&D, Environment and collaborated with their suppliers to define what makes a product

⁵⁴ Ibid.

⁵⁵ Faucett, S. (2022, February 7). *How Cisco's circular design principles are helping to minimize environmental impact*. Cisco Blogs. Retrieved February 26, 2023, from <https://blogs.cisco.com/csr/how-ciscos-circular-design-principles-are-helping-to-minimize-environmental-impact>

⁵⁶ Ibid.

“Green” for each commodity they procure in their value chain. Specifically, the team defined a green material as one that 1) possesses a lower environmental footprint and/or 2) is the output of a technology that plays a significant role in achieving a 1.5°C climate scenario and/or a circular economy.⁵⁷ These formal, cross-functional employee efforts not only enabled Schneider Electric to determine that 11% of materials they were assessing qualified as green, but it has also jumpstarted significant supplier engagement and supply chain transparency initiatives within the business.⁵⁸

9. Conduct sustainability hackathons to encourage employee involvement in sustainability solutions for company challenges (psychological)

As the Product Development teams faces significant sustainability challenges within their day-to-day roles, they often face roadblocks when trying to engineer and develop products that are more sustainable. Although the Product Development team is made up of employees within Oatly who have the critical skills needed for some of these challenges, there are likely many other employees across the organization who may be able to contribute to some of the needed sustainability solutions but are usually not involved in the Product Development process because of their formal job responsibilities in other departments. Therefore, it is recommended that Oatly regularly hold sustainability hackathons to unite all Oatly employees across the organization and have them develop solutions for specific sustainability challenges the Product Development team is facing.

Microsoft is a strong example of a company who has engaged employees in sustainability through a psychological engagement strategy of holding an annual “hack for sustainability”, in which employees can work in project teams to build solutions that address specific sustainability challenges, with the potential of their project being selected for an official Microsoft project venture. In 2020, the Hackathon encouraged incredible participation across Microsoft globally, and there were 125 projects with 879 participants working on developing solutions for real-world sustainability challenges, with more than 90% of teams interested in continuing with their project development beyond the Hackathon event. One of the winning projects of the 2020 Hackathon, focused on measuring organic carbon in soil with Microsoft Azure IoT and has played a significant role in carbon markets, was eventually picked up by one of the Microsoft departments for further development. Microsoft not only holds Hackathon events, but also encourages an ongoing culture of sustainability ideating and hacking through their Microsoft Garage and Hackbox platforms, which encourage employees to regularly ideate, collaborate, and develop projects that address a wide variety of sustainability

⁵⁷ Schneider Electric SE. (2021). *2021 Sustainability Development Report - Enabling a sustainable future*. Retrieved February 26, 2023, from <https://www.se.com/ww/en/assets/564/document/322964/sustainability-report-2021.pdf>.

⁵⁸ Ibid.

challenges within the business.⁵⁹ It is evident that Microsoft's efforts to engage employees across all business departments with sustainability challenges has a significant impact on the business's overall sustainability initiatives.

KLA Israel, a technology company based in Israel, is another company who has psychologically engaged employees to contribute to sustainability initiatives within the company through an annual Hackathon event. During this Hackathon, 10 cross-functional, multi-disciplinary project teams worked on developing solutions focused on waste and carbon footprint reduction. Employees were incentivized to participate by awarding the three top projects with additional resources and support to further develop the project ideas. This Hackathon event was an effective way of engaging employees across disciplines to help KLA efficiently develop improved and sustainable products.⁶⁰ There are various other companies that utilize Hackathons to engage employees in sustainability solution development, including John Deere, LVMH and Xandr, a subsidiary of AT&T. It is evident that broadening the participation opportunities for sustainability solution development through Hackathons have the potential to psychologically encourage Oatly employee engagement and foster valuable solution development that the Product Development team needs for various sustainability challenges and goals.

Communications and Public Affairs

Oatly's communications and public affairs teams are responsible for internal and external stakeholder engagement. Because they are responsible for internal communication across all employees in the company, they can implement initiatives to engage and educate employees across different teams around sustainability. Below is a recommendation that Oatly's communications and public affairs team could feasibly implement in order to engage their employees with sustainability on the psychological dimension.

10. Regularly communicate company sustainability strategy at company-wide events, providing updates and progress on sustainability goals (social)

In their sustainability plan, titled "Ashley's To-Do List", Oatly has ambitious goals to make the company more sustainable across 3 pillars: 1) drive a food system shift, 2) set the example as a future company, and 3) empower a plant-based revolution.⁶¹ Within each of these pillars, the company has ambitious goals, such as reducing their climate

⁵⁹ 2021 Environmental Sustainability Report. (2021). Microsoft.

⁶⁰ Klaprod. (2022, June 15). *Kla Israel showcases sustainability-themed hackathon projects: Stewardship*. KLA. Retrieved February 26, 2023, from <https://www.kla.com/advance/stewardship/kla-israel-showcases-sustainability-themed-hackathon-projects>

⁶¹ Oatly. (n.d.). *Sustainability plan*. Sustainability Plan. Retrieved February 26, 2023, from <https://www.oatly.com/en-us/oatly-who/sustainability-plan>

footprint per liter of Oatly produced by 70% by 2029.⁶² These ambitious targets require enormous coordination and collaboration across the business, which cannot be effectively achieved without proper communication on the company's sustainability vision and progress. Therefore, it is recommended that Oatly regularly communicate necessary information and updates regarding "Ashley's To-Do List", to foster a company culture that clearly values and prioritizes sustainability and equip employees with the information needed to contribute to Oatly's sustainability goals.

Unilever is an example of a company that provides regular updates on their sustainability strategy at company-wide events. Unilever's sustainability strategy, called their "Compass" strategy, outlines the actions and initiatives the company plans to execute to achieve their sustainability goals.⁶³ To ensure that their employees are engaged with the Compass strategy, they regularly hold 'Compass Live' events, which are events that allow employees to learn from senior leaders about the company's sustainability strategy and the progress that has been made throughout the year.⁶⁴ This type of centralized communication from senior leadership and the sustainability department enables Unilever's employees to stay informed with the sustainability strategy progress and ultimately creates a culture that fosters sustainability engagement from employees.

11. In newsletters, prominently recognize and celebrate teams or individuals that have done well towards their sustainability goals (psychological)

Recognizing hard work in employees and showing appreciation for their efforts is known to increase engagement and productivity, as well as encourage them to continue doing those actions that are recognized.⁶⁵ By acknowledging and highlighting steps that Oatly teams are taking towards their formal sustainability goals in their monthly newsletters, employees' will feel proud of their sustainability actions and their motivation to take actions towards Oatly's sustainability goals will be increased.⁶⁶ Because Oatly's communications and public affairs team already produces newsletters, adding recognition for steps that teams are taking towards their teams' sustainability goals is a low-cost way to engage employees on the psychological dimension.

⁶² Oatly. (n.d.). *Set the example as a future company*. Set the example as a Future Company. Retrieved February 26, 2023, from <https://www.oatly.com/en-us/oatly-who/sustainability-plan/set-the-example-as-a-future-company>

⁶³ Unilever. (n.d.). (rep.). *Compass - Strategy*. Retrieved from <https://assets.unilever.com/files/92ui5egz/production/ebc4f41bd9e39901ea4ae5bec7519d1b606adf8b.pdf/Compass-Strategy.pdf>.

⁶⁴ Unilever PLC. (2023, February 24). *Engaging with stakeholders*. Unilever. Retrieved February 26, 2023, from <https://www.unilever.com/planet-and-society/responsible-business/engaging-with-stakeholders/>

⁶⁵ Prossack, A. (30 August 2021). *Why Recognition Matters in the Workplace*. Forbes. Retrieved December 2022, from <https://www.forbes.com/sites/ashiraprossack1/2021/08/30/why-recognition-matters-in-the-workplace/?sh=1fc5647250a7>.

⁶⁶ Boyle, A. (2015). *9 Tips for Communication Sustainability in the Workplace*. RoundPeg. Retrieved December 2022, from <https://roundpegcomm.com/9-tips-for-communicating-sustainability-in-the-workplace/>

Harvard Business School's Green Team, a volunteer group of individuals committed to improving sustainability at Harvard, has newsletters dedicated specifically to celebrating "Staff Sustainability Superstars".⁶⁷ In this newsletter, they highlight Harvard Business School staff who integrate sustainability into their personal and professional lives. For example, one issue highlighted a digital archivist who has researched about and worked towards integrating environmental factors into digital archive preservation practices, an information technologist who became passionate about bee preservation and became a certified backyard beekeeper, and an operations employee who was a founding member of the Green Team.⁶⁸

Oatly's Communications and Public Affairs team should implement a new section in each monthly newsletter that recognizes one or two employees across different teams who have notably incorporated sustainability into their work or personal lives. To find these employees to highlight, they can send out a form for employees to nominate themselves or co-workers who they feel have gone above and beyond with their sustainability-related actions.

Executive Leadership Team

Oatly's Executive Leadership team has a fiduciary responsibility to the company and its stakeholders. The team provides strategic and operational leadership, overseeing the various departments within the company. Their purpose is to ensure Oatly is living up to its mission and overall company goals. With the rising demand from stakeholders to prioritize ESG and sustainable business strategies, it is increasingly important that organizations have sustainability expertise on the executive leadership team. Expertise is needed to help determine ESG risks, prepare the company for any required financial disclosures and build sustainability into the organization's long-term strategy. Sustainability should be a priority for everyone on the executive leadership team. If not, they risk exposing the company to financial risk and accompanying lawsuits.⁶⁹

Having an executive leadership team that engages with sustainability sets a strong example for the employees. With more workers looking for purpose, and for companies that align with their own values, having sustainability expertise on an executive leadership team means they are more

⁶⁷ *Green Teams*. (n.d.). Harvard University. Retrieved December 2022, from <https://green.harvard.edu/programs/green-teams>

⁶⁸ HBS Green Team. (19 May 2021). *Celebrating Staff Sustainability Superstars- Green Team Newsletter*. Harvard Business School. Retrieved December 2022, from <https://www.hbs.edu/news/articles/Pages/green-team-may-2021.aspx>.

⁶⁹ Rafi, T. (2022, July 20). *Why corporate boards need sustainability experts*. LSE Business Review. Retrieved February 26, 2023, from <https://blogs.lse.ac.uk/businessreview/2022/07/20/why-corporate-boards-need-sustainability-experts/>

likely to retain and attract talent.⁷⁰ For Oatly employees to further engage in sustainability, we recommended the following strategies for the Oatly Executive Leadership team:

12. Increase sustainability expertise on board through new appointments and training (formal)

To help Oatly achieve its sustainability goal to become an example of a future-facing company, they need to establish sustainability expertise on the board. Without sustainability expertise at the top of the organization, the company will have a harder time engaging its employees and delivering its sustainability goals by 2029.⁷¹

Additionally, with the rising importance of sustainability, shareholders and customers will increasingly demand more sustainable action and expertise from organizations.⁷²

In 2020, Simple Mills appointed a new Vice President of Sustainability, Shauna Sadowski, and Board Member, Amanda Steele. Sadowski was previously the Head of Sustainability at Generals Mills overseeing multiple brands and is a Board Member on the Sustainable Food Trade Association and The Climate Collaborative. Steele's background includes being the Chief Marketing Officer at Agriculture Capital, a regenerative agriculture and food investment firm. Simple Mills has a similar sustainability goal to Oatly in that they want to drive a food system shift that sees the company investing in biodiversity and community programs in the areas where they source ingredients. Sadowski and Steele bring expertise in sustainable agriculture which will allow for better strategy development and deployment to help Simple Mills reach this goal.⁷³

13. Create an external Sustainability Advisory Board (formal)

Throughout the last decade, several fortune 500 companies have begun to adopt external advisory boards to help with their sustainability strategies and goals.⁷⁴ The role of an external advisory board can include:

- Foster sustainability learning and engagement among C-suite executives
- Identify sustainability-related risks to the business

⁷⁰ Polman, P., & Bhattacharya, C. B. (2016). Engaging Employees to Create a Sustainable Business.

⁷¹ Richmond, B. (2018, April 25). *5 ways to engage your senior leadership on sustainability strategy*. GreenBiz. Retrieved February 26, 2023, from <https://www.greenbiz.com/article/5-ways-engage-your-senior-leadership-sustainability-strategy>

⁷² Rafi, T. (2022, July 20). *Why corporate boards need sustainability experts.* /

⁷³ De Leon Chavez, M. (2020, November 20). *Simple Mills Adds Sustainability Experts to Executive Team and Board*. Retrieved February 26, 2023, from <https://www.delimarketnews.com/well-paired/simple-mills-adds-sustainability-experts-executive-team-and-board-Katlin-Smith-Shauna-Sadowski-Amanda-Steele/melissa-de-leon-chavez/tue-11032020-0853/10658>

⁷⁴ Yosie, T. F. (2022, May 9). *Have corporate sustainability advisory panels had consequential impacts?* Retrieved February 26, 2023, from <https://www.greenbiz.com/article/have-corporate-sustainability-advisory-panels-had-consequential-impacts>

- Broaden the scope of sustainability to increasingly address economic and social issues
- Stimulating cross-business-unit integration⁷⁵

The boards are typically made up of a diverse range of academics, NGOs and organizations that meet on a regular basis to discuss the progress of a company's sustainability goals.⁷⁶ To further engage the executive leadership team at Oatly, and to further the goals of the company, we recommend the organization forms an external advisory committee.

A strong example is Nespresso, a Nestle company, that set up an external advisory board in 2013 to balance their internal expertise and ambition to become the leading experts in the coffee sector. Nespresso's overall sustainability platform, The Positive Cup, promotes sustainable consumption and supports resilience of coffee farming communities, and natural resources for future generations. They believe that to successfully deliver this goal, strong governance with a willingness to listen to external advisors is needed.⁷⁷

The Nespresso External Advisory Board is made up on the following organizations: Cambridge Institute for Sustainability Leadership, Colombian Coffee Growers Federation (FNC), Fair Labor Association (FLA), Fairtrade International, Fair Trade USA, INCAE Business School, International Union for Conservation of Nature (IUCN), TechnoServe, Rainforest Alliance, World Business Council for Sustainable Development.⁷⁸ Together with Nespresso leadership, they meet once a quarter to review the following:

- Progress against their public commitments
- Concerns on strategy execution and gaps
- Discussion around future opportunities⁷⁹

The advisory team also invites other external and internal experts to the quarterly meetings where they have the chance to ask questions, present topics, and bounce ideas off of the team. Ultimately the board reports to Nespresso's leadership team, but the relationship is viewed more as a partnership.⁸⁰

⁷⁵ Ibid.

⁷⁶ Yosie, T. F. (2022, May 9). *Have corporate sustainability advisory panels had consequential impacts?*

⁷⁷ Nespresso (n.d.). *The Positive Cup: Accelerate Positive Impact Towards 2030*. February 26, 2023, from https://nestle-nespresso.com/sites/site.prod.nestle-nespresso.com/files/The_Positive_Cup_towards_2030_Report.pdf

⁷⁸ Ibid.

⁷⁹ Ibid

⁸⁰ Ibid.

Nespresso leadership claims the external advisory board's engagement and presence ensures that their internal strategy is both complemented and challenged, which ultimately leads to progress.⁸¹

Finance Team

Oatly's Finance Team manages all activities related to accounting, financial control, forecasting, and revenue and spending. Engaging the employees within the Finance Team is critical, as the sustainability strategies initiatives Oatly pursues have significant financial implications. In the following section, a set of recommendations have been outlined for Oatly to implement that encourage sustainability engagement from the Finance Team and effectively align the company's financial goals with their sustainability objectives.

14. Establish an internal price on carbon, utilizing collected funds to advance sustainability projects (formal)

Setting an internal price on carbon involves attributing a monetary price to a company's greenhouse emissions, and it is often used to manage climate risks and help the company transition to lower emission business operations.⁸² Additionally, by formally establishing a set price on carbon for all company projects and operations, Oatly could increase sustainability and climate awareness across the organization and create a stronger culture of sustainability.

Microsoft is a company that has had an internal carbon price in place for a long time to accelerate their decarbonization strategy.⁸³ Through this program, the company has set a carbon fee for all scope 1, scope 2, and scope 3, with the collected funds then directed to their 2030 carbon neutral goal.⁸⁴ All business groups are engaged in this process, as they are charged for the respective emissions attributed to their operations and activities. With a direct impact on each department's spending and budgets, this is an effective engagement strategy to raise sustainability awareness across departments and incentivize employees to reduce emissions with financial implications.

US Tech Hub Team

The US Tech Hub Team is Oatly's equivalent of information technology. This team supports, manages, and improves hardware and software systems for employees in the United States.

⁸¹ Ibid.

⁸² *Internal Carbon Pricing*. Center for Climate and Energy Solutions. (2017, October 29). Retrieved February 26, 2023, from <https://www.c2es.org/content/internal-carbon-pricing/#:~:text=An%20internal%20price%20places%20a,to%20a%20low%2Dcarbon%20economy.>

⁸³ Willmott, E. (2022, March 24). *How Microsoft is using an internal carbon fee to reach its carbon negative goal*. Microsoft Industry Blogs. Retrieved February 26, 2023, from <https://www.microsoft.com/en-us/industry/blog/sustainability/2022/03/24/how-microsoft-is-using-an-internal-carbon-fee-to-reach-its-carbon-negative-goal/>

⁸⁴ Ibid.

Because this team has a very specific purpose and is often communicating with other employees, they are in a unique position to incorporate sustainability into their focus area of hardware and software for not only their team but for those they interact with as well.

15. Have IT teams implement policies that prolong IT asset life by taking control of hardware upkeep (formal)

Because the US Tech Hub Team helps manage hardware, they can be an active participant in continuously maintaining computers and other hardware handed out to employees. Alongside their process and tracking of employees' hardware performance, the team can check for potential problems that could potentially shorten the lifespan of the hardware and take the appropriate measures to fix them. This is a formal recommendation, as it is a program set by Oatly.

GEP, a global supply chain and procurement consulting firm, was able to increase the life cycle of their laptops from three to five years by maintaining their upkeep and overseeing repairs, especially when the laptop nears its three-year mark. This has allowed GEP to adopt more sustainable IT asset management (ITAM) practices, including a rigorous repair process and redeploying older laptops to temporary workers. Vendor support is an important part of maintaining the performance of hardware, so having their participation and support will be key to more sustainable ITAM practices.⁸⁵

16. Have IT management teams communicate how the hardware an employee is receiving is connected to company sustainability efforts, and provide instructions on how to use and care for their equipment so it lasts longer (social)

In conjunction with the first recommendation for the US Tech Hub Team, another action the team could take is to clearly communicate and emphasize their sustainability values and methods to employees. This will not only show the team's commitment to sustainability but will also allow for the employees receiving the hardware to be aware of any potential actions they can take to maintain the quality of their laptops. This recommendation falls in the social category, because it will help promote the culture of sustainability within technology at Oatly.

GEP has been taking actions to increase employee buy-in with their sustainability strategy through extending the life of hardware. Laptops given to interns include a note that communicates that despite cosmetic damages the laptop performs like new, that the

⁸⁵ Heinze, C. (2023, January 27). *Why IT management should include sustainability*. TechTarget. Retrieved February 22, 2023, from <https://www.techtarget.com/searchcio/feature/Why-IT-asset-management-should-include-sustainability>

device is part of the organization’s overall sustainability strategy, and the company is grateful for the support in their sustainability efforts. GEP reports that employees have been very supportive of this program.⁸⁶

Sustainability Team

Oatly’s Sustainability team is responsible for developing and managing any company initiatives that contribute to Oatly’s various sustainability objectives and strategies. As the central department responsible for sustainability, the Sustainability team plays an integral role in engaging and incentivizing employees with Oatly’s sustainability initiatives. Although many of the employee engagement strategies that have been researched and recommended throughout this report best fit within other internal Oatly departments, there are various psychological, social, or formal strategies that the Sustainability team should own to centrally engage Oatly employees in the company’s sustainability objectives.

17. Hold eco-challenge events around Earth Day to gamify personal sustainability for employees (psychological)

According to Ecologi, “gamification is the use of gaming elements within non-gaming contexts to influence real-world behavior. Gamified programs take the features of games that keep players’ attention, like points, badges, leaderboards and challenges, and apply them to real-world situations that otherwise might seem mundane or boring to increase engagement.⁸⁷ Because of its ability to influence real-world behavior and increase engagement, gamification is an effective psychological strategy for increasing employee engagement with sustainability at Oatly.

Microsoft’s annual Ecochallenge during Earth Week/Month is a strong example of what an eco-challenge could look like at Oatly to incentivize and engage employees in various personal sustainability and organizational sustainability actions. Through an online, digital tool, Microsoft employees can opt-in to various actions that either align with the company’s corporate sustainability strategy or support the employee’s personal engagement with sustainability.⁸⁸ Action options include enrolling in the company’s internal sustainability training, reading the annual sustainability report, joining a volunteer event, attending an Earth Day panel, or setting up a rainwater collection system within their homes. The digital platform includes metrics of how many people participate

⁸⁶ Ibid.

⁸⁷ Buznea, C. (2021, November 14). *Gamification: The key to sustainability engagement?* Ecologi. Retrieved February 26, 2023, from <https://ecologi.com/articles/blog/gamification-the-key-to-sustainability-engagement-and-behaviour-change>

⁸⁸ Microsoft. (n.d.). *See the sustainability at Microsoft Challenge in the Microsoft Ecochallenge event.* Microsoft Ecochallenge. Retrieved February 26, 2023, from <https://microsoft.ecochallenge.org/challenges/sustainability-at-microsoft>

in each category, as well as other metrics that showcase the collective impact from the actions, such as number of meatless meals consumed, plastic recycled, and tons of water saved. By displaying these metrics and recognizing employee achievements with each action completed, employees are psychologically incentivized to engage with sustainability across the organization.

18. Provide a rewards and recognition system for sustainable action and volunteering (psychological)

Giving “kudos” to employees is an increasingly popular way to recognize and encourage exemplary efforts.⁸⁹ Adding sustainable actions and volunteering for environmental organizations to the list of actions for which employees receive kudos at Oatly will increase motivation to do these sustainability-oriented actions, as well as create a stronger team culture around them. This is on the psychological dimension of engagement, as it creates informal awards for sustainability actions and increases company culture around the topic. This strategy is recommended for Oatly because they already have an internal recognition system in place, so sustainable actions and environmental volunteering would be an easy addition to the list of things for which an employee can be given kudos.

Chobani, an American Greek-style yogurt company, has a successful program in place for employees to give kudos to their coworkers. Their employee recognition program through Bonusly allows employees to recognize work that their coworkers are doing that is in line with Chobani’s mission of a healthier world with more accessible, high quality, nutritious food.⁹⁰ Each employee gets a certain number of “cups” to give out to other coworkers each month when they see someone take a notable action towards their mission and values. And, during times of big projects, team leads get additional cups to make sure they can recognize all their team members who deserve recognition. The kudos that people receive can be added up and cashed in for gift cards, charitable donations, and company swag. This program has been extremely successful in increasing employee engagement, with more than 75% of employees actively using the program, 73% of employees receiving at least one cup each month, and a total of 63,250 bonuses given in the first year. This program was reported to increase employee loyalty, engage employees

⁸⁹ Waters, S. (24 October 2022). *How to give kudos at work. Try these 5 examples to show your appreciation.* BetterUp. Retrieved December 2022, from <https://www.betterup.com/blog/kudos-example#:~:text=around%20the%20office,-.What%20does%20kudos%20mean%3F,Increased%20team%20motivation>.

⁹⁰ *About.* (n.d.). Chobani. Retrieved December 2022, from <https://www.chobani.com/about/>.
Chobani 2022 Total Rewards Program. (2022). Chobani. Retrieved December 2022, from <https://online.flipbuilder.com/djbs/rfky/index.html#p=4>.

on Chobani's mission and values, and alter the team culture to be centered around positive recognition.⁹¹

Engineering/Continuous Improvement Team

Oatly's engineering and continuous improvement team is responsible for the improvement and engineering of plant equipment. Engaging these employees on sustainability could greatly contribute to Oatly's sustainability goals, as improving plant operations can significantly minimize various environmental impacts.

19. Provide employee opportunities to obtain LEED, ISSP, or other sustainability certification (formal)

Environmental education is an important aspect of engaging employees on sustainability and is a growing trend in the corporate world.⁹² Providing employees with the opportunity to take part in trainings that culminate in a certification is an accessible and productive way to encourage corporate environmental education. One example of a certification that employees may want to pursue is the Leadership in Energy and Environmental Design (LEED) Green Associate certification, which measures "general knowledge of green building practices".⁹³ Employees may also want to receive the International Society of Sustainability Professionals' (ISSP) Sustainability Excellence Associate (SEA) or Sustainability Excellence Professional (SEP) certifications. These certifications are built around rigorous international sustainability standards and are designed to test understanding of sustainability concepts and best practices, with the SEP certification available to SEA holders who have demonstrated "professional mastery in key fields."⁹⁴ There are a growing number of recognized sustainability certifications that employees may want to pursue outside of the well-known LEED and ISSP certifications, such as the Global Reporting Initiative (GRI) Professionals certification, the Association of Climate Change Officers' (ACCO) Certified Climate Change Professional certification, and Greenbiz's Leading the Sustainability Transformation Professional certification.⁹⁵

⁹¹ Chobani: *Driving engagement from the bottom up*. (n.d.). Bonusly. Retrieved December 2022, from [https://go.bonus.ly/hubfs/Custom stories Chobani.pdf](https://go.bonus.ly/hubfs/Custom%20stories/Chobani.pdf).

⁹² National Environmental Education Foundation. (March 2009). *The Engaged Organization: Corporate Employee Environmental Education Survey and Case Study*. NEEF. Retrieved December 2022, from <https://www.neefusa.org/resource/engaged-organization-corporate-employee-environmental-education-survey-and-case-study>.

⁹³ *Leed Green Associate*. (n.d.). US Green Building Council. Retrieved December 2022, from <https://www.usgbc.org/credentials/leed-green-associate>.

⁹⁴ *Sustainability Professionals Credentials*. (n.d.). International Society of Sustainability Professionals. Retrieved December 2022, from <https://www.sustainabilityprofessionals.org/sustainability-excellence-credentials>.

⁹⁵ Kenlon, T. (18 May 2021). *The 33 sustainability certifications you need to know*. GreenBiz. Retrieved December 2022, from <https://www.greenbiz.com/article/33-sustainability-certifications-you-need-know>.

Once the engineering and continuous improvement employees have gained these certifications, they can apply the topics to the plant equipment. Some ways that Oatly can provide opportunities to obtain sustainability certifications are by funding the training and exams, allowing training or exam taking during work hours, or providing paid days off to take exams.

Internal Manufacturing/Plant Leadership Team

Oatly's Internal Manufacturing and Plant Leadership team is responsible for plant operations and manufacturing processes. Plant operations and manufacturing processes often have opportunities for sustainability improvements, which creates an opportunity to engage plant employees in creating and implementing sustainability initiatives. Sustainable manufacturing, or manufacturing products in ways that minimize environmental impacts and conserve energy without sacrificing economic profit, has been shown to have positive financial and economic impacts on companies.⁹⁶ Because the plant employees for Oatly are working in-person in the plants each day, they are able to notice and brainstorm areas with room for sustainability improvement if they are incentivized to do so. The fact that the Oatly plant employees work in-person also adds an opportunity for community building around sustainability initiatives. Below are recommendations for projects to implement in the manufacturing plants to engage plant employees on sustainability.

20. Implement a program challenging manufacturing employees to submit sustainability ideas for plant operations (psychological)

Implementing a challenge program among plant employees will engage employees by encouraging idea generation around sustainability. The manufacturing plant employees who work in-person at the manufacturing plant can notice opportunities for sustainability improvements to the process every day, and this challenge encourages them to be more mindful in doing so. This initiative is suggested for Oatly because it is a feasible program to be implemented and will have benefits to the company through increased efficiency and decreased environmental impacts once the suggestion(s) are implemented. This will engage plant employees on the psychological dimension because it will excite them and educate them on manufacturing sustainability.

Bob's Red Mill and Interface are two companies that have successfully implemented sustainability challenges. Bob's Red Mill is an employee-owned whole-grain food company based in the United States that wanted to engage employees on sustainability, while getting low-cost solutions to food waste issues at the same time.⁹⁷ They

⁹⁶ *Sustainable Manufacturing*. (n.d.). EPA. Retrieved December 2022, from <https://www.epa.gov/sustainability/sustainable-manufacturing>.

⁹⁷ *Bob's Way*. (n.d.). Bob's Red Mill. Retrieved December 2022, from <https://www.bobsredmill.com>.

implemented a challenge initiative after joining the Pacific Coast Food Waste Commitment, a public-private partnership led by the Pacific Coast Collaborative to cut food waste by food businesses in half by 2030.⁹⁸ They implemented a program that challenged employees to submit food waste reduction ideas at their milling and packaging facility, with the top idea implemented and piloted.⁹⁹ This project was successful in both reducing food waste in the manufacturing line and engaging manufacturing employees on sustainability. This challenge received 176 ideas from 22% of plant employees and implementation of the top idea resulted in more than 70% reduction in food waste at the plant.¹⁰⁰ Plant employees were encouraged to engage in the challenge through a 17 minute educational video detailing food waste impacts and individual actions they can take; daily and weekly reminders of the challenge through emails, slides on TV screens; visible ballot boxes and accessible QR codes for voting; displayed banner showing number of ideas submitted; public kudos for submitting ideas; and the potential to win prizes for submitting ideas.¹⁰¹

Interface is a global commercial flooring manufacturer who also successfully used a challenge program to engage employees. Interface created their QUEST (Quality Utilizing Employees' Suggestions and Teamwork) program in order to incentivize employees to find ways to make their jobs less wasteful.¹⁰² They added a formal incentive to this program by tying managers' bonuses to how effective their team was in hitting their 10% annual waste reduction goals.

21. Run employee awareness campaigns for ways that employees can be more sustainable in their actions (psychological)

A program that can be implemented to encourage plant employees to take individual-level environmental sustainability actions is run employee awareness campaigns about the environmental impacts of their actions and suggested strategies to mitigate these impacts. By educating employees on what impacts their actions have on the environment and small changes they can make throughout their workday reduce their environmental impact, a stronger culture around sustainability will be created and each employee's

⁹⁸ *Help Us Cut Food Waste in Half by 2030*. (n.d.). Pacific Coast Collaborative. Retrieved December 2022, from <https://pacificcoastcollaborative.org/food-waste/>.

Berry, L. (30 December 2022). *Bob's Red Mill commits to cutting food waste in half*. Baking Business. Retrieved December 2022, from <https://www.bakingbusiness.com/articles/58104-bobs-red-mill-commits-to-cutting-food-waste-in-half>.

⁹⁹ *Institutionalizing a Waste Reduction Culture in Food Manufacturing*. (2022). Pacific Coast Collaborative. Retrieved December 2022, from https://pacificcoastcollab.wpenginepowered.com/wp-content/uploads/2022/12/PCFWC-Case-Study_Bobs-Red-Mill-Final.pdf.

¹⁰⁰ *Institutionalizing a Waste Reduction Culture in Food Manufacturing*. (2022).

¹⁰¹ Ibid.

¹⁰² Anderson, R. & White, R. (September 2009). *Confessions of a Radical Industrialist: Profits, People, Purpose: Doing Business by Respecting the Earth*. St. Martin's Publishing Group.

environmental footprint will be reduced.¹⁰³ Often, employees are willing and wanting to make individual level changes to reduce their footprint, but need to be educated on why and how to do so.¹⁰⁴ These employee awareness campaigns will engage employees on the psychological dimension because they will influence employees' perceptions and individual actions.

Some topics that Oatly can run awareness campaigns about are reducing energy use, reducing paper usage, reducing waste by recycling and reusing, and reducing vehicle emissions by biking and walking as transportation.¹⁰⁵ For example, Duke University has an awareness campaign with signs next to each elevator that educate on the amount of energy used in one elevator ride and encourage people to take the stairs instead when possible. For Oatly, these campaigns should be run in the manufacturing plants because Oatly does not have other large, in-person offices.

Supply Chain Planning, Logistics, Inventory, Co-Packing & Procurement Team

The Supply Chain Planning, Logistics, Inventory, Co-Packing & Procurement Team at Oatly oversees operations relating to the company supply chain, including transportation, warehousing of finished goods, contract manufacturing and partnerships, and purchasing. Supply chain operations and processes at many companies is an area that has potential for many sustainable improvements, partly because it typically is the part of the business where sustainability is the least integrated.¹⁰⁶ Improving supply chain sustainability will lessen Oatly's exposure to ESG risks further down the supply chain tiers and increase efficiency of operations. Currently, supply chain and procurement employees are not properly equipped with the knowledge and skills necessary to improve on sustainability in the space.¹⁰⁷ The team at Oatly has the potential to address the lack of training and upskilling in their supply chain operations, giving employees the tools necessary to identify risks and opportunities regarding sustainability. Below are recommendations that will engage supply chain employees in sustainability.

22. Provide training/upskilling on sustainable procurement and engaging suppliers for internal teams (formal)

¹⁰³ Rise. (18 April 2019). *10 ways to encourage an environmentally conscious workplace*. Retrieved December 2022, from <https://risepeople.com/blog/environmentally-conscious-workplace/>.

¹⁰⁴ Man Suet Law, M., Hills, P., & Hang Hua, B. (31 July 2015). Engaging Employees in Sustainable Development- a Case Study of Environmental Education and Awareness Training in Hong Kong. *Business Strategy and the Environment*, 26(1), 84-97. <https://doi.org/10.1002/bse.1903>.

¹⁰⁵ Rise (18 April 2019). *10 ways to encourage an environmentally conscious workplace*

¹⁰⁶ WBCSD Future Leaders Team. (2011). *Why procurement professionals should be engaged in supply chain sustainability*. Retrieved February 2023, from http://docs.wbcds.org/2012/04/Why_procurement_professionals.pdf

¹⁰⁷ Gioia, D. A. & Villena, V. H. (2020, November 16). *A more sustainable supply chain*. Harvard Business Review. Retrieved February 22, 2023, from <https://hbr.org/2020/03/a-more-sustainable-supply-chain>

Oatly can provide education that will train supply chain employees on sustainability topics. Employees currently are not equipped to pursue sustainability efforts with their suppliers. Therefore, there can be one or a few employees on the team that are trained to focus on sustainable sourcing, making sure that it is a priority in the procurement process. Prioritizing supplier sustainability can also lead to R&D efforts that will improve supplier sustainability, which can lead to more opportunities for employee engagement in the space. Suppliers wanting to work with Oatly will be incentivized to look at their own supply chains, continuing the trend downstream. This is a formal recommendation because it directly relates to employee performance.

Walmart, one of the world's biggest retail brands, runs a program called the Supply Chain Training Academy that provides career support and growth training to its distribution center employees.¹⁰⁸ Oatly could implement a similar program that trains supply chain and procurement employees to assess the sustainability of the contractors and suppliers they work with, identifying gaps and areas of improvement. This would benefit Oatly as well, giving supply chain employees the resources necessary to take on and manage more aspects of sustainability to report to the Sustainability Team.

Coffee Team

The Coffee Team at Oatly oversees managing customer accounts with coffee people and coffee shops, including events and other support (account/customer management). This team plays the role of a traditional retail sales team to meet the specific needs of customers in the coffee industry. Below are some recommendations that the Coffee Team can implement to engage their employees in sustainability.

23. Provide education on opportunities in the coffee industry and how sustainability/oat milk plays a role (social)

With non-dairy milks becoming more popular with customers and in the coffee industry, the Coffee Team could benefit from having more industry specific experience. Providing this training could help employees identify more sustainable actions that can be taken to not only improve customer relations but overall sustainability through its sales teams.

Nespresso is a company that makes coffee machines and coffee in capsule form. Its employees receive over 34 hours of training annually. Nespresso demonstrates a high rate of employee engagement; their most recent Positive Cup report stated that 85% of their employees feel engaged in the company. Most Nespresso employees have customer-

¹⁰⁸ *Walmart opens its first Sustainable Supply Chain Training Academy at Sanger Distribution Center.* (2019, September 27). Walmart. Retrieved February 24, 2023, from <https://corporate.walmart.com/newsroom/2019/09/27/walmart-to-open-its-first-supply-chain-training-academy-at-sanger-distribution-center>

facing roles, and these employees follow a three-year training curriculum that includes a sustainability module. Employees can also go through additional training to become a Coffee Ambassador, specializing in spreading the knowledge of sustainable coffee to the rest of the company.¹⁰⁹ Oatly is on the other end of the coffee spectrum than Nespresso but can also benefit from additional education about the coffee industry and can integrate a coffee module into the Coffee Team’s trainings.

Creative Team

The Creative team at Oatly is responsible for the development and execution of all consumer-facing materials, including packaging, website, and all marketing materials. Creativity has the power to drive society toward sustainability through its capacity for innovation and visual representation. It also can reflect viewpoints and change behaviors.¹¹⁰ To highlight this point, the UN recognized creativity as a key driver in sustainability, declaring 2021 as the Year of Creative Economy for Sustainable Development. The initiative called on individuals, organizations, and governments to promote and protect the creative arts.¹¹¹

There are many ways individuals and organizations can use creativity to promote sustainability. Explicitly, organizations can use creative mediums to express their sustainability mission and message. For example, in 2011, Patagonia launched a creative marketing campaign leading up to Black Friday called “Don’t Wear This Jacket”. The campaign message asked consumers to consider only buying what they need, not what they want, during a time when brands are promoting consumerism. The campaign sparked a conversation about over-consumption and the challenges of the apparel industry, all while positioning Patagonia as a sustainable brand.¹¹²

A more recent example of subtlety using creative to drive sustainable change is the 2023 Netflix Super Bowl ad. The streaming giant partnered with General Motors in the “Why Not an EV” campaign which announced to the world that Netflix will start using EVs in their content whenever possible, and they will be implementing more sustainable production processes.¹¹³ While the ad itself is not subtle, the act of normalizing EVs in Netflix’s content will have a subtle but significant impact on culture.¹¹⁴

¹⁰⁹ Walmart opens its first Sustainable Supply Chain Training Academy at Sanger Distribution Center. (2019, September 27).

¹¹⁰ D’Orville, H. (2019). The Relationship between Sustainability and Creativity. *Cadmus*, 4(1). <https://cadmusjournal.org/article/volume-4/issue-1/relationship-between-sustainability-and-creativity>

¹¹¹ Hunter, K. (n.d.). *Creatives for a Sustainable Future*. Kristina Hunter Flourishing. Retrieved February 26, 2023, from <https://www.kristinahunterflourishing.com/blog/creatives-for-a-sustainable-future>

¹¹² Patagonia (n.d.). *Don’t Buy This Jacket, Black Friday and the New York Times*. Retrieved February 26, 2023, from <https://www.patagonia.com/stories/dont-buy-this-jacket-black-friday-and-the-new-york-times/story-18615.html>

¹¹³ *General Motors and Netflix Partner to Give EVs the Stage they Deserve*. (n.d.). General Motors. Retrieved February 26, 2023, from <https://news.gm.com/newsroom.detail.html/Pages/news/us/en/2023/feb/0202-netflix.html>

¹¹⁴ Hunter, K. (n.d.). *Creatives for a Sustainable Future*.

There are a few things Oatly could implement that will further engage the creative team and help work towards its overall sustainability goals.

24. Establish new frameworks for the internal teams that ensure all creative is diverse and reflects sustainable action (formal)

In our research, we interviewed creative advertising agencies on what they are doing to contribute to sustainable action through creativity. A London-based agency called Lucky Generals described a formal process where they overhauled their creative process to include sustainable considerations.¹¹⁵ This required the strategy team to reformat the internal creative brief to include considerations of diversity and eco-friendly solutions.¹¹⁶ For example, the main characters would be driving an electric vehicle if a commuting scene were required. Taking simple steps like this in creative can have a subtle, but significant impact on consumers.¹¹⁷ And demonstrating sustainable action in Oatly's creative marketing will help it reach its goal to become an example of a future-facing company.

25. Challenge the creative team to develop a campaign about sustainability to demonstrate what Oatly is doing and position the organization as a leader in its sector (psychological).

Creatives love a good challenge, so we recommend challenging the Oatly creative team to develop a proactive campaign around one of its sustainability pillars. The creative campaign does not need to be a significant investment of money like the Netflix Super Bowl spot but could be as simple as an earned media social campaign.

Retail Team

The Retail Team at Oatly manages and expands retail customer accounts to maintain existing customers and expand where Oatly is sold, including conferences and product expos. In our research it was difficult to find specific examples of companies who are engaging their retail teams to be more sustainable. We found that because these teams are linked to sales and relationships, most organizations do not widely publish their strategies and programs involving this team. However, we did find two general ways Oatly could engage their retail team, which fell into the formal category of sustainable engagement.

26. Develop sustainability criteria/guidelines for each customer type and incentivize sales teams with additional commission for meeting a certain threshold of criteria (formal)

¹¹⁵ A. Nairn, personal communication, January 30th, 2023

¹¹⁶ Ibid.

¹¹⁷ Hunter, K. (n.d.). *Creatives for a Sustainable Future*.

The Oatly Retail Team should develop a criterion for each customer type that aligns with Oatly's overall sustainability goals and behaviors. This could be as top line as determining whether a new customer has sustainability goals at all, or it could be based on whether their sustainability goals match Oatly's. For example, Oatly has a goal that by 2029 they will drive a food system shift by giving back to nature and communities where they source ingredients. Oatly could set a criterion that they will only engage with clients who have a similar objective and community program. However, this team recognizes that being this strict on criteria could impact Oatly's bottom line. Therefore, we recommend they start with a baseline approach, whereby they pledge to only engage with customers who have sustainability goals and that can be easily measured. This may require engaging with existing customers who do not have sustainability strategies to help them develop plans. Helping retail customers develop their own sustainability initiatives would help Oatly fulfill its goal of setting an example as a future-facing company.

27. Establish formal communication/feedback channel (like an NPS score) that allow customer accounts to provide feedback on how Oatly is meeting their needs, including sustainability goals and objectives (formal)

In addition to developing a retail criterion, the team could also establish a formal communication feedback channel to allow customers to provide feedback on how Oatly is meeting their needs and contributing to their own sustainability goals. We recommend Oatly establish a Net Promoter Score (NPS), which is a metric used in customer experience programs, that asks its retail customers about their experience with Oatly. The questions should be focused on the day-to-day business and overall goals, such as sustainability.¹¹⁸ The survey should be sent quarterly, if not monthly, and will help Oatly identify areas of improvement in their business relationship, as well as sustainability goals.¹¹⁹ This recommendation will not only help Oatly improve its relationships with retail customers, but it will position Oatly as a future-facing company.

Discussion

The recommendations listed above are those we identified from our landscape analysis that are well aligned with Oatly's culture, business organization, and sustainability goals. The largest number of recommendations from our landscape analysis were given for the People and Transformation and Product Development teams. Overall, there was a relatively even number of recommendations made across the social, psychological, and formal dimensions of engagement.

We recognized that it is unrealistic to recommend that Oatly implements all of these recommendations. Therefore, once the larger set of recommendations discussed in the preceding

¹¹⁸ Salesforce (n.d.). *Definitive Guide to Net Promoter Score*. Retrieved February 26, 2023, from <https://www.salesforce.com/eu/learning-centre/customer-service/calculate-net-promoter-score/>

¹¹⁹ Ibid.

section was finalized, we worked with the client to determine a final set of recommendations to implement in both the short- and long-term. To determine these final priority recommendations, we considered the following criteria:

- a. Fit within Oatly’s company culture
- b. Supportive of Oatly’s existing sustainability strategy, pillars, and ambitions
- c. Alignment with existing sustainability engagement strategies
- d. Implementation feasibility when considering time, cost, and resources (Figure 5)

Through this criteria analysis, we determined six final recommendations for Oatly to deliver. Two of these recommendations can be implemented in the immediate short-term, and the remaining four are long-term recommendations. Below we have outlined these final recommendations, why they are the most effective in driving sustainability engagement among Oatly employees, and their expected challenges.

Team:	Requirement: Recommendation:	Resource (people)			Time (months)			Budget (dollars)			Avg. Effort			
		Effort:			Low	Medium	High	Low	Medium	High		Low	Medium	High
		Level of Effort (People, Months, Dollars)	1-3	3-6	6+	1-3	3-6	6-10	\$	\$\$		\$\$\$		
People and Transformation	Provide sustainability education + training to employees	X			X				X				Low/Medium	
	Create formal persona system for employees, laddering up to sustainability objectives	X			X			X					Low	
External Leadership	Create an external Sustainability Advisory Board			X			X	X					Med/High	
Product Development	Establish formal sustainability product guidelines, design principles, and evaluation tools			X			X		X				Med/High	
	Conduct sustainability hackathons to encourage employee involvement in sustainability solutions for company challenges			X		X			X				Med/High	
Internal Manufacturing / Plant Leadership	Implement a program challenging manufacturing employees to submit sustainability ideas for plant operations		X		X			X					Low/Medium	

Figure 5: Criteria Matrix

Short-term Recommendations

Based on our criteria matrix and initial conversations with the client on Oatly’s culture and work environment, we selected two short-term recommendations for them to pursue. These two recommendations were identified as good short-term, low-to-medium effort actions because they align with efforts and goals that Oatly is already working towards, therefore implementing them would not take a significant amount of time, money, or resources (Figure 5). The implementation of these recommendations falls under the People and Transformation team, but the eventual effects and actions will spill over to all Oatly employees. These People and Transformation recommendations fall in the social and formal dimensions of engagement.

The recommendations include:

People and Transformation

- Provide education and training around sustainability to employees
- Create formal objectives for each employee laddering up to sustainability goals

We recommend that in the short-term, Oatly should provide its employees with more education and training around sustainability. Specifically, they should use Project Drawdown’s Job Function Action Guides on how different teams can incorporate sustainability principles into their jobs. As discussed in the earlier recommendation section, these guides fall across different teams and contains a list of sustainability practices that team members can incorporate into their daily tasks, like making changes in a supply chain process to maximize efficiency on a Procurement team.¹²⁰ We believe that this would be a good fit because it will be easy to integrate into the company format. Upon completing sustainability education modules, employees will receive a badge that they can display on their profiles or LinkedIn. Most of the company’s non-plant employees already operate in a remote work environment and would make sense logistically to distribute online trainings. They already have some graphics that could be adapted for new educational materials and purposes, as well as the expertise to develop more as needed.

These training guides and educational materials already exist, so the challenge that the Oatly team will have to handle is categorizing what materials different employees should be receiving and distribute it along with timelines and guidance on how to use them. Another challenge that the People and Transformation team needs to address is how to upskill employees on different teams on sustainability awareness and accountability. This is where third-party guides like the ones from Project Drawdown are helpful references, especially since they are created by progressive, climate-focused companies and mesh well with the teams at Oatly. Their People and Transformation team can easily acquire the materials needed to create the educational curriculum for distribution for little to no cost but will need to spend time putting together relevant information for different teams.

Our second recommendation for short-term implementation is to have the People and Transformation team create a formal persona and badge program tied to sustainability. The personas will act as a set of concepts that help guide employees’ goal-setting ambitions towards sustainability that are outside of their defined job responsibilities. Innocent Drinks’ system, previously detailed in the *Recommendations* section, has four personas: the Agitator, Ambassador, Activator, and Protector. We believe developing and starting a similar persona system at Oatly is a feasible short-term goal that will encourage employees to define what type of role they want to have in the company’s sustainability strategy using their persona’s vision. Specific sustainability goals can be linked to personas and badges can be created to highlight an achievement that was made towards a sustainable solution. The program’s inherent cultural diversity and inclusive environment should foster a lot of excitement for this new program, which allows for more voices to be heard. This effort would demonstrate the importance of valuing and listening to all voices at Oatly, recognizing that climate action and solutions can

¹²⁰ *Job Function Action Guides*. (n.d.) Project Drawdown. Retrieved March 4, from <https://www.drawdown.org/programs/drawdown-labs/job-function-action-guides>

come from employees in teams doing vastly different tasks. We want this program to encourage employees to adopt the mindset that they can be climate warriors who can make a difference alongside the sustainability team, increasing their sense of personal ownership towards climate action.

Long-term Recommendations

From our criteria analysis and criteria matrix (Figure 5), we landed on four long-term recommendations for the Oatly employees to pursue. The recommendations fall under 1) Executive Leadership, 2) Product Development, and 3) Plant/Manufacturing Operations, however, as outlined in this paper, the recommendations will inevitably impact all employees across the organization. The recommendations under Executive Leadership and Product Development fall under the formal dimension of engagement, while the Plant/Manufacturing Operations recommendation fell under the psychological dimension of engagement.

The recommendations include:

Executive Leadership

- Establish an external sustainability advisory board

Product Development

- Establish formal sustainability product guidelines, design principles, and evaluation tools
- Conduct sustainability hackathons to encourage employee involvement in sustainability solutions for company challenges

Plant/Manufacturing Operations

- Implement a program challenging manufacturing employees to submit sustainability ideas for plant operations

Under Executive Leadership, we recommend Oatly form an external advisory board made up of peers, academics, and NGOs to engage senior executives and provide unbiased feedback and guidance to the company. This will require approximately 6-9 months and more than six team members to establish the board and formalize the cadence of operations. We believe this recommendation is a good fit for Oatly as they have already used external boards to help develop new products and services. For example, a few years ago, they conducted a life cycle assessment that required external experts to ensure the assessment was fair and accurate. The Oatly board is aware of the value of engaging external experts and our client has mentioned the board is keen to be “held accountable” for their actions as the company scales.¹²¹

¹²¹ Personal Communication, C. Edmonds, 3.23.23

The biggest challenge for Oatly with this recommendation will be finding the right candidates, establishing the scope of the board, and measuring the impact and success. While Oatly has worked with external advisors before, this has always been on a project-by-project basis. Creating an advisory board to oversee the entire company will require time, planning, and collaboration between executives and department leads.¹²²

The next two long-term recommendations fall under the Product Development team. The first recommendation is that Oatly should establish formal sustainability product guidelines, design principles, and evaluation tools for its Product Development team. As outlined in this paper, product design decisions play an integral role in determining the overall sustainability of a product. Companies that have deployed formal sustainability product development guidance include IKEA¹²³, Cisco¹²⁴, and 3M¹²⁵. Having formal guidelines and providing employees with the tools to evaluate product sustainability has had a positive impact on these companies' employee engagement and environmental impact. We believe this recommendation is needed at Oatly as they are planning to develop new products to drive the shift to plant-based foods. They will need to do this in an innovative way while minimizing risk and their environmental footprint. Product guidelines and evaluation tools can help Oatly do this, as they will give Oatly a system of checks and balances and ensure Product Development employees prioritize sustainability in their roles.¹²⁶

The biggest challenge with this recommendation is that it will take approximately 6-10 months to source or develop the best practice product guidelines and measurement tools. It will also require extensive training for the product team and others to understand the guidelines. Equally, establishing new sustainability practices in the product development phase will likely require financial investment and legal counsel.¹²⁷

The second recommendation falling under the Product Development team is to conduct sustainability hackathons to encourage employee involvement in sustainability solutions for company challenges. Sustainability hackathons provide a fun and inclusive way for employees to formally play a part in sustainability, all while developing innovations that can lead to greater sustainable impact as evidenced by Microsoft.¹²⁸ We believe this recommendation is a good fit

¹²² Personal Communications, C. Edmonds, 3.23.23

¹²³ IKEA. (n.d.). *IKEA designs for circularity*. What does 'circular design' mean to IKEA? Retrieved February 26, 2023, from <https://about.ikea.com/en/sustainability/a-world-without-waste/designing-for-a-circular-future>

¹²⁴ *Product sustainability*. Cisco. (n.d.). Retrieved February 26, 2023, from https://www.cisco.com/c/m/en_us/about/csr/esp-hub/environment/product-sustainability.html#circular-design

¹²⁵ 3M. (2018, December 5). *3M to embed sustainability into every new product*. 3M News Center. Retrieved February 26, 2023, from <https://news.3m.com/3M-to-Embed-Sustainability-into-Every-New-Product>

¹²⁶ Personal Communication, C. Edmonds, 3.23.23

¹²⁷ Personal Communications, C. Edmonds, 3.23.23

¹²⁸ Microsoft. (n.d.). *See the sustainability at Microsoft Challenge in the Microsoft Ecochallenge event*. Microsoft Ecochallenge. Retrieved February 26, 2023, from <https://microsoft.ecochallenge.org/challenges/sustainability-at-microsoft>

for Oatly, particularly because our client expressed that they are interested in how they can come together in person and increasingly work in cross-collaborative teams. For the Product Development team specifically, sustainable hackathons could serve as a tool for developing innovative products to help Oatly achieve its sustainability goal to drive a shift in the food system towards a plant-based diet. Our client mentioned they are interested in developing new types of products, but the company will need to ensure all new products and packaging are safe and environmentally friendly. This will require cross-collaborative thinking and problem-solving.¹²⁹

The main challenge with conducting a sustainability hackathon is the logistics of the event, as the majority of the North American employee base is fully remote and lives all over the country. It will also require a team to plan the event, including how the employees get to and from the event. Oatly will also need a team of product design experts and legal counsel to review and test the hackathon submissions.¹³⁰

The final long-term recommendation falls under the Internal Manufacturing and Plant Leadership team. We recommend Oatly implement a program challenging manufacturing employees to submit sustainability ideas for plant operations. Bob's Red Mill saw a positive impact from the internal food waste reduction challenge it implemented, receiving 176 ideas from 22% of plant employees, and the top idea resulted in a 70%+ reduction in food waste at the plant.¹³¹ We believe a sustainable plant/manufacturing operations challenge is a good fit for Oatly as they have already had some success with a smaller-scale health and safety challenge in one of its facilities. The manufacturing plants are the only places where Oatly employees physically come into work, while everyone else is fully remote. This presents an opportunity for Oatly to do something in person to engage its employees with sustainable action.¹³² Additionally, such a strategy has significant potential to impact sustainability progress at Oatly, as plant operations and performance are critical to Oatly's sustainability goals.

The existing program at Oatly's manufacturing facility is known as "Good Catch, Green Catch", and meant employees in the facility could "catch" issues and suggest improvements. The program was intended to promote environmental catches, but due to the large size of the staff, and a potential lack of sustainable education, the submissions were mainly focused on safety. Our recommendation is more viable because they have already established a willingness to participate in this type of program at the plants. Plus, Oatly also has smaller staff at the plants compared to previous years, so there is potential to renew relationships, educate employees, and talk more openly about what can be improved.¹³³

¹²⁹ Personal Communications, C. Edmonds, 3.23.23

¹³⁰ Personal Communications, C. Edmonds, 3.23.23

¹³¹ *Institutionalizing a Waste Reduction Culture in Food Manufacturing*. (2022).

¹³² Personal Communication, C. Edmonds, 3.23.23

¹³³ Personal Communication, C. Edmonds, 3.23.23

The biggest challenge with this recommendation is that it will require finding a champion, or team of champions, to implement the program and work closely with the employees to ensure uptake of the program. This could take several months. Oatly will also need financial resources to implement any suggested changes that are deemed necessary.¹³⁴

In addition to these recommendations based on examples from other companies, we suggest that Oatly continue and strengthen the current sustainability engagement initiatives identified in the baseline Oatly matrix. For example, the Sustainability team should continue their initiatives to engage with other teams on sustainability by conducting workshops to describe how other teams fit into Oatly's sustainability goals, and the People and Transformation team should continue holding sustainability discussions during the onboarding process.

Limitations

A limitation of this report is that we had difficulty finding examples of sustainability engagement within multiple departments at other companies for the Landscape Analysis matrix. This can be seen by the gaps in the Landscape Analysis matrix in Figure 3 and Figure 4, most notably in the social or psychological dimensions for the Communications and Public Affairs, Finance, Executive Leadership, US Technology Hub, Commercial Strategy, Coffee, Retail, Creative, Food Service, and E-Commerce/D2C teams. Because the client requested case studies for each of the final recommendations, the lack of examples in these areas meant that there could not be final recommendations for Oatly in these areas.

Additional limitations of this report include insight into Oatly's available budget and resources to put toward our final recommendations. Because our client was unable to provide details about what budgets are available to implement the top recommendations, the team needed to make assumptions on costs for each final recommendation based on high, medium, and low investments. For example, a low investment is adding badges to employees' slack profile for achieving sustainability actions and goals, whereas a high investment would be planning and implementing a cross-company hackathon.

It was also difficult for this team to know the breadth of resources available at Oatly to help implement the top recommendations. Our client provided us with general guidance on which teams would be responsible for each recommendation, but further discussion and private company information would be needed to make concrete recommendations for the resource investment needed. In the interim, we decided to rate each recommendation based on high, medium, and low resource required. For example, the resource required to implement Personas would be considered "low" because there is already a team in place (People & Transformation)

¹³⁴ Personal Communication, C. Edmonds, 3/23/23

dedicated to improving employee retention and growth. Therefore, this type of recommendation is not outside of the scope of something the People and Transformation team already does.

Opportunities & Next Steps

The limitations discussed in the previous section provide various opportunities for the client to prioritize beyond the scope of this project. With this project and report lacking sufficient insight into the cost and resources required of these recommended strategies, Oatly should immediately conduct a more thorough cost and resource analysis to define what financial and people resources would be required for each of the final six recommendations. Doing this will not only help Oatly understand how finances and headcount need to be allocated to increase sustainability engagement across the organization, but it will also help them prioritize the final recommendations and understand which are most feasible to implement first.

Additionally, once Oatly conducts a more thorough cost and resource analysis for each of the final six sustainability engagement recommendations, the client should then work on a detailed implementation plan for each of the recommendations, starting with those that will be most feasible (in terms of time and resources) and most likely to be implemented in the short-term. The client should move forward with an implementation plan as they typically would for any new internal engagement implementation. Additionally, we suggest they have detailed conversations with all employees relevant to each engagement strategy, formally gather feedback from employees during the planning and post-implementation phases, and make sure to adjust the implemented strategies if needed based on employee feedback. Such a transparent and collaborative implementation process is critical for ensuring these strategies successfully engage Oatly's employees in sustainability strategies and programs.

Lastly, it's important to note that through our landscape analysis, it was difficult to find examples of Oatly's competitors implementing similar sustainability engagement strategies to those we have recommended. Therefore, as Oatly implements these strategies that will effectively drive employee participation and engagement with the company's sustainability ambitions, Oatly will likely have increased success with their critical sustainability goals and will gain a competitive advantage. Such efforts will solidify Oatly's sustainability leadership among the dairy alternative industry and enable them to lead the food system towards a future that is better for people and the planet.

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