Sustainable Packaging
From the Retailer's Perspective

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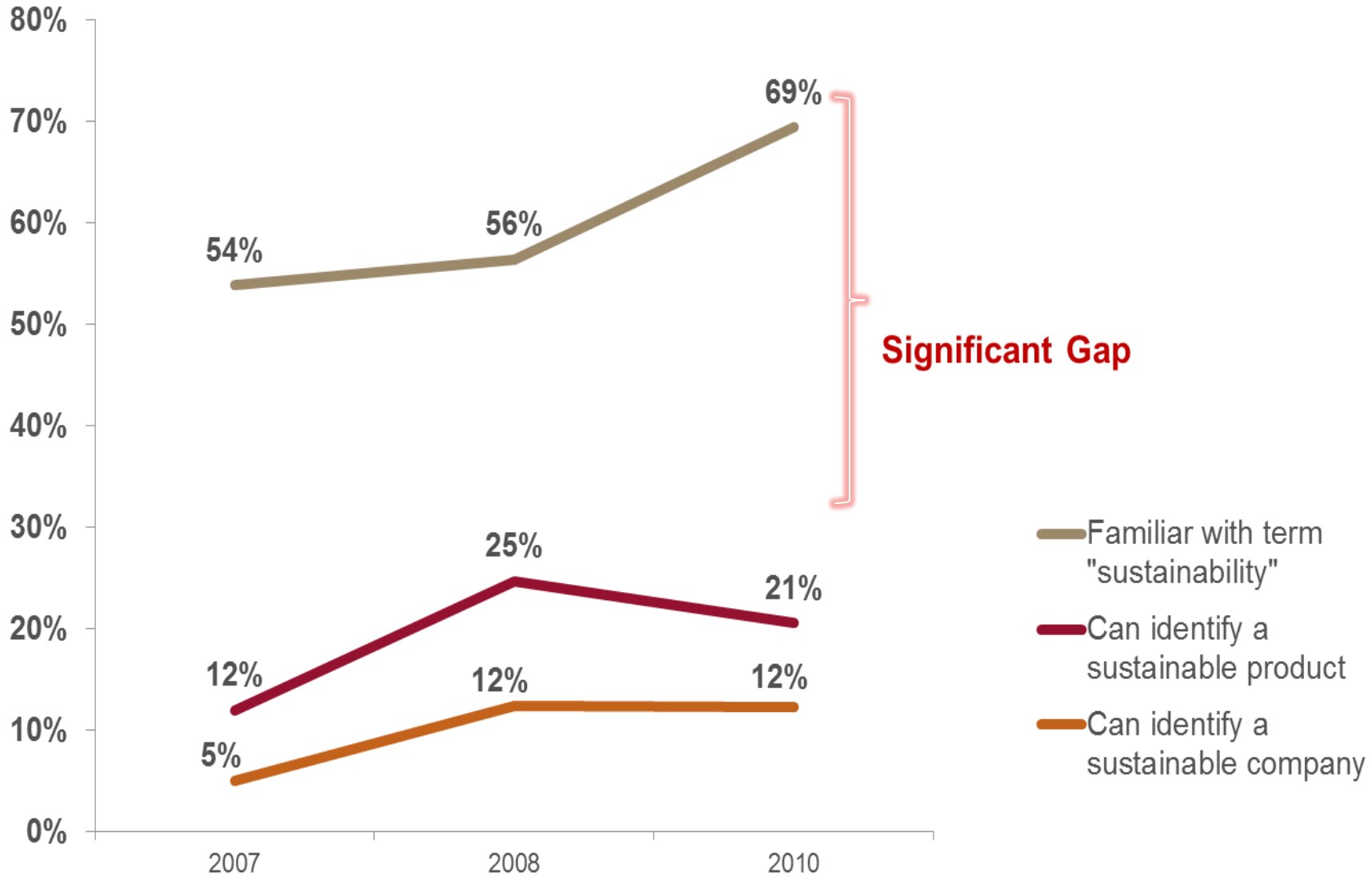
FMI
THE VOICE OF FOOD RETAIL
Feeding Families Enriching Lives

What Are We Talking About?

- FMI's Sustainability Initiative – big picture
- Our initiatives related directly to packaging
- What is important to retailers?
- How are retailers approaching packaging now?
- Roadblocks and opportunities – for all of us
- Future trends

Everybody is Confused!

Consumers do not make connection between sustainability and sustainable companies/products



An Awakening is Coming…
16-35 Year Olds – Will Change the World

- Most passionate segment about social responsibility and environment
- 92% of graduating college seniors say important to work for environmentally responsible company
- 30% say they actively look for and buy green and socially responsible products
- Corporations considered least trustworthy source of information when buying
- Most trusted sources people they know, consumer reviews and ratings on social networking sites

Food Marketing Institute Takes Action

- Our Mission: Feeding Families and Improving Lives
- 1,500 supermarket/wholesale member companies worldwide
- Government, food safety, education, media and consumers
- Chartered member sustainability initiative in 2006

FMI Sustainability Executive Committee

Sustainability Council and Electronic E-Share

Cooperation to maximize speed and action to move industry forward faster than any single company can do alone.

Working Committees:
Packaging, Waste, Education, Communication, Seafood, NGO and Supplier Councils

Ahold USA
Fresh and Easy Neighborhood Markets
Giant Eagle
Delhaize USA
Haggen
Harris Teeter
H-E-B
Hy-Vee
King Supermarkets
The Kroger Co.
Loblaw Cos. Ltd.
Price Chopper Supermarkets
Publix Super Markets
Raley's Family of Fine Stores
Safeway
Schnucks Markets
Sobeys
SUPERVALU
Target Corp.
Wakefern Food Group
Wal-Mart Stores
Wegmans Food Markets
Winn-Dixie Stores

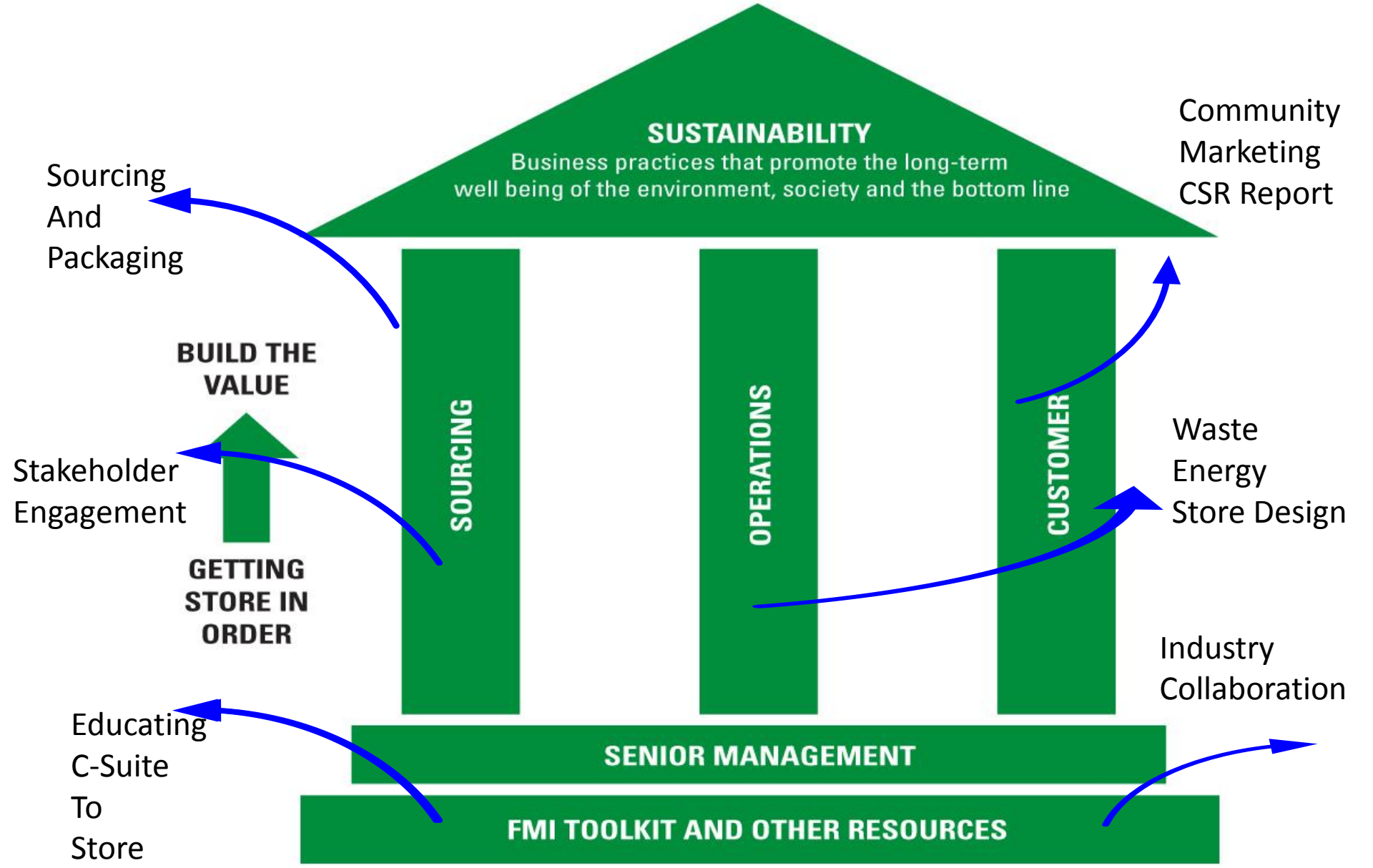
What is Sustainability?

Business strategies and practices that promote the long-term well being of the environment, society and the bottom-line

FMI Sustainability Executive Committee Definition

A HEALTHY balance = People, Planet and Profits

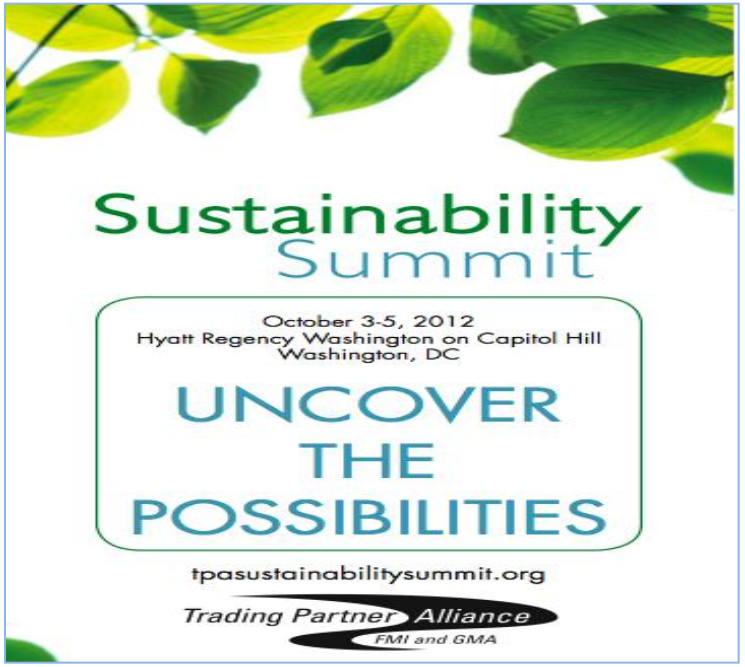
Strategy and Action Plans



Created "by industry for industry"

New section on sustainable packaging was created and added to coincide with this conference!

New Sustainable Packaging 101's



Coming Soon – In Development

- *Webinars on Sustainable Packaging*
- *Webinars on Retail Ready Packaging*
- *GMA/FMI Best Practices Guide*

Sourcing Guide Example

Grocery Questions for Suppliers

1. Refer to carbon, water, waste, packaging and agriculture starting on Page 22
2. What product ecolabels do you use? (for reference: http://www.ecolabelindex.com/ecolabels/?st=category,food)
3. How do you trace the source of your ingredients or raw materials?
4. How do you monitor and enforce equitable labor standards?
5. Canned goods suppliers: Are you seeking alternative packaging materials that do not have restricted materials or materials of concern?

Questions about Sustainability Issues

Water Questions for Suppliers:

1. Have you measured your company's water footprint?
2. If no, are you planning on measuring it in the near future?
3. Have you measured the water footprint of any individual products?
4. What steps have you taken to reduce your water consumption?

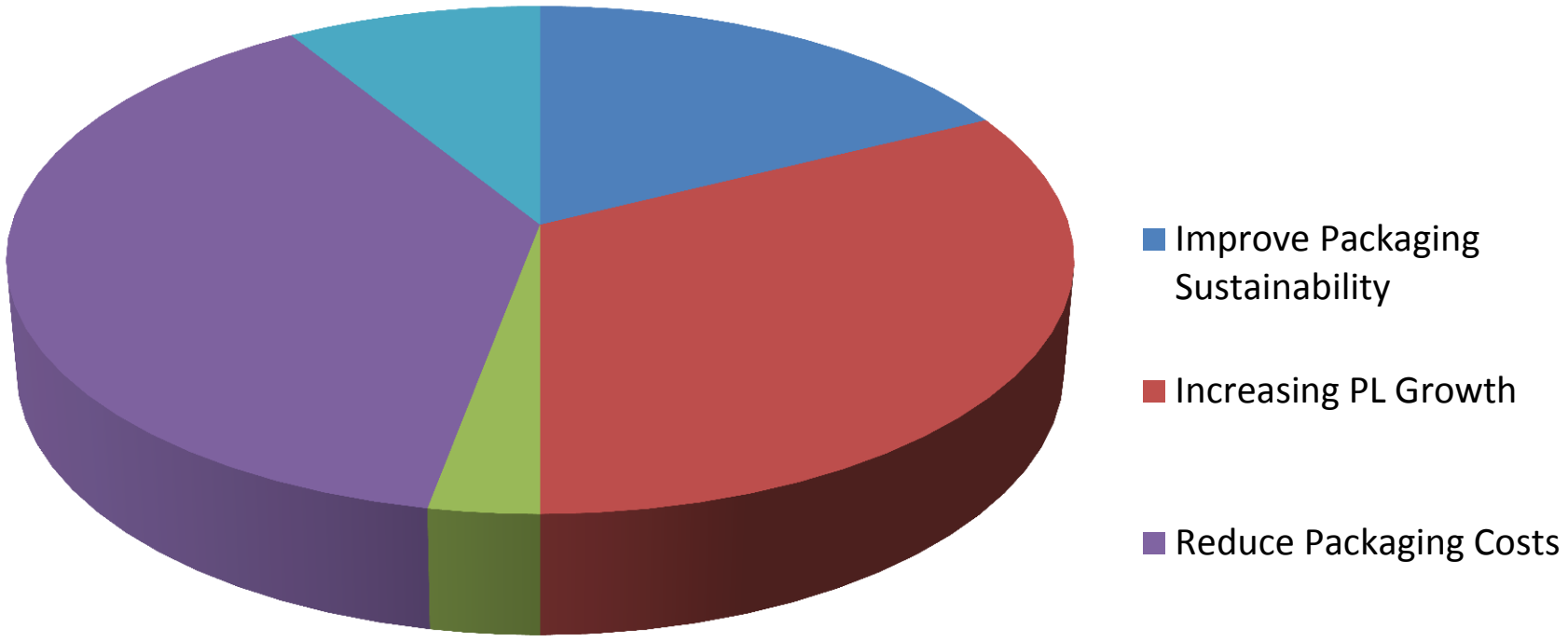
FMI's New Sustainable Packaging 101's

- Key Facts about Sustainable Packaging
- The Role of Packaging
- How Does Packaging Contribute to Sustainability?
- Key Questions for Category Managers to Consider
  1. Has packaging been optimized for the product?
  2. Is packaging safe and healthy without known toxicity?
  3. Is packaging made from responsibly sourced materials?
  4. Is packaging manufactured in responsible manner?
  5. Is packaging material easily and efficiently recoverable?
  6. Does packaging meet consumer choice and expectation?
  7. Does packaging meet market criteria for performance and cost?

FMI's Sustainable Packaging Committee Info for this Presentation

- Internal Survey of FMI Sustainability Executive Committee Members – "Where are you with sustainable packaging and what is important?"
- JvZ interviews with 8 companies – including both sustainability lead and category managers, global, national and regional - results

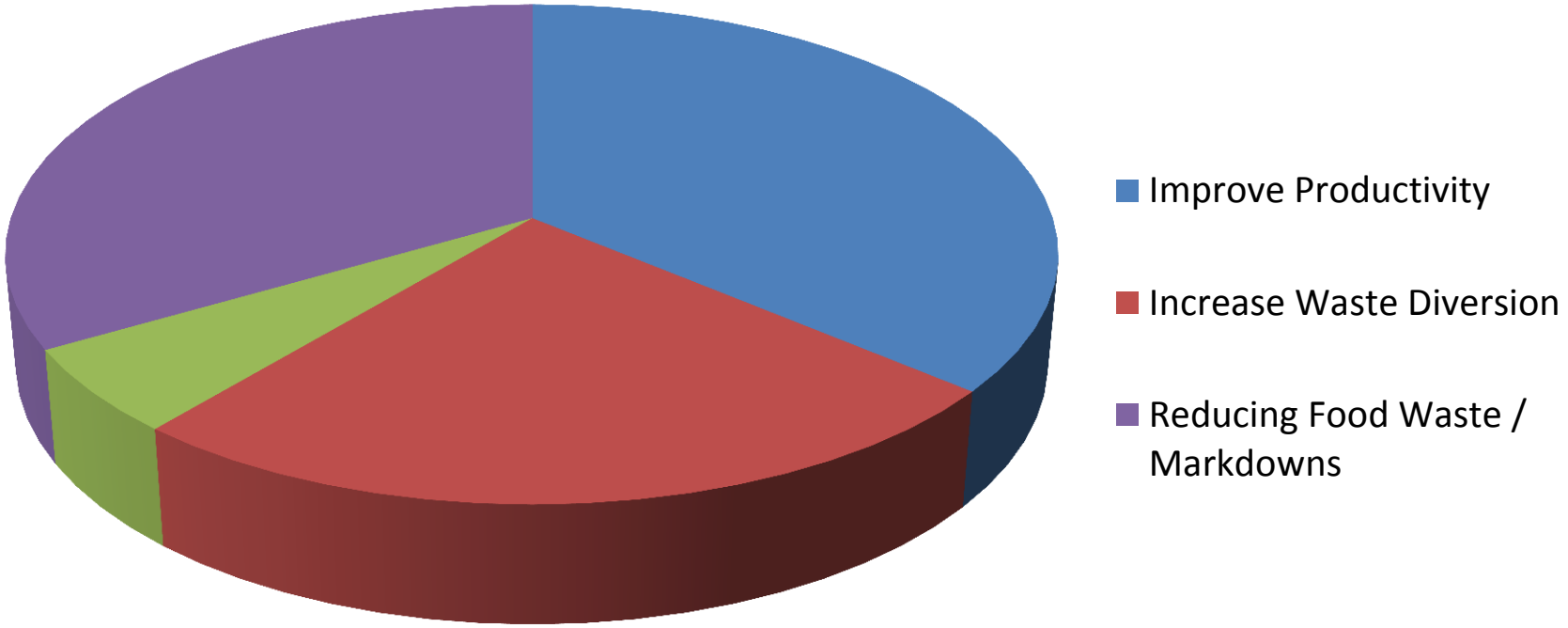
What is important to buying/merchandising?



Ranking from Top to Bottom

1. Reduce Packaging Costs
2. Increasing P and L Growth
3. Improve Packaging Sustainability
4. Retail Ready Packaging
5. Other

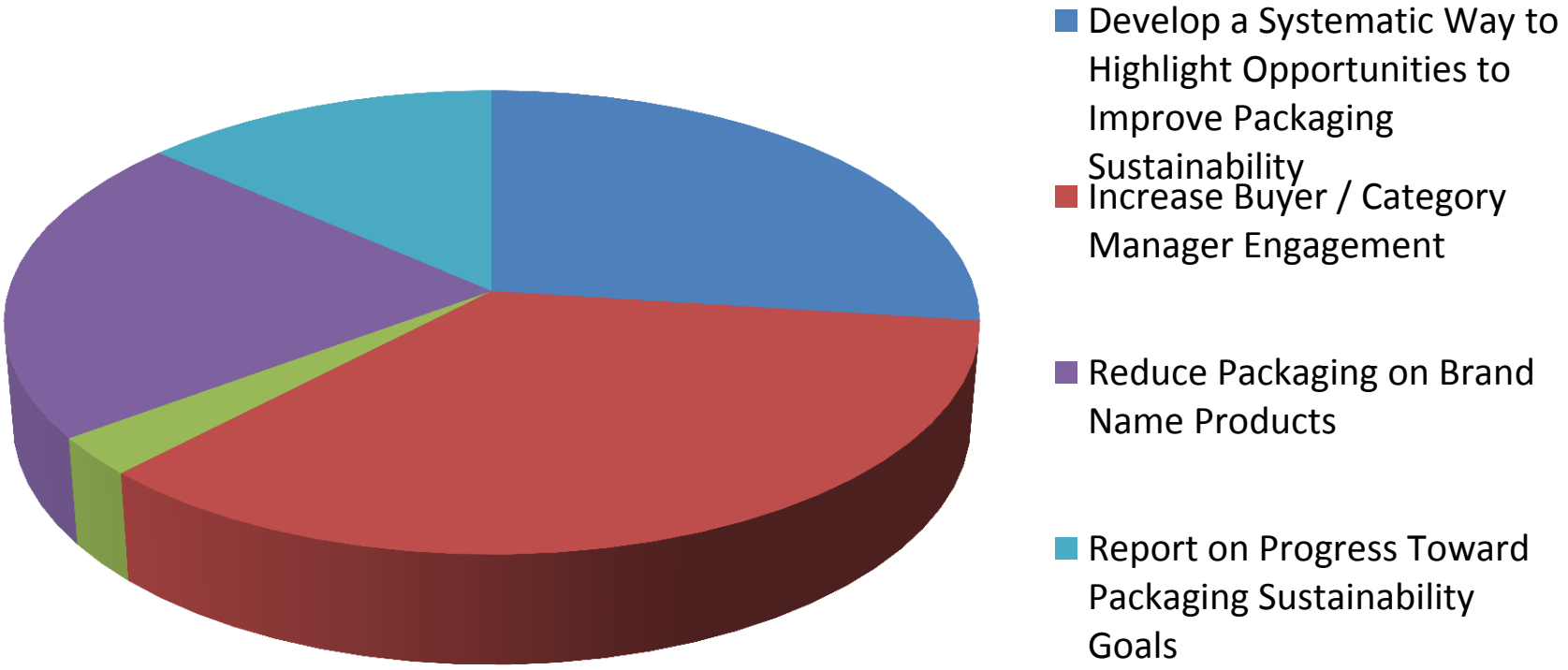
What is important to stores?



Ranking From Top to Botton

1. Improve Productivity
2. Reducing Food Waste Markdowns
3. Increase Waste Diversion

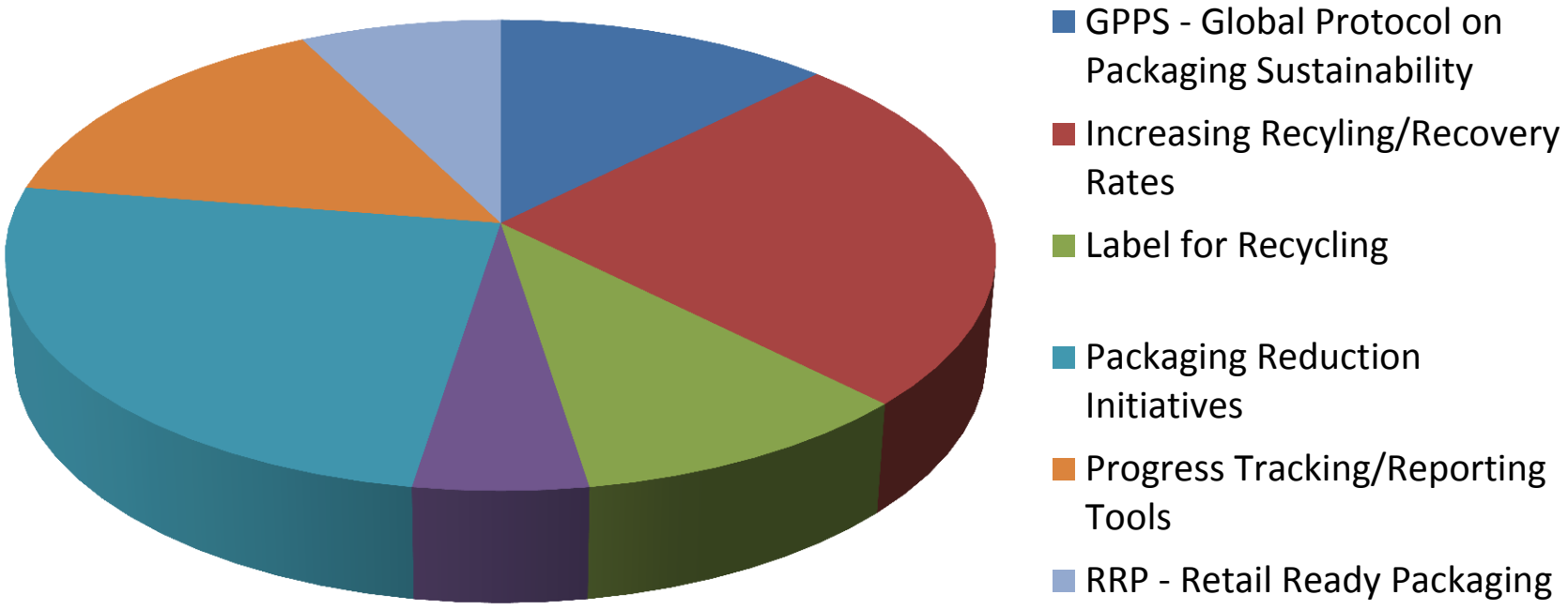
What would sustainability lead like to do better?



Ranking from Top to Bottom:

1. Sustainability – Increase Buyer and Category Manager Engagement
2. Develop a Systematic Way to Highlight Opportunities to Improve Packaging
3. Recue Packaging on Brand Name Products
4. Report on Progress Toward Packaging Sustainability Goals

What topics would you like the SEC to focus on?



What Should FMI's Sustainability Executive Committee/Packaging Group Focus on

1. Packaging Reduction Initiatives
2. Increasing Recycling/Recovery Rates
3. Progress Tracking/Reporting Tools
4. Labeling for Recycling
5. GPPS – Global Protocol on Packaging Sustainability
6. Retail Ready Packaging

Wegmans

- Sustainability expert works closely with private label company to increase sustainable packaging on own brands
- Sustainability expert sits in on buyer/category meetings with CPG vendors
- Created-house format and guidelines for sustainable packaging decisions.
- Currently developing a simple "cheat sheet" using key elements from the GPP.
- Focus - reduce/eliminate PVC and polystyrene and move to more #1 and #2 plastics.

COURTESY WEGMANS FOOD MARKETS

Wegmans

Wakefern

- Developed l/2 day buyer/category manager training sessions
- Utilize the SPC guidelines
- Have sustainability team on staff to work with buyers/category managers and provide expertise
- Ongoing work with SPC and FMI packaging group

Wakefern
FOOD CORP.™

Wal-Mart

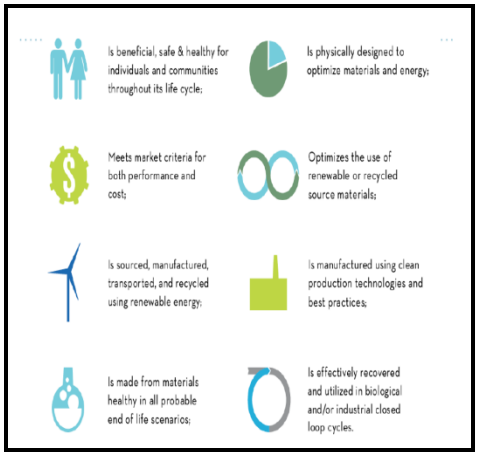
- Have packaging engineers on staff and several VP's of Sustainable Packaging
- Instrumental in helping to formulate GPP
- Working in Canada with retail association and major retailers on material optimization and retail ready packaging
- Leadership in FMI Sustainable Packaging Group – helping move industry forward faster with expertise/experience

Walmart
Save money. Live better.

What are the Roadblocks?

- Priorities and level of understanding differ based on role – sustainability/buyer/store
- Bandwidth – buyers manage 1,000's of products
- Price, product, protection comes first
- Few retailers have packaging engineers/experts
- Few utilize outside tools like GPP, SPC or FMI
- Reliance on existing relationships/trust
- Misinformation - sometimes "sustainable packaging" is perceived as creating more unsalable – so pushback from stores
- Some have been "burned" and are gun shy

What is Needed?



- Customized, concise, bulletized, practical tools in common language – “cheat sheets”
- “Sharing sessions” at industry conferences
- Connections and translation to “retailer friendly” resources
- Cross training - increase awareness – different priorities/goals
- Efforts to streamline options and minimize comingled and non recyclable packaging
- Consistent, clear labeling and messaging to consumers and to industry on what, how, when packages can be recycled
- Supply chain collaboration and communication

Moving Industry Forward Together….

Radical Collaboration

Creating alliances between former competitors, partners in supply chain and/or non-traditional partners to leverage complementary strengths and solve problems. AKA, Stakeholder Engagement

Multi-Stakeholder Action to Accelerate Recycling

Nationwide Initiative – worth watching…..

To increase U.S. recycling rates of consumer packaging and printed materials **by 2015**

- Plastics and packaging make up l/3 of landfills
- Enough aluminum is sent to landfill annually to make 27 Boeing Air Bus airplanes

EPR 101 = What is Evolving?

Shifting end of life (aka waste) responsibility away from the municipalities to the producer. Government **shifts the costs** of packaging waste **to the producer**. As retailers/wholesalers we are the producers of our private brands.

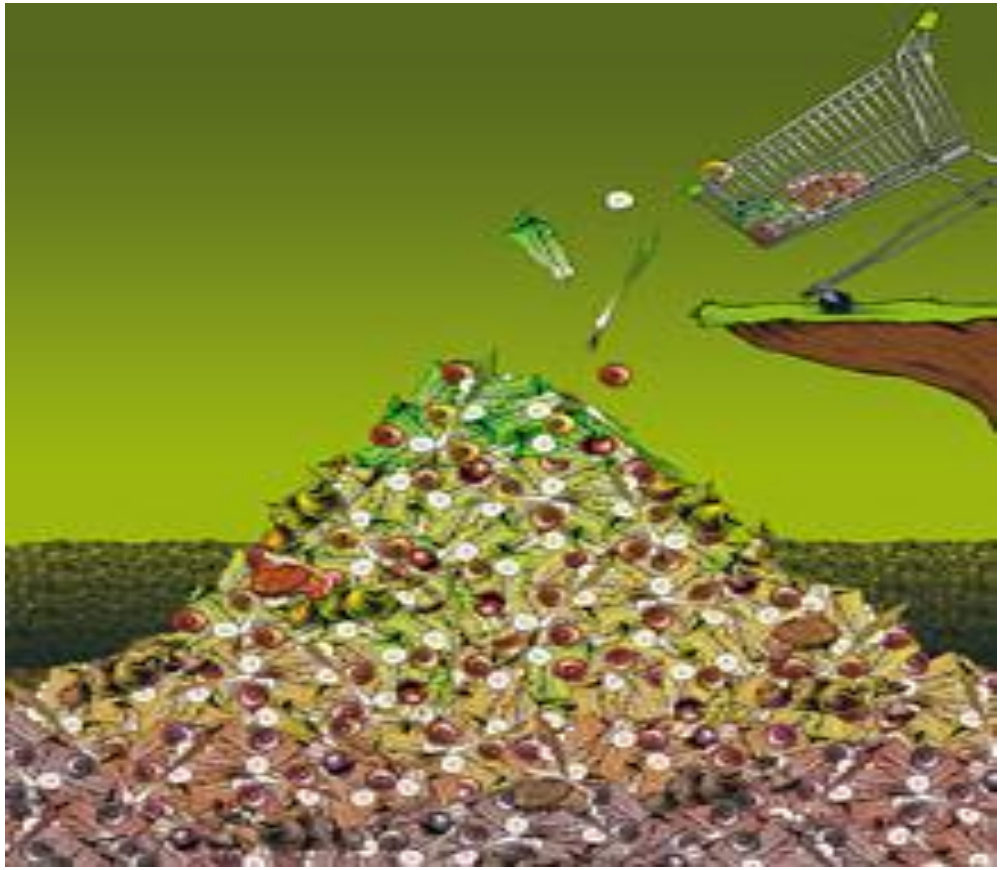
Supply Chain Collaboration = Coming Attractions!

IN DEVELOPMENT

GMA and FMI
Best Practices Guide
Sustainable Packaging

Food, Beverage and Consumer Products Companies to Eliminate Four Billion Pounds of Packaging by 2020

FMI/GMA/NRA Food Waste Coalition



The average grocery store produces 2.3 tons of organic waste a week!

30-50% of all food produced is wasted!

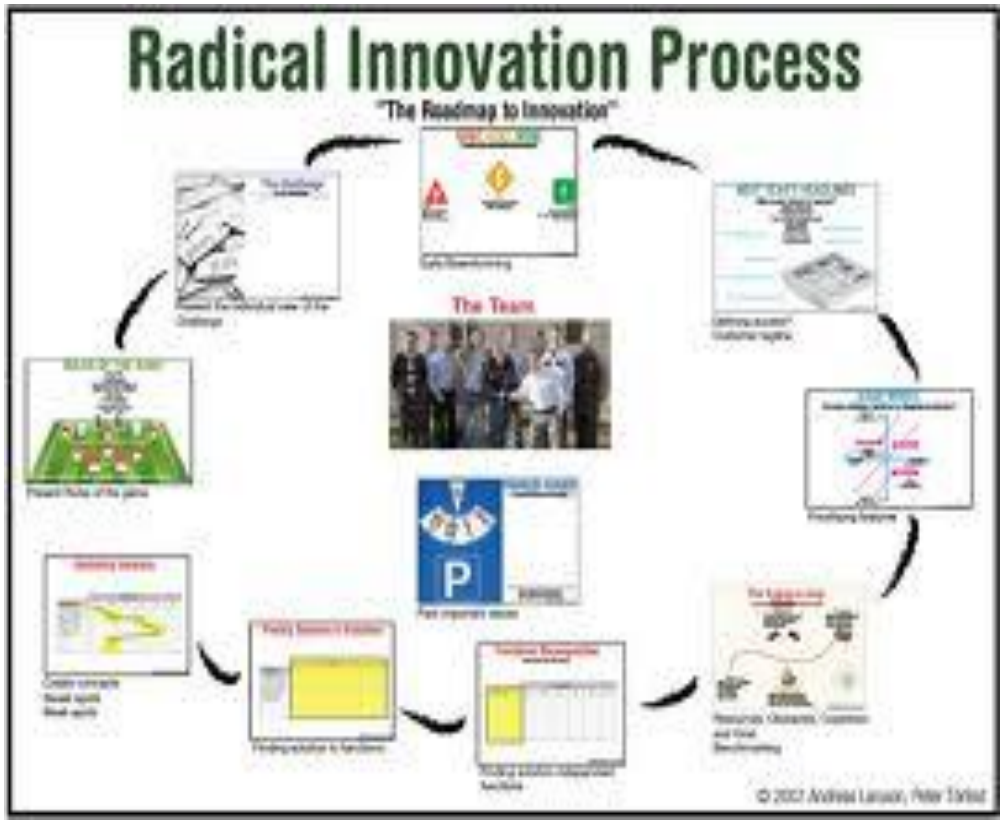
US food waste estimate from production to consumer

79.4 Billion lbs.

- **Assess the problem**
- **Develop tools and resources**
- **Set goals**
- **Policy development**

Emerging Trends…..

Radical innovation - integrating new products, packaging, technologies, and creating new models and breakthrough businesses



Sustainable Consumption

To bring [the consumer] with us, we need to provide products that allow them to do their bit for the environment with no compromises. And we need to connect with them to show – in a very simple way – how we can help them to make a difference.

The onus is on us to shape the future of sustainable consumption.

- P&G UK Vice President, Irwin Lee, January 3, 2011

"Choice Editing"

+

Innovation

+

Engaged Consumers

What's Over the Horizon……

- Consumers will catch up – hold us accountable
- Industry will come together and make it easy for everyone
- Infrastructure will evolve and recycling will explode
- Sustainability embedded in every decision
- Sustainable consumption via choice influencing/editing

Be the change the world needs to see!

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