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Sustainability on the Shelves
A Guide for Category Managers

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Food Marketing Institute

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Food Marketing Institute (FMI) conducts programs in public affairs, food safety, research, education and industry relations on behalf of its 1,500 member companies — food retailers and wholesalers — in the United States and around the world. FMI's U.S. members operate approximately 26,000 retail food stores and 14,000 pharmacies. Their combined annual sales volume of \$680 billion represents three-quarters of all retail food store sales in the United States. FMI's retail membership is composed of large multi-store chains, regional firms and independent supermarkets. Its international membership includes 200 companies from more than 50 countries. FMI's associate members include the supplier partners of its retail and wholesale members.

Five Winds International is one of the world's most experienced sustainability management consulting firms. Its focus is on helping clients understand sustainability, improve their performance and succeed in the marketplace. Since 1998, Five Winds has worked with some of the world's most respected firms to develop the strategies, management systems, tools and processes needed to achieve leadership in sustainability. Five Winds has offices in Europe, Canada and the United States. For more information, please visit www.fivewinds.com.

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The Guide is free for FMI Members, \$150 for FMI Associate Members and \$300 for Non-Members.



UNITED SOYBEAN BOARD AND SUSTAINABILITY

This project was sponsored in part by the United Soybean Board. The following information was provided by the Board to describe their on-going efforts to advance more sustainable agricultural production.

About the United Soybean Board

The United Soybean Board is comprised of 68 farmer-directors who oversee the soybean check-off investments on behalf of all U.S. soybean farmers. U.S. soybean farmers are building a sustainable food supply to meet world health, hunger and environmental needs, while establishing science-based mechanisms for assessing sustainability in the soy value chain.

Soybean oil (*commonly labeled vegetable oil*) and soyfoods are throughout supermarkets and sales are on the rise. Research shows that many shoppers seek food that is sustainable and healthy and view U.S. soybeans as a sustainable, nutritious choice.

The United Soybean Board is committed to:

Increasing Agricultural Productivity to Help Feed the World

The United Nations challenged industrialized nations to increase food production by 50 percent by the year 2030 to “avoid a global catastrophe.” U.S. soybean farmers are already improving the vast majority of soybean acres with biotech varieties that can produce significantly more food with less environmental impact. These improved crops are declared safe by the world's top scientific and regulatory bodies, so consumers can eat with confidence!

Being Stewards of the Environment

New varieties of soybean crops are no-till, which may significantly decrease the use of fuel and herbicides. In fact, 65% of U.S. soybean acres are no-till, resulting in a 93% decrease in soil erosion, 70% reduction in herbicide run-off and 50% reduction in fuel use.

Improving Human Health through Good Nutrition

Soybean oil and protein are nutritious, safe, affordable and abundant foods. Soybean oil is heart healthy, while soy protein offers all 8 essential amino acids necessary for human health. In the next 5 years, watch for even healthier soybeans through trait enhancements, such as increased omega-3 fatty acids, lower saturated fat and high-oleic with zero grams of trans fat per serving.

Improving the Social and Economic Well-Being of Agriculture Communities

Successful farming creates vibrant communities. And, the soybean sector has seen the largest gain in farm income because of the cost savings from growing biotech crops. This is true in every country where biotech crops are grown. While conventional seed cost is lower, it is offset by the higher cost of herbicides. For example, biotech crops decreased production costs by \$1.4 billion in 2005, contributing to an increase in net profits of \$2 billion. This makes an incredible impact at home and in the developing world.



For more information, please visit USB's SoyConnection.com.



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FOREWORD

PURPOSE OF DOCUMENT

The purpose of this Guide is to provide a basic overview of sustainability in the food retail sector and a framework to help food retail buyers and category managers respond to both their company's and customers' demand for more sustainable products in specific retail categories.

Food retail buyers and category managers hear many supplier claims about "green" and "sustainable" attributes of products. This Guide was developed to help category managers better navigate these claims by providing them with a working knowledge of sustainability and a framework to begin to process the sustainability preferences for products. This Guide begins to address the issues in these specific food categories:

1. Grocery – cereal, boxed goods, canned goods
2. General Merchandise – home cleaning, personal care
3. Fresh – meat, dairy, produce
4. Beverage – bottled water, soda, alcohol, non-perishable juice, coffee, tea
5. Seafood – fresh or frozen

Each food category has very different sustainability issues. This Guide is a beginning, and we hope it provides the foundation for integrating sustainability into retailer's purchasing decisions.

LEARNING OBJECTIVES

This Guide and the accompanying webinar training session are designed to help category managers achieve the following learning objectives:

1. Provide good working understanding of sustainability in the food retail sector,
2. Identify key sustainability issues specific to each product category,
3. Have questions and tools to help understand and verify sustainability claims, recognize "greenwashing", and select more sustainable products.

DISCLAIMER

This Guide is for buyers and category managers who believe there is market demand for sustainable products in their category and need tools and resources to discern which products are in fact more sustainable. One note of caution: this Guide DOES NOT recommend that buyers and category managers source more sustainable products. That decision should be based on individual retailer's sustainability priorities and procurement strategies (most likely reflecting customer demand). This Guide is for the buyer and category manager that has already identified sustainability priorities and wishes to integrate them into their purchasing decisions. We have tried to offer balanced information, not favoring one approach to sustainability over another. Further, when a company program is listed in the "For More Information" section, we are not promoting their products but rather providing an example of the process they use to increase or improve sustainability in the value chain. Resources are listed alphabetically.



EXECUTIVE SUMMARY

Despite tough economic times, consumer demand for greener or more sustainable products continues to grow. Mintel's Spring 2010 Survey indicated that just over one-third of respondents were willing to pay more for products that are "environmentally preferable."¹ However, definitions of environmentally preferable, green, or sustainable are often subjective and formal certification programs address only a small portion of today's grocery products.

"[Today]...nearly every segment of consumer products now offers a 'green' option for shoppers."

Chris Haack, Mintel
(Spring 2010)

In addition to this growing demand, consumer expectations are also growing. Past generations of green products were thought to be more expensive and substandard in performance (or taste) compared to their more conventional cousins.² Further, consumers often preferred foods that were exotic or sourced from faraway countries. Times have changed. Consumers want a product that works (or tastes good), is comparable in price to traditional products and doesn't come at a cost to the environment or society. These costs to the environment and society include pesticide and chemical use, air transportation of food products for freshness, and complicated ingredients a fifth grader wouldn't understand. Consumers want it all.

How does a grocery retailer respond to sustainability and get ahead in this changing marketplace? Some already have with the development of corporate sustainability strategies and supply chain initiatives. This Guide does not address how to develop a corporate strategy or identify which sustainability issues to address. The FMI Sustainability Starter Kit has these tools. This Guide is for the buyer and category manager that has identified priorities and needs to integrate them into their purchasing decisions.

Category Manager's Decision-making Process for Selecting Products

1. Quality
2. Availability
3. Price
4. Service
5. Sustainability Attributes

Buyers and category managers already use a decision-tree framework that typically includes product quality, availability, price, and service. Sustainability should be another element of this existing decision-making process. The specific issues and weight given to sustainability priorities is up to each company. Sustainability is not an exact science. Some retailers view sustainable supply chain programs as risk avoidance, others use it towards competitive advantage. It is a strategic decision.

This Guide provides an overview of sustainability in retail grocery products. One of the more overlooked elements of sustainability in food retail is looking beyond the store. Most sustainability issues in the food retail value chain happen before the product reaches the store – when the food is grown or the raw materials and ingredients are sourced and processed. Store

¹ <http://www.mintel.com/press-centre/press-releases/514/are-americans-willing-to-pay-more-green-to-get-more-green>



and warehouse operations are important and these sustainability initiatives can provide important cost savings, but the operational environmental footprints are very small compared to growing, sourcing, manufacturing, packaging and transporting products to the shelves.

Consumers have greater expectations not only in the performance of the products, but also in having retailers provide sustainable options and play a more active role influencing the supply chain. Buyers and category managers are the key to making sure consumer demand is met.

“Sustainability is about profit....it’s the opportunity of the century.”

Ben Clarke, VP, Kraft Foods

The format of this Guide starts with [Category Guides](#) for five individual categories, which include product profiles that show life cycle hot spots, questions to ask your suppliers, and a list of additional information resources for each product category. The document then provides a concise [overview of sustainability](#) and a [framework](#) for making purchasing decisions. The [Appendix](#) includes a glossary and a broader resource guide.

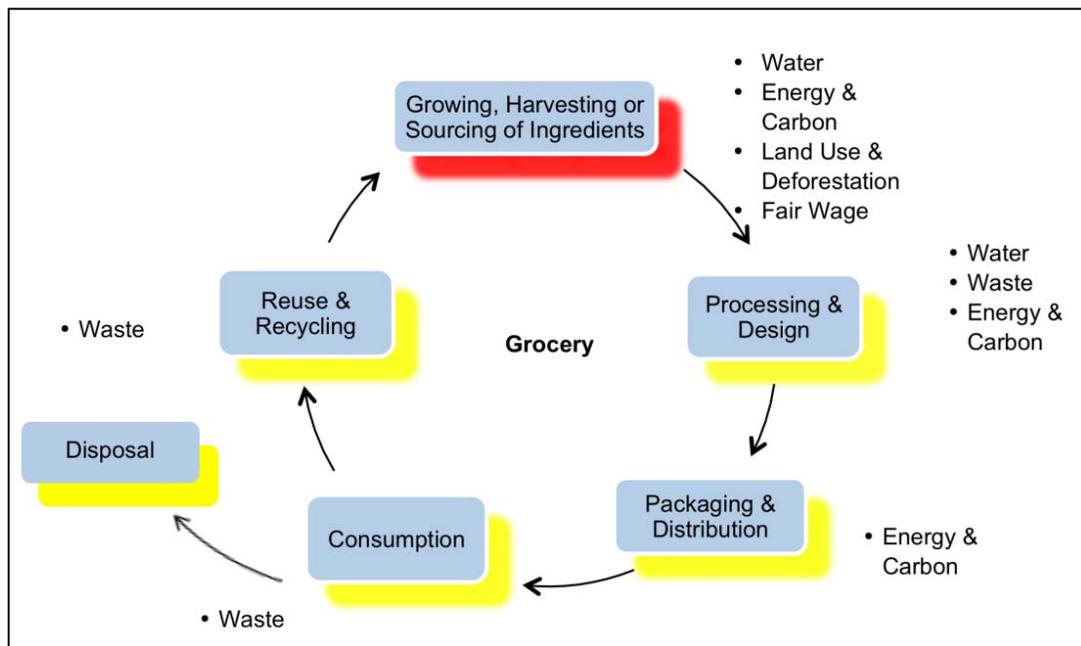
The Guide should be used as a reference tool. As your understanding and experience with sustainability grows, you can refer back to the Guide and click on the information links provided, at your convenience.



CATEGORY GUIDES

GROCERY

Dry goods (Cereal, boxed goods, canned goods)



Sustainability Hot Spots – Grocery Category

Red shading = significant issues, Yellow shading = some issues

In general, the greatest sustainability issues in the grocery category occur when agricultural products are grown and harvested. Agricultural activities may consume large amounts of energy and water, as well as other inputs such as fertilizers or pesticides, contributing more heavily to each grocery product's overall carbon and water footprint. In addition to the energy, carbon and water issues, increasing crop production and sourcing of certain ingredients (e.g., nuts) puts primary forests or rainforest at risk. For example, the sourcing of some palm oil has particularly high deforestation concerns.

There are energy and carbon issues associated with the production of packaging. For consumption and recycling or disposal, the greatest concern is waste. Suppliers are working to reduce waste throughout a product's life. See what your suppliers are doing to reduce their waste as well as that of the consumer.

Other Sustainability Issues to Consider:

- Ingredients: genetically modified crops, natural, or organic



- Packaging: reducing amount of packaging, increasing recycled content, eliminating materials of concern, and increasing the packaging's recyclability
 - For example, Bisphenol-A (BPA) is currently a material of concern that is being scrutinized for potential health effects. Many suppliers are looking at ways to eliminate BPA from the freshness preservative linings of cans.
- Buying foods in bulk, which costs less and reduces packaging use, is a growing trend. Over 1,000 retailers added a bulk aisle in 2009³

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?

For More Information:

- *Field to Market: The growers, conservation organizations and companies in the food value chain that make up the Keystone Alliance for Sustainable Agriculture are working to create indicators to measure the environmental, health and socio-economic outcomes in the U.S. for wheat, corn, soy and cotton production.*⁴
- *The International Food Information Council Foundation works to effectively communicate science-based information on health, food safety and nutrition for the public good*⁵
- *Sustainable Food Lab's consortium of business, non-profit and public organizations is working to accelerate the shift toward sustainability, and facilitate market-based solutions to the key issues – including climate, soil, poverty, and water – that are necessary for a healthy and sustainable food system to feed a growing world.*⁶
- *Unilever's Sustainable Agriculture Sourcing Program*⁷
- *United Soybean Board: A Comparison of Sustainable Production Systems for Conventional, Biotech, and Organic Soybeans*⁸

³<http://www.pitchengine.com/bulkisgreencouncil/surge-in-demand-for-bulk-foods-expected-to-continue-through-2010-52720/>

⁴<http://www.keystone.org/spp/environment/sustainability/field-to-market>

⁵<http://www.foodinsight.org/>

⁶<http://www.sustainablefoodlab.org>

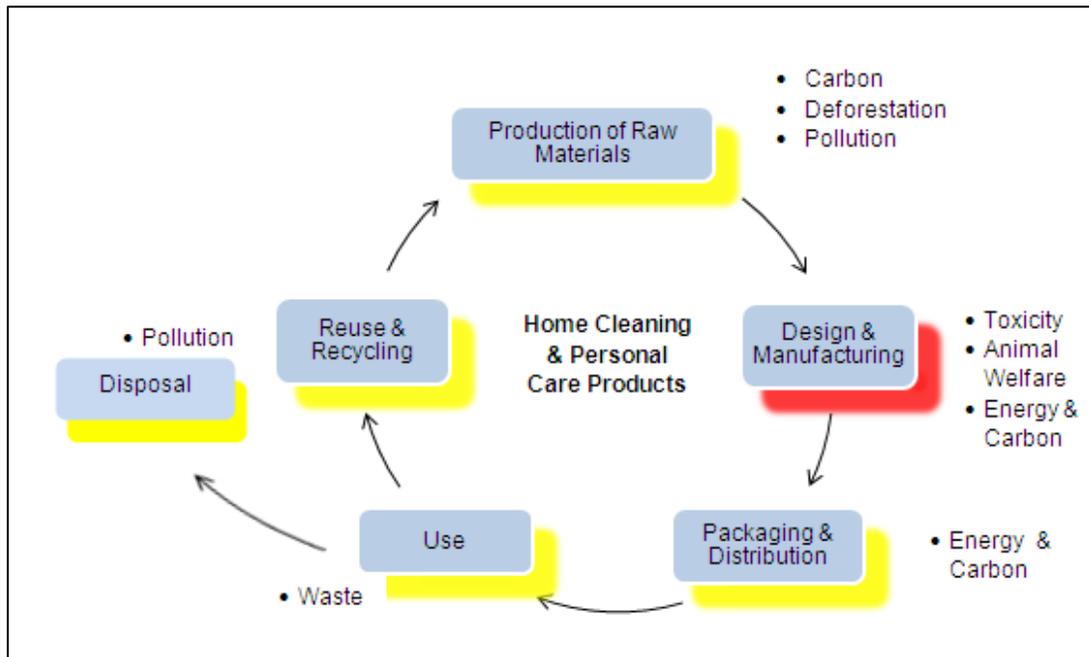
⁷<http://www.unilever.com/sustainability/environment/agriculture/>

⁸http://www.soyconnection.com/soybean_oil/biotech_&_sustainability.php



GENERAL MERCHANDISE

Home cleaning & personal care



Sustainability Hot Spots – General Merchandise Category

Red shading = significant issues, Yellow shading = some issues

Some of the largest sustainability issues for home cleaning and personal care products relate to the formulation of the products and the ingredients that are in them. Some ingredients in common home cleaning products have been linked to eye, skin, respiratory irritation and other human health issues from both direct interaction as well as fumes in the air. Certain chemicals can also affect the nervous system, the endocrine system, and have been associated with cancer and reproductive disorders. Further, some ingredients can pose an environmental threat as they are washed down the drain. In a move to be more sustainable, a growing number of makers of cleaning and personal care products are looking to use naturally derived ingredients. In some cases, these ingredients may be less toxic, but there may be potential environmental concerns, such as the deforestation that can occur with the sourcing of some palm oil. There is a growing trend in home cleaning products towards those that are bio-based and made from renewable resources, which may have less health and environmental impacts when the product is used and disposed.

Personal care products potentially include ingredients that have been linked to severe allergies, asthma and skin irritations and also to nervous system disorders, hormone disorders and cancers. An additional issue concerning personal care products is the growing use of nano-



scale materials that may pose unknown risks in manufacturing as well as in use (inhalation and absorption into skin). There is also the ongoing concern of animal testing of these products.

Other sustainability concerns with respect to packaging and distribution include the need to reduce packaging (e.g., creating concentrated versions of products) and the desire to increase recyclability. It is important to think about how product use may impact consumer behavior. For example, detergents that only require consumers to use cold water are better from an energy perspective than those that perform better with hot. Products dispensed in tablet form control dosage (the amount of product consumed per use), which reduces product waste. Products that enable the consumer to refill the product in its original packaging reduce additional packaging use. Finally, disposal and recycling of home cleaning products can pose air, land and water pollution concerns depending on the chemicals in the products.

General Merchandise Questions to Ask Suppliers

To address the environmental and health impacts discussed above, you may want to ask your supplier about the following potential product attributes:

1. See Questions to Ask starting on Page 22 about carbon, water, packaging, agriculture (yes, it is relevant for some personal care products!) and waste of both home cleaning and personal care products.
2. What product certifications do you use? EPA maintains its list of DfE certified products. (cleaning product reference: <http://www.ecolabelindex.com/ecolabels/?st=category,cleaning> and personal care product reference: http://www.ecolabelindex.com/ecolabels/?st=category,cosmetics_personal_care)
3. For Personal Care Products: How do you test the safety of your product(s) (animal welfare)?

For More Information:

- Burt's Bees Product and Packaging Initiatives⁹
- Method's Behind the Bottle¹⁰
- Natural Products Association Guide and Certification¹¹
- SC Johnson Greenlist Process¹²
- U.S. EPA Design for the Environment Program¹³
- Walmart Chemicals Intensive Products Program¹⁴

⁹ <http://www.burtsbees.com/c/commitment/environment/green-products.html>

¹⁰ <http://www.methodhome.com/behind-the-bottle/>

¹¹ For home cleaning products

http://www.npainfo.org/index.php?submenu=homecare&src=gendocs&ref=NaturalStandard_homecare&category=NaturalStandard_homecare For personal care products:

http://www.npainfo.org/index.php?submenu=NaturalStandard&src=gendocs&ref=NaturalStandard_new&category=NaturalStandard

¹² <http://www.scjohnson.com/en/commitment/focus-on/greener-products/greenlist.aspx>

¹³ <http://www.epa.gov/dfe/>



Ingredients To Watch

The following is a list of ingredients that have been raised by a variety of consumer groups as chemicals that MAY be of concern due to their potential impacts on human health and the environment. These are ingredients that CONSUMERS MAY ASK ABOUT and therefore of interest to retailers and their category managers:

Home Cleaning:

- Phenols (active ingredient in disinfectants – potentially toxic to respiratory and circulatory systems)
- Nonylphenol ethoxylate (surfactants in detergents – potential hormone disruptor, replaced in products in EU)
- Formaldehyde (deodorizers – can be an irritant to skin, lungs and eyes)
- Petroleum solvents (floor cleaners – can damage mucus membranes)
- Perchloroethylene, (spot removers - can cause kidney and liver damage)
- Phosphates (detergents – are harmful to fish and aquatic life when washed down the drain)
- Surfactants derived from palm oil (deforestation concerns with palm oil)
- Triclosan (antibacterial agent – under FDA review as a potential hormone disruptor)

Personal Care:

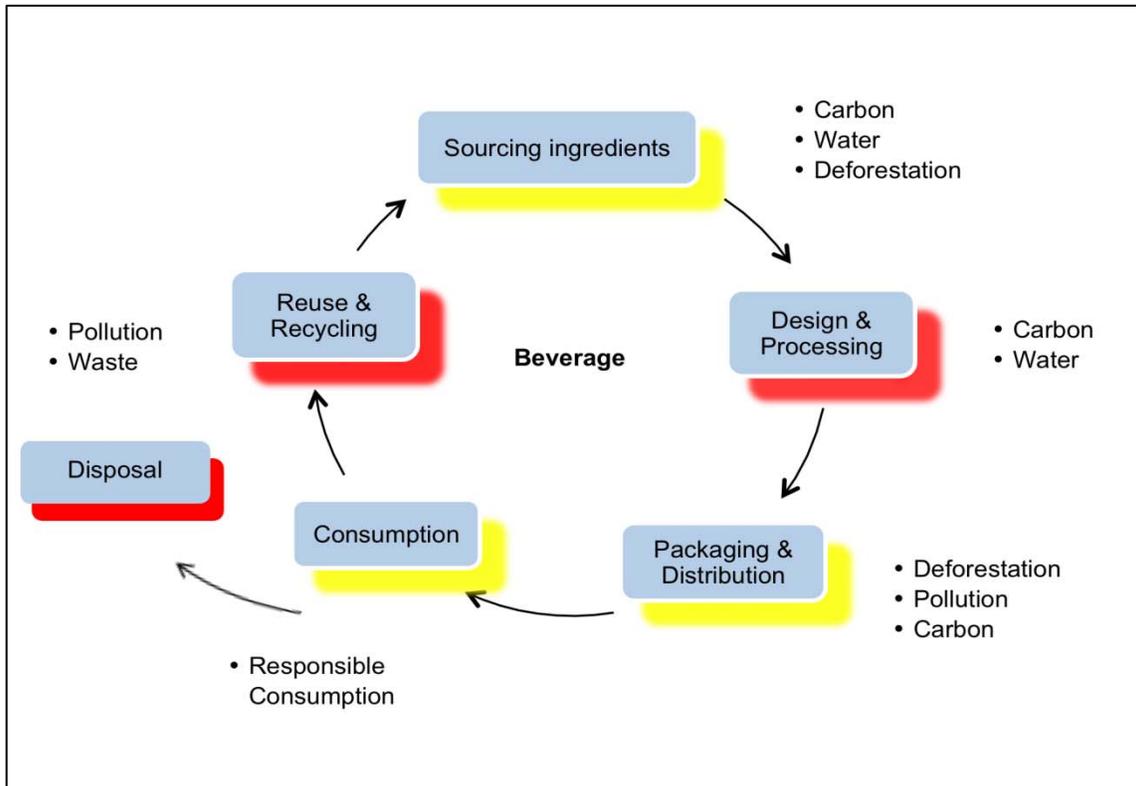
- Coal Tar (anti-itch, dandruff and eczema creams – more than 5% is known carcinogen so extensive use of products is concern)
- Diethanolamine (DEA) (lathering agent in soaps and shampoos – can react with other ingredients to be a potential carcinogen)
- Formaldehyde (variety of beauty products – can be a irritant to skin, lungs and eyes)
- Parabens (preservative in many different beauty/skin care products – FDA considers them safe in low levels but in many products and have been linked to breast cancer)
- Phenylenediamine (PPD) (hair/eyelash dyes – not approved for use in products that touch the skin)
- Phthalates (source of fragrance in many cosmetics – potential hormone disruptors and why concern with them in plastic baby bottles)
- Sodium Lauryl Sulfate (SLS) and Sodium Laureth Sulfate (SLES) (surfactant in soaps and shampoos – can cause skin and eye irritation)
- Toulene (nail polish and hair dye – potentially toxic to the liver, kidneys and nervous system)
- Triclosan (antibacterial agent – under FDA review as a potential hormone disruptor)
- Hydroquinone (skin lightening products – potential carcinogen and banned in Japan, EU and Australia)
- Fragrance (everything – naturally or synthetically derived)

¹⁴ <http://walmartstores.com/download/2341.pdf>



BEVERAGE

Bottled water, alcohol, soda, non-perishable juice, coffee, tea



Sustainability Hot Spots – Beverage Category

Red shading = significant issues, Yellow shading = some issues

There has been increased focus on sustainability in beverages in recent years, specifically on fresh water issues and sugar content. The most significant issues are:

- Sourcing: sugar, coffee, tea and water
 - Sugar, coffee and tea all have deforestation and habitat destruction issues as well as fair wage issues as most are produced in developing countries
 - Water scarcity is a region-specific issue but may be exacerbated by climate change. Bottled water has raised recent concerns for its source (tap, spring or aquifer), energy use in production (relative to turning on tap) and waste concerns.
- Production: significant water use and energy intensity
- Packaging – reduced packaging, recycled content, and availability of recycling programs
- Consumption: responsible consumption is not just for alcohol but with the rise in children's' obesity rates, sugar content and marketing is a concern for sweetened beverages.



Beverage Questions for Suppliers

1. See Carbon, Water, Packaging, Agriculture and Waste Questions starting on Page 22
2. What product certifications do you use? (reference <http://www.ecolabelindex.com/ecolabels/?st=category,beverages>)
3. Where is bottled water sourced from (aquifer, reservoir) and where is it located (local)?
4. How do you monitor equitable wage standards in your supply chain?
5. What are the production methods for your coffee and tea (e.g., shade grown, bird friendly)?
6. What efforts do they have to promote responsible consumption (for alcoholic beverages as well as soda/juice)?

For More Information:

- Coca-Cola's *Live Positively* Platform for Sustainability¹⁵
- Heineken Water Initiative¹⁶
- Honest Tea's Innovative Packaging Program¹⁷
- Nestle's Life Cycle Approach¹⁸
- Pepsico's Responsible and Sustainable Sourcing¹⁹
- August 2010 news article on consumers recycling concerns with beverages²⁰

¹⁵ <http://www.thecoca-colacompany.com/citizenship/index.html>

¹⁶ http://www.heinekeninternational.com/7_focus_water.aspx

¹⁷ http://www.honesttea.com/news/press/pressimages/071126_Washington_Post.pdf

¹⁸ <http://www2.nestle.com/CSV/WaterAndEnvironmentalSustainability/LifeCycleApproach/Pages/LifeCycleApproach.aspx>

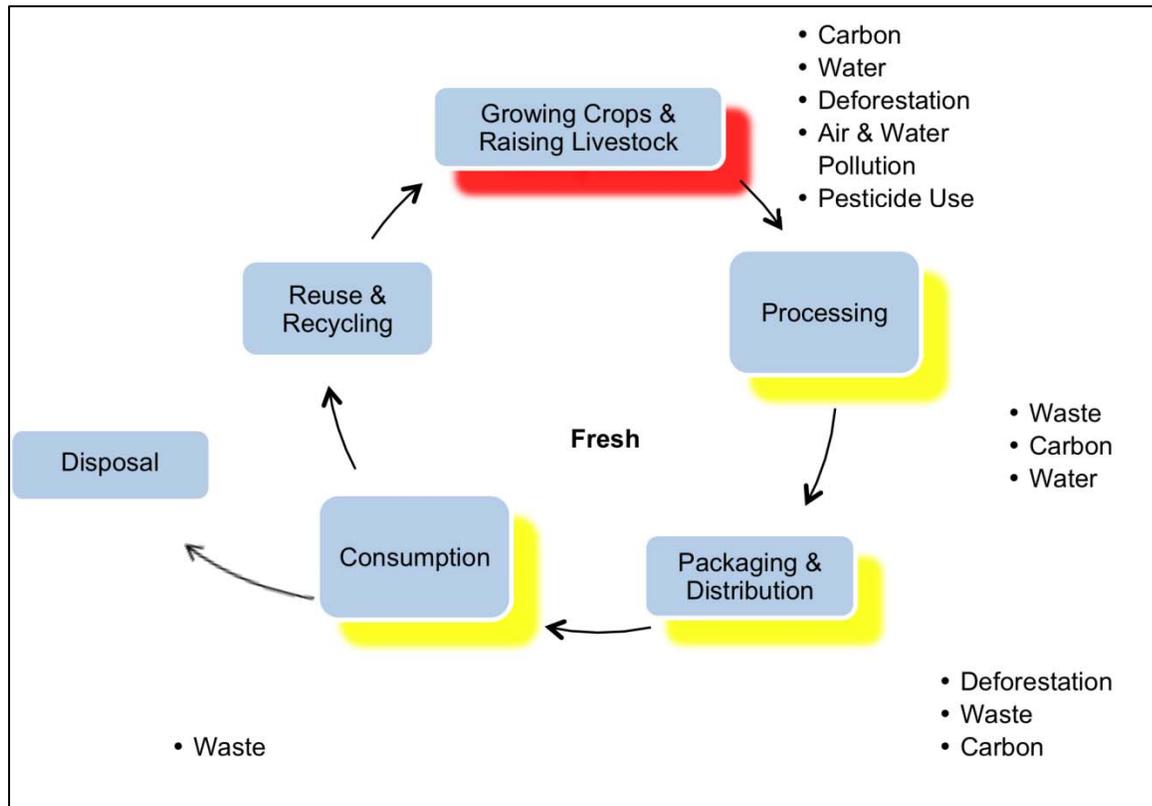
¹⁹ <http://www.pepsico.com/Purpose/Responsible-Sourcing.html>

²⁰ <http://earth911.com/news/2010/08/12/consumers-to-beverage-packagers-recycling-is-still-no-1/>



FRESH

Meat, dairy & produce



Sustainability Hot Spots – Fresh Category
Red shading = significant issues, Yellow shading = some issues

The most significant sustainability issues for the Fresh Category are in the raising of livestock and poultry and growing of fruits and vegetables. Specifically, livestock and crops require significant amounts of water, mostly through irrigation. Livestock, in particular, has a “double” footprint, as pastureland and barns need water and the grain that is fed to the animals needs irrigation, often at significant levels. In growing and production, there are also carbon issues associated with harvesting and land conversion (from forest) as well as pollution issues from waste. Lastly, there are animal welfare concerns (housing, hormone and antibiotic use) and human health issues (hormone and antibiotic use).

For packaging, energy and carbon issues are associated with the production, while with consumption and recycling or disposal, the greatest concern is waste. Suppliers are working to



reduce waste throughout a product's life. See what your suppliers are doing to reduce their waste, as well as that of the consumer.

For More Information:

- Environmental Working Group's Clean Fifteen/Dirty Dozen Fruits and Vegetables²¹
- Global Conference on Sustainable Beef²²
- Innovation Center for U.S. Dairy²³
- Sustainable Agriculture Initiative is an organization created by the food industry to communicate and to actively support the development of sustainable agriculture involving stakeholders of the food chain²⁴
- Stewardship Index for Specialty Crops is a multi-stakeholder initiative to develop a system for measuring sustainable performance throughout the specialty crop supply chain²⁵
- U.S. Pork Board Carbon Footprint Initiative²⁶
- USDA Know Your Farmer, Know Your Food²⁷

Fresh Questions for Suppliers

1. See questions starting on Page 22 about carbon, water, packaging and waste issues
2. What product certifications do you use? (reference:
<http://www.ecolabelindex.com/ecolabels/?st=category,food> and
<http://www.ecolabelindex.com/ecolabels/?st=category,agriculture>)
3. What production management practices (animal welfare, pest management)?
4. How do you effectively trace your raw materials?
5. Do you (or your suppliers) use integrated pest management practices¹ in the growing/raising of your products?
6. How do you monitor equitable labor standards in your sourcing?
7. Do you have alternatives to BPA in your packaging (dairy)?

²¹ <http://static.foodnews.org/pdf/EWG-shoppers-guide.pdf>

²² <http://www.sustainablelivestock.org/>

²³ <http://www.usdairy.com/Pages/Home.aspx>

²⁴ <http://www.saipatform.org/>

²⁵ <http://www.stewardshipindex.org>

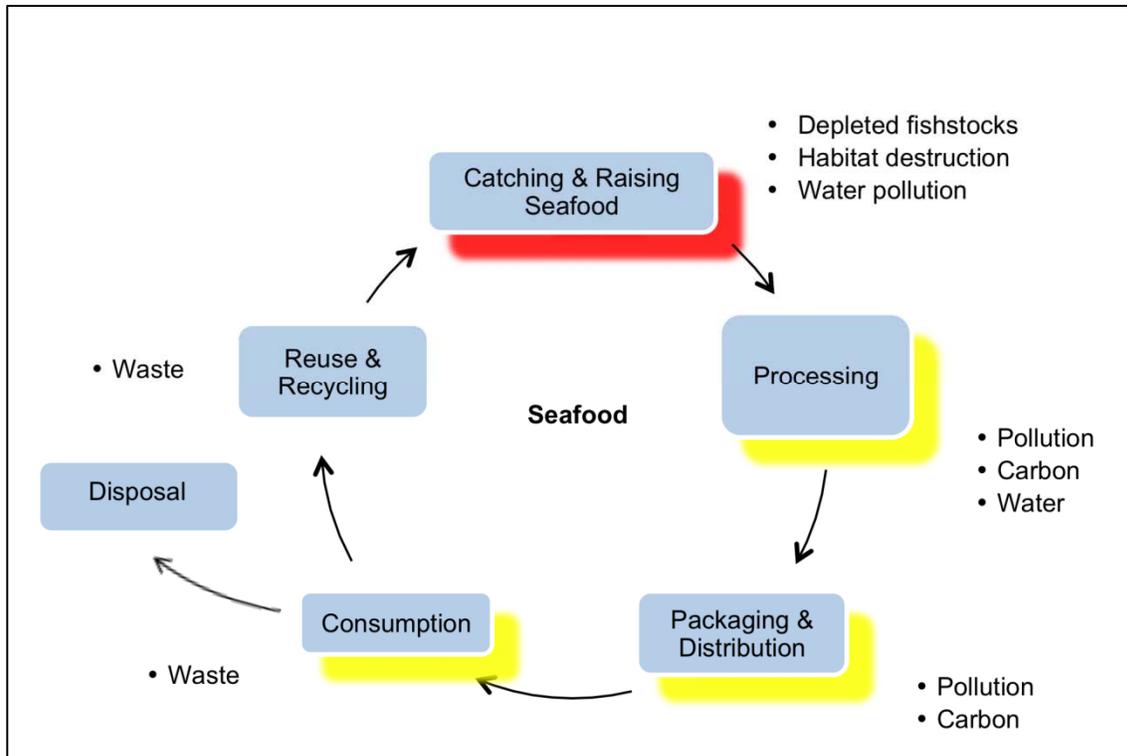
²⁶ <http://www.pork.org/News/1023/TrackingPorksCarbonFootprint1.aspx>

²⁷ <http://www.usda.gov/wps/portal/usda/knownyourfarmer?navid=KNOWYOURFARMER>



SEAFOOD

Fresh and Frozen



Sustainability Hot Spots – Seafood Category

Red shading = significant issues, Yellow shading = some issues

The largest sustainability issues in sourcing seafood is choosing a sustainable species and knowing how and where it was caught or raised, taking into account the following potential issues:

- Wild Species
 - Health of fish (or shellfish) population
 - Destructive fishing methods
 - Quality of fishery management
- Farm-Raised
 - Pollution
 - Threat to wild populations
 - Fishmeal or fish oil in feed

Secondary concerns include the carbon footprint of the product (the energy used to catch or grow the fish, process it, and transport it) and keeping packaging (especially insulated



packaging) to a minimum while making that which is not contaminated, recyclable. There is also an interest in reducing the consumer's waste both of product and packaging.

What is the definition of “sustainable seafood”?

“Environmentally sustainable” seafood can be defined as fish and shellfish that are raised or harvested in a manner that protects not only the target seafood species but also the ecosystem, so that future generations can have access to the resource.

What makes seafood environmentally sustainable?

For the wild fishery, there are three principles used to gauge environmental sustainability of a wild fishery: Health of the fish (or shellfish) population; quality of the management of that fishery; and impact on the ecosystem.

Seafood Questions for Suppliers

1. If your product wild? If so:
 - a. What is the species (all names that it may be traded under and Latin name)?
 - b. Where was it caught?
 - c. How was it caught (What type of gear was used (by-catch concerns or habitat destruction concerns)?)
 - d. Do they participate in any third-party certification programs?
 - e. Is there a good fishery management plan in place?
 - f. If there are issues associated with a fishery, is there an improvement plan in place or are there more sustainable substitutes?
2. Is your product farm-raised? If so:
 - a. What is the species (common and Latin name)?
 - b. Where was it farmed?
 - c. How was it farmed?
 - d. How much fish does it take to grow one pound of the species in question and what are the sources of fish used to feed the species?
 - e. Are any antibiotics or other supplements used, and if so, are they administered under strict veterinary control with the appropriate withdrawal periods?
 - f. Do you participate in any third-party certification programs?
3. See questions on Page 22 regarding carbon, water, packaging, agriculture and waste.

For farmed seafood, one of the biggest issues related to sustainability lies in the use of feed such as fishmeal made from other ocean fish, and the concentrated wastes that may be created as a result. Grain is another type of food that may be used and as noted in other sections of this Guide (pages 4-5), agricultural crops have significant sustainability issues. Other factors, including the possible misuse of antibiotics and banned chemicals are also a concern.

Existing regulations (when followed) ensure the environmental sustainability of wild and farmed products, but many producer groups also look to third-party standards-setting and certifying groups to help bolster the buyer confidence of those products.



Other Things to Consider

- Avoiding unsustainable seafood is not always the right solution, especially if suppliers are making good progress towards more sustainable practices. Engaging with fisheries to help improve performance can be a positive step and having retailers involved can help to make real progress.
- Organic is not always a more sustainable option. There is no USDA organic seafood standard. Any seafood products labeled as organic are based on criteria set by a private certification company, or in accord with a European standard.
- There is a lot of information about the sustainability of seafood offerings. Working with your suppliers to find out some of the steps they have taken, or partnering with an NGO can help you sort through the complex information available.

Examples of Companies with Sustainable Seafood Sourcing Programs

- Ahold²⁸
- Fresh and Easy
- Giant Eagle²⁹
- Loblaw's³⁰
- Marks and Spencer³¹
- Publix³²
- Raley's³³
- Safeway³⁴
- Sobeys³⁵
- Wal-Mart³⁶
- Wegman's Food Markets³⁷

Additional Resources

- FMI's Sustainable Seafood website and its Seafood 101 document has a wealth of information and resources. There is also an extensive additional resource list.³⁸

²⁸http://www.neaq.org/conservation_and_research/projects/fisheries_bycatch_aquaculture/sustainable_fisheries/corporate_partners/index.php

²⁹http://www.gianteagle.com/Media/Media/ivet/PDFs/GiantEagle_SustainableSeafood.pdf

³⁰http://www.loblaw.com/en/pdf_en/lcl_seafood_policy_initiative.pdf

³¹<http://plana.marksandspencer.com/we-are-doing/sustainable-raw-materials/stories/6/>

³²http://sustainability.publix.com/what_we_are_doing/community.seafood_sustainability.php

³³<http://www.raleys.com/www/feature/seafood.jsp?featureid=1514131>

³⁴<http://www.safeway.com/IFL/Grocery/CSR-Food-Sustainability>

³⁵http://www.sobeyscorporate.com/sustainability/supply/sustainable_seafood.html

³⁶<http://walmartstores.com/Sustainability/9173.aspx>

³⁷http://www.wegmans.com/webapp/wcs/stores/servlet/ProductDisplay?storeId=10052&partNumber=UNIVERSAL_17269

³⁸<http://www.fmi.org/sustainability/?fuseaction=seafood>

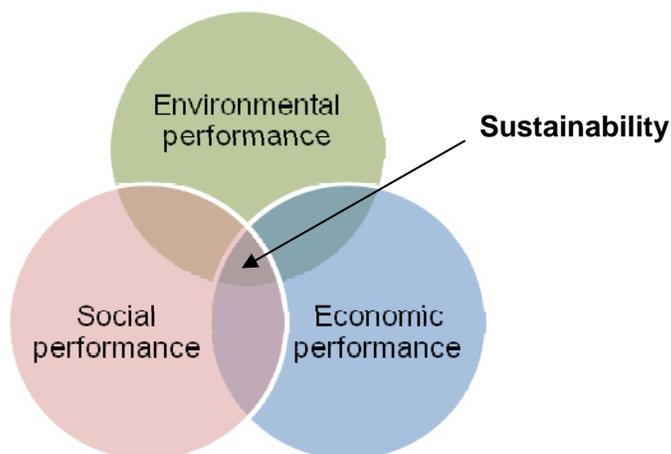


SUSTAINABLE SOURCING

Retailers are a pivot point for corporate sustainability. On the one hand, they influence thousands of suppliers; on the other, they interface with millions of consumers. With the aid of the press, environmental groups, and companies' marketing efforts, environmental and social issues are in the forefront of the consumer. Demand for organic, natural, and fair trade products has increased to unforeseen heights. Sustainable sourcing – purchasing sustainable products to stock on the shelf – lets retailers capitalize on this critical mass of consumers wanting to purchase products that reflect their values.

WHAT IS SUSTAINABILITY?

FMI defines sustainability as “business practices and strategies that promote the long term well-being of the environment, society, and the bottom line.”



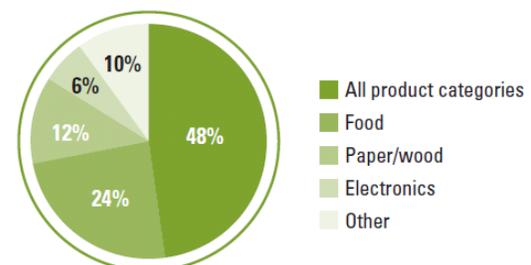
Green vs. Sustainable
 “Green” refers only to the environmental performance of a product or organization, whereas “sustainable” refers to three components – environmental, social, and economic performance.

Companies that seek to enhance the sustainability of their operations and products often call the three components of sustainability “the triple bottom line.” Besides the traditional economic bottom line, these companies take into account the social and environmental bottom lines.

SUSTAINABLE SOURCING TRENDS IN RETAIL

The desire for sustainable products is huge, global, and growing. Retailers with \$900 billion in purchasing power now consider a product's environmental or social performance as part of their decision to stock a product. Most large retailers have at least one sustainability supply chain program and the world's three largest retailers – Walmart, Carrefour, and Tesco – all have one or more programs in place to source sustainable consumer goods for their shelves.

Retailers' Sourcing Programs Target Different Product* Categories



*Analysis includes product and packaging programs



Some Sustainability Trends on the Horizon

- *Sustainability index* – sustainability information may be published on product labels
- *Product footprints* – more suppliers are working to understand and communicate their product's environmental footprints.
- *Private label organic goods* – some grocery retailers are capitalizing on the growing demand for private label goods and the organic movement to produce their own lower cost organic products
- *Natural personal care products* – sales of these products are predicted to grow exponentially as consumers learn more about the potentially harmful ingredients in conventional products
- *Data and information management systems* – Retailers and CPGs are using software tools to calculate, track and manage their environmental impacts
- *Product provenance* – Technology is enabling product suppliers to track where individual products and ingredients were sourced and in what conditions
- *Well-defined metrics around product sustainability* – these metrics may be published by organizations like GS1

Retailers are sourcing sustainable products from all sectors and product categories. Retailers' sustainable sourcing programs are diverse and address a variety of retail sectors and product categories.³⁹ Most retailers have only one or two specific programs aimed at sourcing greener products, but larger retailers (especially those in Europe) tend toward more. For example, Carrefour has eight supply chain initiatives focused on stocking more sustainable products. These retailers are also not confined to any one sector. Grocery, office supply, drugstores, discount, and specialty stores are all making their mark.

Sustainable packaging is a key trend in retail. Packaging is of particular interest to retailers, as it relates to virtually every product the retailer sells. Almost one third of the largest retailers have programs that target sustainable packaging and most of these programs ask for improved environmental performance – not just a report on current practices.⁴⁰ Retailer packaging programs ask suppliers to either reduce product packaging or replace

conventional packaging materials with alternatives such as biodegradable, PVC-free, or recyclable plastics.

THE BUSINESS VALUE

Capitalize on changing consumer preferences. Stocking sustainable products can increase the consumer value proposition, even beyond the growing LOHAS (Lifestyles of Health and Sustainability) market segment where the preference is greener, healthier products. In the United States alone, consumers spent almost \$300 billion on LOHAS-related products and services in 2008.⁴¹ Retailers that understand this growing consumer trend are either developing

³⁹ <http://www.greenbiz.com/sites/default/files/GreenBizReports-Retail3.pdf>

⁴⁰ <http://www.greenbiz.com/sites/default/files/GreenBizReports-Retail3.pdf>

⁴¹ http://www.csrwire.com/press_releases/29708-LOHAS-Market-Expanding-With-Eight-in-10-Consumers-Motivated-to-Purchase-Green-Products-Yet-Two-Thirds-Primarily-Motivated-by-Price-



their own more sustainable private label brands or sourcing them from suppliers. Many sustainable products – food grown without pesticides, for example, or cleaning supplies made without toxic chemicals – are ultimately healthier for consumers. The connection between sustainability and human health is becoming clearer to scientists and policymakers, and stores that shelve sustainable products may benefit from this foresight.

Enhance food safety and security. Some sustainably sourced food products now offer traceability mechanisms to inform the retailer and consumer where the product was grown, harvested, or processed. This information helps retailers to be aware of any safety or security risks from their products, and also alerts them to whether ingredients may be coming from a sensitive environmental location. For example, users of Marks & Spencer’s online “farm tracker” can input an egg carton’s code and then learn about the farm’s environmental practices where the eggs were laid.⁴²

What are Other Business Benefits of Sustainable Product Sourcing?

- Avoid consumer backlash associated with products that come under fire (e.g., from product recalls)
- Connect company sustainability priorities with products on the shelf
- Increase cohesion and morale with store employees (feel better connected to corporate)

What makes a product more sustainable?

DEFINITION: A product that offers the same or improved function and performance, but which is less harmful to human health, society, or the environment than the next best alternative.

Look for products with some of these characteristics:

- Promotes responsible use and conservation of land, fuels and electricity
- Reduces waste and makes efficient use of resources (energy and water especially)
- Was sourced, grown, or made using fair labor standards
- Reduces polluting by-products or safety hazards during manufacture, use and disposal
- Packaging is can be recycled
- Packaging contains recycled materials
- Uses recognized third-party ecolabels or standards for sustainability attributes

Strengthen relationships with

responsible suppliers. By seeking out sustainable products, retailers form business partnerships with suppliers that have developed corporate sustainability strategies, commitments, and goals. These suppliers tend to be leaders in their industry, as sustainability is a growing voluntary trend, and typically provide more legitimate and rigorous product offerings.

Reduce operational costs. Products with lower environmental impact can reduce retailers’ costs by cutting operational expenses. For example, retailers can save money by cutting dumpster pick-ups through the elimination of excess shelf packaging.

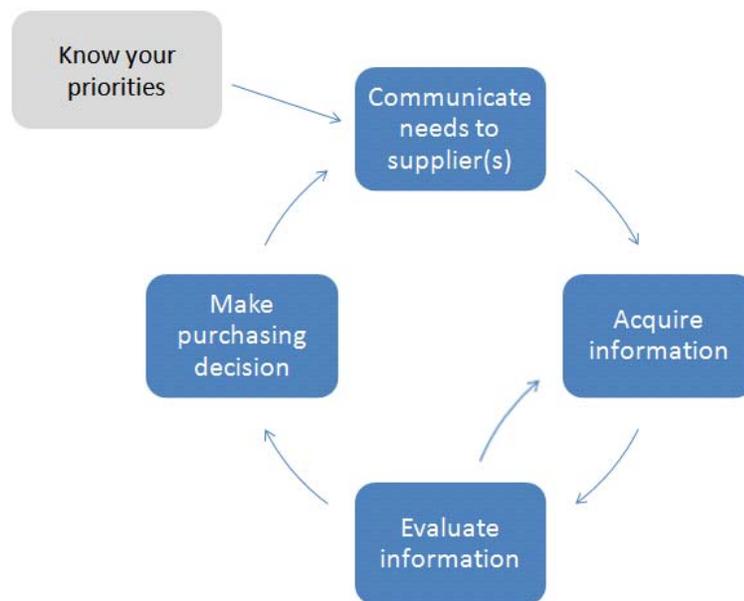
⁴² <http://www.yourmandsfarm.com/>



MAKING PURCHASING DECISIONS

When making purchasing decisions, category managers and buyers traditionally select products by examining four criteria: product quality, availability, price, and service. How do you add sustainability into the mix?

The framework below will help category managers address their company's sustainability priorities, encourage communication with suppliers, and benefit the company's triple bottom line. Each step is described in detail in the following sections.



KNOW YOUR PRIORITIES

This is the first step, before beginning the cycle of communication with suppliers, and depends entirely on the corporate culture and priorities of *your company*. Category managers should fully understand three types of priorities.

1. Company sustainability priorities

Many companies publish a sustainability or Corporate Social Responsibility (CSR) report, or post sustainability information on their corporate website detailing their sustainability goals, initiatives, and priorities. Examples of sustainability priorities include climate action, waste reduction, and sustainable trade. These corporate sustainability priorities will help guide your decisions on which product attributes are aligned with company goals. If your company has not



yet selected its sustainability priorities, refer to the FMI Sustainability Starter Kit⁴³ for information you need to create a baseline sustainability strategy.

2. Sustainable sourcing strategy

Fully understand how your company intends to source sustainable products. Do you have a sustainable sourcing strategy? Are there certain supplier initiatives or supply chain programs underway? Is your corporate culture one where suppliers' overall corporate sustainability programs will be evaluated, or can the level of examination be more product-focused?

3. Product priorities

Does your company place greater emphasis on the sustainability of a certain product or product category? In the past, many retailers began their journey into sourcing sustainable products with seafood, as press surrounding overfishing made headline news. This could be changing now that more consumers are learning about the impacts of other food products they purchase.

COMMUNICATE NEEDS TO SUPPLIERS

After you understand your company's sustainability priorities, it is time to communicate them to your suppliers. The [Category Guides](#) section, beginning on page 4, explains key sustainability attributes for specific products. These product attributes, in combination with your company's sustainability priorities, are the foundation for conversations with suppliers. Tell your suppliers about your interest in sourcing products that address the sustainability attributes and your company's sustainability priorities.

This communication can either occur through individual phone calls or emails, an industry meeting, a webinar, or mass messages sent to all your suppliers, depending on how many suppliers you would like to contact. If this is the first time you have communicated with your suppliers about sustainability preferences, start with one product category initially, possibly even one supplier, to build your comfort level with the sustainable sourcing process. Once you have more experience acquiring and evaluating sustainability information, you may decide to engage multiple suppliers from other product categories. If you have not yet attended, you may want to participate in the FMI/GMA annual sustainability summit⁴⁴. Now, in its third year it is the premier annual event for food industry executives and a great opportunity to network with your suppliers, retailers and other key stakeholders.



ACQUIRE INFORMATION

⁴³ http://www.fmi.org/forms/store/ProductFormPublic/search?action=1&Product_productNumber=2274

⁴⁴ <http://www.fmi.org/sustainability/2010/>



After communicating your sustainability priorities with your suppliers, gather information about the sustainable attributes of their products. It is important to direct a conversation with your suppliers in order to learn about their sustainability efforts as well as to solicit information on any products that address the sustainability attributes of interest and your company's sustainability priorities. Some questions to ask are listed below – these are applicable to all product category types. The [Category Guides](#) also contain product-specific questions.

General Sustainability Questions to Ask Your Suppliers

Corporate Buy-In

1. Has your company formally identified and documented sustainability goals and targets?
2. Does your company report or track progress towards these goals and targets?

Agricultural Products, Raw Materials, or Ingredients

3. Do you know where all the products and ingredients come from (country of origin)?
4. What methods do you use to trace the origin of your products or ingredients?
5. How were the ingredients sourced or harvested? (Consider environmental and labor issues.)
6. What steps are taken to lower the energy, carbon and water use when agricultural products are grown or harvested, or ingredients are sourced?

Processing, Manufacturing, or Transportation

7. What energy, carbon, material, or water efficiency efforts do you have in place?
8. What efforts have you made to increase the fuel efficiency of your transport?
9. What steps have you taken to reduce the amount of waste created in manufacturing?

Packaging

10. Is your packaging widely-recyclable (in most curbside programs)?
11. What is the recycled content in your packaging?
12. What efforts have you made to reduce the amount of your packaging or lower its environmental footprint?

In addition to the above general questions, the following five sustainability issues are relevant to all products, and are a good way to start a conversation with your suppliers:

1. Carbon Footprint



A product's carbon footprint is its total greenhouse gas (GHG) impact on the environment from the time the raw materials are sourced until it is disposed. GHGs— like carbon dioxide and methane – create a blanket around the earth, holding much of the sun's energy inside and creating changes in the earth's climate. Companies can measure the carbon footprint of their organization, as well as the carbon footprint of individual products. To measure a product's carbon footprint, a sustainability expert calculates the energy used and GHGs emitted at every step in the production process. Emissions of some GHGs depend on the quantity and type of energy (e.g., conventional or renewable) used. Because energy is used to create all types of products, a carbon footprint spans all product categories. Companies that make public commitments to reduce their carbon footprints spend years to make these changes in production.

Carbon Questions for Suppliers:

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

For More Information:

- Bon Appetit's Low Carbon Diet Calculator (for individuals)⁴⁵
- Carbon Disclosure Project (CDP), used by thousands of companies globally to disclose their GHG emissions and climate change strategies⁴⁶
- Walmart's Roadmap to Greenhouse Gas Accounting in its Supply Chain⁴⁷

2. Water Footprint

A water footprint is a measure of a company's or product's water use. A water footprint tallies the amount of water used, and the amount of polluted water created during operations. As with the carbon footprint, water is used to produce virtually all consumer goods – and is especially important for all agricultural products and beverage suppliers. Thus, water is a critical issue retailers should consider for all products they source. Water footprints are an emerging sustainability practice; many companies are starting to consider water consumption and pollution key sustainability issues, and are taking steps to reduce their water impacts.

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?

⁴⁵ <http://www.eatlowcarbon.org/>

⁴⁶ <http://www.carbondisclosureproject.com/>

⁴⁷ <http://www.greenbiz.com/blog/2010/08/05/walmart-releases-its-roadmap-ghg-accounting>



For More Information:

- Do you know how much water is really in that latte? World Wildlife Fund video on embedded water in one latte⁴⁸
- Water Footprint Network explains what it is, how to calculate and why to care⁴⁹

3. Waste Footprint

Similar to carbon and water, impacts from waste can be thought of as a waste footprint. A waste footprint is the amount of waste produced by sourcing ingredients and materials, manufacturing and processing, and transportation. Suppliers can also take steps to reduce the amount of waste produced by the consumer. First, they can reduce the amount of packaging, which will cut down on the amount of waste disposed of by consumers. Second, they can design packaging to lower the chance that food goes bad – for instance, re-sealable bags or instructions on how to store the food to optimize shelf life. This will help cut down on food waste produced by the consumer.

Waste Questions for Suppliers:

1. Have you measured your company's waste footprint?
2. If no, are you planning on measuring it in the near future?
3. What steps have you taken to reduce the amount of waste in manufacturing?
4. What steps have you taken to reduce the amount of waste created by the consumer (e.g., reducing packaging, making packaging more recyclable)?
5. (*If applicable*) What steps have you taken to reduce the amount of **food waste** (e.g., re-sealable bags, storage instructions on packaging)?

For More Information:

- Sainsbury's has invested in new technology that will allow the retailer to make real-time supply chain decisions aimed at reducing food waste caused by unexpected weather⁵⁰
- *The Zero Waste Alliance* provides assistance to industry sectors and organizations for development and implementation of standards, tools and practices that reduce and waste and toxics⁵¹

4. Packaging

The fourth common sustainability issue for consumer goods is packaging. Packaging helps extend a product's shelf life and displays important information about the brand and the product – but it is also disposed of when the product is used, so it is a visible reminder of waste. Some packaging contains ingredients of concern, such as bisphenol-A (BPA) or plasticizers, which are

⁴⁸ http://www.youtube.com/watch?v=nDTmjR_GG1w

⁴⁹ <http://www.waterfootprint.org/>

⁵⁰ <http://www.greenbiz.com/news/2010/06/09/sainsburys-tests-new-technology-trim-food-waste>

⁵¹ <http://www.zerowaste.org/>



often found in plastic. Consumer goods companies have identified and are addressing the key sustainability metrics included in the following questions:

Packaging Questions for Suppliers:

What steps are you taking to:

1. Increase logistics efficiency (e.g., cube utilization, tare weight, efficient transportation)?
2. Optimize packaging materials (e.g., lower ratio of packaging to product mass, lower volume, reduced layers of packaging)?
3. Use bulk or refillable packaging?
4. Use renewable materials (bio-based plastics or Forestry Stewardship Council certified paper)?
5. Reduce your materials of concern in packaging?
6. Increase recyclability and recycled content?

For More Information:

- *Global Packaging Project* (a project of The Consumer Goods Forum) recently completed framework and measuring system will help trading partners make better, more informed decisions about packaging and sustainability⁵²
- Walmart's Sustainable Packaging Scorecard⁵³

5. Current Agriculture Trends (Locally Sourced, Organic and Use of Biotechnology)

Growing demand for local and organic products is a key consumer trend. The growing interest in these products comes from a variety of sources.

Local products are of great consumer and retailer interest because they benefit the surrounding economy and communities and they may taste better (because they are fresher and harvested at their peak). However, local does not always mean environmentally preferable. In fact, transporting food accounts for only 11% of total greenhouse gas emissions⁵⁴ and the energy used to grow or make the product is more significant. For example, local hothouse tomatoes may have a large energy footprint when compared to their counterparts grown outdoors but sourced from farther away.

The growth in organic products is also noteworthy. Products labeled organic must go through a rigorous USDA certification process. Organic products and organic farming are thought by many to be better for the environment and surrounding ecosystems as well as safer for consumption as no synthetic fertilizers or pesticides are used in their production. Organic may not necessarily produce a more sustainable product as it only considers a few aspects of sustainability (e.g.,

⁵² <http://theconsumergoodsforum.com>

⁵³ <http://walmartstores.com/Sustainability/9125.aspx>

⁵⁴ <http://pubs.acs.org/doi/full/10.1021/es702969f>



water consumption and carbon emissions are not considered in the certification process). An agricultural product claiming to be organic should have the USDA organic claim or label. As noted in this Guide's Seafood Section, USDA has not yet approved an organic certification for seafood and any claims to organic seafood would be from another country or another organization with different standards.

Biotechnology is another sustainability trend and is increasingly used in agriculture. In fact, over 85% of soybeans, sugar beets, and corn in the U.S. were produced through biotechnology in 2009.⁵⁵ Such farming practices can increase production and require less tilling, are weed resistant and drought tolerant. In addition, bio-engineered seeds can alter the health benefits of the seed (e.g., making a product with less saturated fat and greater omega-3s). However, there remains some public concern with both the environmental and potential health impacts of bioengineered products, especially in Europe. Recent polls in the U.S. show the public to be neutral or positive.⁵⁶

Agriculture Trends Questions for Suppliers:

1. Do you offer locally sourced products?
2. If answer to (a) is "Yes", how do you define locally sourced (what is the mileage radius)?
3. If you offer organic products, are they certified USDA Organic?
4. Do you or your suppliers use biotechnology in the production of your products?

For More Information:

- Christopher L. Weber and H. Scott Matthews, "Food Miles and the Relative Climate Impacts of Food Choices in the United States", *Environmental Science and Technology*⁵⁷
- Food Agriculture Organization (FAO) and World Health Organization (WHO) Consultation on Food Derived from Biotechnology⁵⁸
- United Soybean Board: "A Comparison of Sustainable Production Systems for Conventional, Biotech, and Organic Soybeans"⁵⁹
- International Food Information Council 2010 Study of Consumer Perceptions of Biotechnology⁶⁰

Supplier Responses

Suppliers' answers to your questions will probably be in the form of one of three responses:

⁵⁵ International Service for the Acquisition of Agri-Biotech Applications and US Department of Agriculture.

⁵⁶ http://www.who.int/foodsafety/publications/biotech/ec_june2000/en/index.html

⁵⁷ <http://pubs.acs.org/doi/abs/10.1021/es702969f>

⁵⁸ http://www.who.int/foodsafety/publications/biotech/ec_june2000/en/index.html

⁵⁹ http://www.soyconnection.com/soybean_oil/biotech_&_sustainability.php

⁶⁰ http://www.foodinsight.org/Content/3843/Final_Executive%20Summary%20Food%20Tech%20Report_Website%20version_7-7-10.pdf



1. Supplier's self-made claims

Suppliers may respond to your questions with answers they have gathered from tests and reports about the product's environmental performance. Suppliers who make genuine environmental claims about their products should be able to provide you with documentation – data, facts, and hard information – to substantiate these claims, and you should ask for this substantiation, especially if you have any doubts about the reliability of the claim. Use a healthy dose of common sense to evaluate the information, as well as some skepticism if some of the claims seem too good to be true (see “Greenwashing” section). If all the supplier's claims are unsubstantiated, you may request they verify their information, seek out a third party eco-label, or you may even turn to other sources for information about the supplier or product.

2. Third-party ecolabels

Ecolabels, like the USDA Organic seal, are granted to some products that meet performance standards set by a third party organization. These ecolabels can be helpful in verifying a supplier's sustainability claims because a third party reviews and certifies the accuracy of the supplier's sustainability information.



Despite the benefits of ecolabels, there are also some drawbacks. First, the supplier may have to pay a fee to use the ecolabel, which adds a marginal increase to the product's cost. Second, there may not be any relevant third party ecolabels for your category. Third, many ecolabels address only some important sustainability attributes of a product, such as energy, and ignore other potentially more harmful impacts. Finally, there are over 100 ecolabel worldwide which is overwhelming at first glance. Use the Category Guides to identify which product attributes are important to consider. Further, websites like Greener Choices (Consumer Reports)⁶¹ and the Ecolabel Index⁶² offer a database of eco-labels, searchable by product type.

Why Third-Party?

Though rare, some companies market their sustainability claims through “first party” ecolabels – images on product packaging that appear similar to third-party ecolabels but have no external standards attached to them. Seeking out third-party ecolabels or third party certified EPDs ensures the products abide by external standards and are not simply a way to market unsubstantiated information to consumers.

3. Environmental Product Declarations or Life Cycle Assessments

Environmental Product Declarations (EPDs) are an emerging practice, and one of the more rigorous responses to any question about sustainability, as they are only created after a supplier performs a life cycle assessment (LCA) on a product. The EPD is also verified by a third party, adding additional credibility. LCA tools assess a product's environmental footprint by calculating all its impacts – from sourcing through disposal. The practice of LCA is growing in popularity as information becomes more readily available (e.g., product packaging and paper goods). Industry

⁶¹ <http://www.greenerchoices.org/eco-labels/>

⁶² <http://www.ecolabelindex.com/>



trade associations and suppliers are keen to begin work to understand the environmental footprints of their products (e.g., the dairy industry has recently completed an LCA of milk). LCA information is becoming more readily available addressing areas such as product packaging and paper goods. The dairy industry has recently completed an LCA of milk, the practice is growing in popularity as more industry trade associations and suppliers work to understand their product's environmental footprints.

EVALUATE INFORMATION

After gathering preliminary information, begin the evaluation step of the decision framework. You may encounter some gaps between your sustainability priorities and the information you've acquired. For instance, if one of your company's sustainability priorities is for a product with a low carbon footprint, but you were not able to gather any information on your supplier's carbon emissions or initiatives to reduce them, you have uncovered a gap.

To fill the gap, circle back to the [Acquire Information](#) step. Now, armed with more specific questions, you are likely to at least receive a supplier response, though it may be, "We do not have any information available." If this occurs, do not immediately seek a different supplier. Engage the supplier and ask if they have taken – or plan to take – any steps towards the issue of concern. Often, working with suppliers who at least have a plan to incorporate sustainability initiatives into their operations yields better results than simply moving on to a different supplier.

As a last resort, you may decide to ask a different supplier in the same product category about their products' sustainability attributes and weigh this aspect in relation to your needs for quality, price, and service. If other suppliers have initiatives in place to address your sustainability priorities, you have more knowledge about what steps can be (and have been) taken to address the issue for that particular product category.

WHAT TO DO WITH SUPPLIER RESPONSES

If the supplier has responded with sustainability claims, you are on your way to making a purchasing decision. However, be on the lookout for forms of greenwashing that may advertise sustainable attributes, but fall under one or more of the "Seven Sins of Greenwashing" (see figure below).

Greenwashing

Companies are not allowed to make false or misleading claims about the environmental performance of their products. The US Federal Trade Commission's *Guides for the Use of Environmental Marketing Claims*⁶³ and Canada's *Environmental Claims: A Guide for Industry and Advertisers*⁶⁴, spell out what types of claims are legitimate and appropriate.

Did You Know?
FMI's Safe Quality Food Initiative is working on an Ethical Sourcing Standard that is in its voluntary stage
http://www.sgfi.com/Ethical_Sourcing_Module.pdf

⁶³ <http://www.ftc.gov/bcp/gnrule/guides980427.htm>

⁶⁴ [http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/guide-for-industry-and-advertisers-en.pdf/\\$FILE/guide-for-industry-and-advertisers-en.pdf](http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/vwapj/guide-for-industry-and-advertisers-en.pdf/$FILE/guide-for-industry-and-advertisers-en.pdf)



The Seven Sins of Greenwashing

Source: www.sinsofgreenwashing.org

1. Sin of the hidden trade-off (*claims suggesting that a product is green based on a narrow set of attributes without attention to other important environmental issues*)
2. Sin of no proof (*claims that cannot be substantiated by easily accessible supporting information*)
3. Sin of vagueness (*claims that are so poorly defined or broad that their real meaning is likely to be misunderstood*)
4. Sin of worshipping false labels (*claims that give the impression of third-party endorsement where no such endorsement exists*)
5. Sin of irrelevance (*claims that may be truthful but are unimportant or unhelpful for consumers*)
6. Sin of lesser of two evils (*claims that may be true, but that distract the consumer from the greater environmental impacts of the category*)
7. Sin of fibbing (*claims that are simply false*)

A key challenge in identifying sustainable products is filtering through misleading claims by vendors or manufacturers. This is often referred to as greenwashing and may include practices such as focusing on lower priority environmental concerns (e.g., the recycled content in packaging versus the elimination of toxic ingredients) or the use of misleading labeling (e.g., a label developed by the manufacturer or industry that does not actually represent an environmentally preferable product).

One simple way to recognize a claim that is not greenwashing is through a third party ecolabel. Where possible, you

should ask your supplier if the ecolabel they use conforms to ISO 14020-series standards. Among other things, these will be administered by a third party, include guidance on testing and, will have been developed through a stakeholder engagement process. Examples of ecolabels that meet these ISO standards are UL Environment, EcoLogo⁶⁵, GreenGuard⁶⁶, or Green Seal⁶⁷.

If no ecolabel is available, and you are uncertain about the validity of a supplier's claims, request proof from the supplier or ask that the supplier have their claims externally verified. Simply requesting this will place the issue on the radar and hopefully spur change in the supplier's operations. Alternatively, you can ask for specific details on general, unregulated claims like "sustainable", "ecofriendly" and "environmentally friendly." On their own, those claims do not imply a standard definition of sustainability, as they are not regulated by any entity or held to any third party standards. However, if you inquire about the details behind the claim, you may find more specific information about why the product is claimed to be sustainable.

Watch out for these Vague Environmental Claims

These claims are not regulated by any entity and may be a form of greenwash:

- Sustainable
- Environmentally-friendly
- Eco-friendly
- Green

⁶⁵ <http://www.ecologo.org/en/index.asp>

⁶⁶ <http://www.greenguard.org/>

⁶⁷ <http://www.green seal.org/>



Once you have either verified the supplier's claims, or requested they begin to externally assure them, you may now assess whether the responses are acceptable, given your company's sustainability and product priorities. If any gaps still remain, go back to the [Acquire Information](#) section and continue acquiring and evaluating your information until you are ready to make a decision.

MAKE PURCHASING DECISION

You now have acquired a solid amount of sustainability information from your supplier and external sources, and have assessed whether the responses fit with your sustainability priorities. You may decide which products, if any, to source from the supplier. Be sure to evaluate sustainability as only one aspect in your purchasing decision, including consideration of the traditional sourcing metrics – product quality, availability, price, and service.

Once the purchasing decision has been made, complete the decision-making framework loop by communicating this decision and the rationale behind it to your suppliers. This step engages them and encourages them to provide you with information on their sustainability practices. Also communicate your decision with floor personnel to inform them why you have chosen to stock the shelves with a certain product. This communication helps them connect with corporate sustainability priorities, and enables the floor personnel to educate the consumer on the product's sustainable attributes.



APPENDICES

WHERE TO FIND MORE INFORMATION

GENERAL SUSTAINABILITY ISSUES AND TRENDS IN RETAIL

- FMI Sustainability Resources including Starter Kit.
<http://www.fmi.org/sustainability/>
- FMI 2010 Sustainability Summit, December 6-9th, Washington, DC.
<http://www.fmi.org/sustainability/2010/>
- Global Social Compliance Programme (facilitated by Consumer Goods Forum) Draft Reference Tool.
http://www.mygscp.com/gscpfiles/com/201017/GSCP_draft_Reference_Tool_Companies_Management_Systems.pdf
- “Retail: A Pivot Point for Sustainability” Five Winds International.
<http://www.greenbiz.com/business/research/report/2010/03/30/retail-pivot-point-sustainability>
- “Retail: Stocking the Shelves with Green” Five Winds International.
<http://www.greenbiz.com/business/research/report/2010/05/16/retail-stocking-shelves-green>

THIRD-PARTY ECOLABEL CERTIFICATION:

- Greener Choices (by Consumer Reports) provides a “report card” on food claim labels and certifications: <http://www.greenerchoices.org/eco-labels/>
- Ecolabel index of third party certification for food.
<http://www.ecolabelindex.com/ecolabels/?st=category.food>

GLOSSARY

Bio-Based – materials and ingredients that come from plants, or other renewable biological resources

Bisphenol-A (BPA) – an organic chemical that may be found in polycarbonate plastics, epoxy resins, or other plastics. Its use is controversial and is under further investigation, as some scientists have raised concerns about its toxicity.

Carbon Footprint – the total amount of greenhouse gas (GHG) emissions from an organization or product.

Corporate Social Responsibility (CSR) – also known as corporate responsibility or corporate citizenship. A practice to integrate more socially responsible practices into a business strategy.



Deforestation – clearing forests (often by logging or burning)

EPA Design for Environment – a U.S. Environmental Protection Agency (USEPA) program to reduce product environmental impacts through reformulation, especially for home and personal care products. (Note that “Design for Environment” is a generic term also used by many suppliers to describe their corporate product improvement programs)

Ecolabel – a graphic label, image, or mark on a product (or its packaging) that makes a claim about the product’s environmental superiority. Ecolabelling is often voluntary.

Endocrine Disruptor – a substance or chemical that acts like a hormone in the endocrine system and disrupts the body’s function

Environmental Product Declaration (EPD) – a document summarizing the results of a product Life Cycle Assessment study. An EPD is third party verified, and provides relevant, verified and comparable environmental performance information on the product.

Fair Trade – a market-based approach to help producers in developing countries improve sustainable practices and obtain better trading conditions. Fair Trade Certified is also a third-party ecolabel.

Genetically Modified Organism (GMO) – a living thing whose genes have been altered using genetic engineering techniques. Also known as genetically engineered.

Green Marketing – according to the American Marketing Association, it is the marketing of products that are presumed to be environmentally-preferable.

Greenhouse Gases (GHGs) – gases in the atmosphere that absorb and emit radiation and affect the earth’s climate. GHGs include carbon dioxide, methane, nitrous oxide, and some refrigerants.

Greenwashing – the deceptive use of advertising or marketing that creates a misleading perception that a company's policies or products are environmentally preferable

Life Cycle Assessment (LCA) – the systematic, quantitative analysis of a products’ environmental impacts from the time it is sourced until it is disposed. (Also known as life cycle analysis, product environmental or carbon footprint, or cradle-to-grave analysis)

Locally-Sourced – a growing movement to obtain products that are grown, harvested or made in a nearby area. The intent is to build more locally based, self-reliant economies. The exact mileage or distance corresponding to “local” varies by organization. (Also known as local food movement, or regional food)

Lifestyles of Health and Sustainability (LOHAS) – a demographic market segment interested in sustainable living, "green" ecological initiatives, and generally composed of a higher income



and well-educated population. The Worldwatch Institute reported that the LOHAS market segment in the year 2006 was estimated at \$300 billion, approximately 30% of the U.S. consumer market. A study by the Natural Marketing Institute showed that in 2007, 40 million Americans were included within the LOHAS demographic.

Natural (Product) – an ingredient or substance originating from plants or minerals and often produced by less chemically intensive means. Typically, the term is intended to exclude ingredients that come from petroleum based sources.

Nano (Nanoscope)-scale – ingredients or materials that are at the atomic and molecular scale.

Organic Products – products derived from agricultural (living) resources, and made in a way that avoids the use of synthetic production process.

Surfactants – ingredients in home and personal care products that act as wetting agents, emulsifiers, foaming agents, and dispersants.

Sustainability – FMI defines sustainability as “business practices and strategies that promote the long term well-being of the environment, society, and the bottom line.”

Sustainably-sourced – procuring products with environmental and social impacts in mind.

Traceability – the ability to track, through complete and organized record keeping and procedures, information about every step in a value chain.

Waste Footprint – waste generated (directly or indirectly) by a specific product throughout its lifecycle.

Water Footprint – both the direct and indirect water used to produce a specific product throughout its lifecycle.



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