

FMI Sustainability Starter Kit
December 13th, 2007

Executive Summary

Introduction

Sustainability – defined as “business strategies and practices that promote the long term well-being of the environment, society and the bottom line” - is a significant and growing issue and opportunity for the food industry.

The Food Marketing Institute (FMI) has identified sustainability as a priority issue for the food retail and wholesale industry and has formed a Sustainability Task Force (STF), made up of representatives from retailers and wholesalers, to help its members understand and respond to the challenge of sustainability. The first task of the STF was to develop a “Sustainability Toolkit” for the FMI membership. This toolkit has evolved into two parts: “The Sustainability Opportunity for the Supermarket Executive” and the Sustainability Starter Kit. The first looks at the “What” and “Why” of sustainability while the second seeks to help companies initiate the “How.” Specifically, the two parts are:

- “The Sustainability Opportunity for Supermarket Executives” – a customizable slide bank that will help educate company leaders on the business case for sustainability while providing an introduction on how companies can think about developing business strategies. This PowerPoint is available free of charge on the FMI website.
- The Sustainability Starter Kit - a framework to help companies review and analyze what sustainability means as a business issue for them including practical tips and advice for how to get started in developing and executing their own approach to sustainability. First, the Starter Kit builds on the experiences and learnings of companies from a range of sectors who are already using sustainability in their business strategies, then it develops a specialized approach for food retailers. The Starter Kit is designed to be used by those individuals responsible for developing and implementing the company’s approach on sustainability. The Starter Kit will be available via the FMI website in January 2008.

We want to thank the sponsors of the Sustainability Toolkit: Campbell Soup Company, Georgia-Pacific, HillPHOENIX and JohnsonDiversey. We are not only appreciative of their support but also of sharing what they are doing internally around sustainability as well as how they are helping customers address sustainability challenges and opportunities. Examples of this leadership are included throughout the Starter Kit.

FMI has found that most retailers are already engaged in various activities that relate to sustainability but few have coordinated them in a strategic way. The Starter Kit is designed to help develop a strategy and implementation plan for sustainability.

In developing the business approach to sustainability, the Starter Kit provides a framework to help companies understand where opportunities exist that have the greatest financial value. Currently, many retailers are reviewing the environmental footprint of their operations. And, while this is a good starting point, independent research has found that internal operations only account for about 10-15% of a retailer’s

environmental footprint. In fact, the bulk of impacts are generated in the supply chain. With this in mind, the Starter Kit helps companies think about their business in a more holistic way or from a value chain perspective. It promotes relationships with suppliers and other key stakeholders in the value chain. This thinking aligns with the fact that many consumers look to supermarkets as the gatekeepers of products. Many retailers acknowledge the importance of traceability and good supply chain management for food safety issues but this awareness should also apply to other sustainability issues such as how products are produced to minimize risk of inadvertently contributing to negative environmental and social practices. Retailers promoting sustainable practices throughout the supply chain will not only reduce risk by minimizing supply interruptions and price swings, but also help a retailer provide better offerings for their customers.

Developing and implementing your company's approach to sustainability requires a constantly evolving and dynamic process. It should not be thought of as a project or initiative as both of these terms suggests a beginning and end. It is important to note, there is no one-sized-fits all approach to sustainability, even within one industry sector. To be successful, every company must research and develop an approach that fits their internal culture. The Starter Kit provides general ideas and recommendations that can be tailored to fit each company. However, it is intended to provide strategic guidance from which companies can develop their own sustainability approaches, not tactical detail or directions.

Overview of the Starter Kit

The Starter Kit is broken into six sections outlined below. Each section provides examples, practical frameworks, sequential steps, and links to external tools.

Section 1. Finding the Right Place to Start

Finding the right place to start ensures that sustainability efforts are rooted in the core business and aligned core business goals. These efforts should be expected to generate financial value as opposed to being seen as a philanthropic effort or part of the cost center.

- Laying the internal groundwork
 - Identify one person to lead the effort
 - Form an interdisciplinary or core team that includes finance staff
 - Discuss terminology and define jargon
 - Seek a mandate from senior leadership team
 - Think about accountability and how sustainability efforts can fit into existing corporate governance and organizational structure
- Reviewing the current business strategy for the company and key business units
 - Identify key drivers of business value and major performance goals
- Understand your culture
 - Describe the relationship of sustainability to core company values
 - Connect with the history of the company
 - Think about what approach would connect with your employees
- Define the scope of your effort
 - Company-wide, single store, product-specific (eg. perishables?)
- Assessing the operating environment
 - Conduct high-level competitive analysis
 - Describe the expectations of consumers
 - Understand the social and environmental commitments and principles in use in your industry at both the company and industry levels

Section 2. Assessing Opportunities and Risks associated with Sustainability

A critical step in developing sustainability processes (or strategies) that are good for the company shareholders, society and the environment is conducting an assessment of the opportunities and risks presented by social and environmental trends. Some refer to this topic as “developing the business case” or “analyzing the business value at stake.” This section shows how companies assess environmental and social trends that impact their businesses.

- Assess business value of social and environmental trend
- Analyze opportunities and risks presented by these trends
- Review sustainability in your supply chain
- Identify “low hanging fruit” or areas where small changes could yield big results
- Review what other companies in the value chain are already doing on sustainability

Section 3: Strategy Development

This section provides a framework for developing and selecting options that enable companies to integrate sustainability into their business strategies.

- Identify strategies that create financial value as well as value for a broader group of stakeholders simultaneously
- Familiarize team with sustainability frameworks used in retail and other sectors
- Determine where the company wants to be positioned on sustainability
- Adopt strategies that combine sustainability goals and business objectives

Section 4. Establishing Goals and Metrics

This section offers models and steps for developing sustainability goals and establishing metrics:

- Familiarize team with various sustainability goals and metric frameworks used by other retailers
- Review practical advice of those companies that have gone down this path before
- Brainstorm specific goals and metrics based on the sustainability strategies adopted by the company
- Refine and test sets of goals and metrics
- Learn how to get the most out of metrics

Section 5. Implementation of Plans

This section offers different models that have been used to implement sustainability strategies.

- Get commitment from senior management for the specific sustainability strategies adopted by your team
- Engage staff across company and create energy around the strategy
- Capture and apply the lessons learned from other corporate initiatives and as you roll out this strategy
- Revisit corporate governance and organizational structure discussed in Section 1
- Integrate financial value from sustainability in business decision-making
- Monitor progress toward goals and publicly report results
- Identify and understand barriers to success

Section 6. Cross Cutting Tool: External Engagement

External stakeholders can provide validation of the importance of a company's sustainability strategies to society and the environment, deeper understanding of key trends, insight into which strategies are most likely to succeed, and partnerships with commercial benefits. This section provides processes, tools and insights for engaging a range of stakeholders, including non-governmental organizations (NGOs), governments, investors, employees, suppliers and customers.

- Why Engage with External Stakeholders
- Map stakeholders at all levels
- Understand objectives of stakeholder groups and individuals
- Prioritize stakeholders
- Understand the objectives of engagement
- Identify mutual value proposition for each stakeholder
- Develop process for engagement
- Examples of Corporate/External Stakeholder Partnerships

[Appendix I – Food Industry Examples of Sustainability in Action](#)

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The FMI Sustainability Starter Kit

The Starter Kit is broken into six sections, each section providing examples, practical frameworks, sequential steps, and links to external tools.

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Section 1: Finding the Right Place to Start

The right starting place ensures that sustainability efforts are rooted in the core business and will generate financial value as opposed to being seen as a philanthropic effort or part of the cost center. In the past, sustainability efforts in many businesses outside the supermarket industry have grown out of Environment, Health and Safety divisions or External Affairs. This history has limited many sustainability initiatives to risk mitigation or management activities. Anchoring sustainability in an area of the company that is focused on providing strategic guidance helps to ensure that the full potential of this approach can be realized.

Section 1: Finding the Right Place to Start

Objective of Section – Establish a foundation that will assure that sustainability efforts are rooted in the core business and will generate financial value.

Outline -

- 1.1 Laying the internal groundwork
- *Examples: SUPERVALU and Wegmans*
- 1.2 Review current business strategy for company
- 1.3 Start where appropriate for your company
- 1.4 Assess operating environment
- 1.5 How companies are Getting Started
- *Examples: Giant Eagle, Hannafords, SUPERVALU, Wegmans*
- 1.6 Review questions for Section 1

1.1 Laying the Internal Groundwork

1.1.1 Identify one person to lead the effort

The first, and most crucial step is to identify one person to lead the effort and have responsibility for its implementation.

Sustainability Specialist – Sample Job Description

Research and document our current sustainability initiatives

- Work among Corporate, Distribution/Manufacturing and Store Operations to gain a “big picture” view of current practices
- Ask open ended questions to better understand current practices and how decisions were made to adopt these practices
- Build towards a consensus to address current needs
- Document the social impact on current practices
- What effect does sustainability have on our procurement, supply chain and store operations

Research and document what sustainability initiatives are being used by our partners

- Develop partnerships with our consortium and other retailers
- Research the practices of our major vendors and suppliers and validate claims being made
- Shares best practices with senior leadership
- Works cross functionally to understand our supply chain relationship

How will sustainability practices impact our bottom line

- Determine costs and savings associated with a sustainability initiative
- Impact of efforts in new stores versus existing stores
- Corporate impact
- Understand varying “green” certifications and associated benefits in new construction
- Cost analysis on conversion projects of existing stores/buildings

Since sustainability touches almost all aspects of the business, it is very important to have one individual who can look across all functions. Many companies have created positions that are dedicated to sustainability. Some have even been elevated to senior level with titles such as “Chief Sustainability Officer.” The title of this position should connect with the sustainability strategy and language you use and the incumbent should report to the Executive Leadership team to be sure that Senior Management is consistently aware and connected with sustainability activities. The person in charge of sustainability should have a direct connection with activities impacting sourcing, operations and customer interface.

Potential Agenda for First Core Team Meeting (provided by Giant Eagle)

- Intro from Team Leader and review objectives for mtg
- Present customized version of “Sustainability Opportunity”
- Review Starter Kit (use Executive Summary or Overviews of Sections that are relevant)
- Wrap up – ask each participant for “Top 3 Things to Get Started”

* provide *Green to Gold* as prep reading

1.1.2 Form a core team

To help develop and implement the company's approach on sustainability, a team should be established that represents a cross-section of the business. Decisions about who to include should focus not just on job titles but also on getting the right person who can bring a constructive

SUPERVALU Core Team Approach

- Utilized "work-based learning" process; which is a CEO- sponsored leadership development program that commissions four teams a year of high potential managers and directors to take on key strategic issues facing the company.
- Team consists of nine individuals that have been identified as "next generation leaders" in the company
- The team works from April through October on their project, with regular reporting requirements to a project sponsor and then a major presentation to the Executive team with their final recommendations and implementation plan.

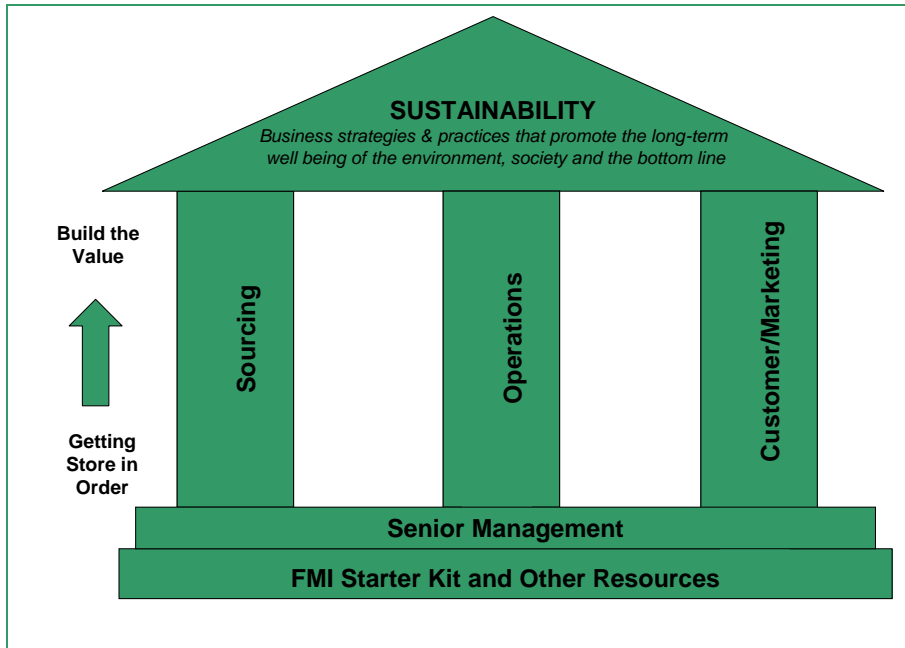
Wegman's Sustainability Core Team

- Sustainability Specialist / Consumer Affairs (Team Leader)
- Sr. VP / Consumer Affairs
- Communications Specialist / Consumer Affairs
- VP / Design Services & Store Maintenance
- VP / General Merchandise
- Director of Procurement
- Category Manager / Natures Marketplace (organic/natural section)
- Manager, Environmental Compliance

perspective to developing your approach to sustainability. These core team members should be seen as leaders within the company and have a reputation that speaks to innovative thinking and direct action.

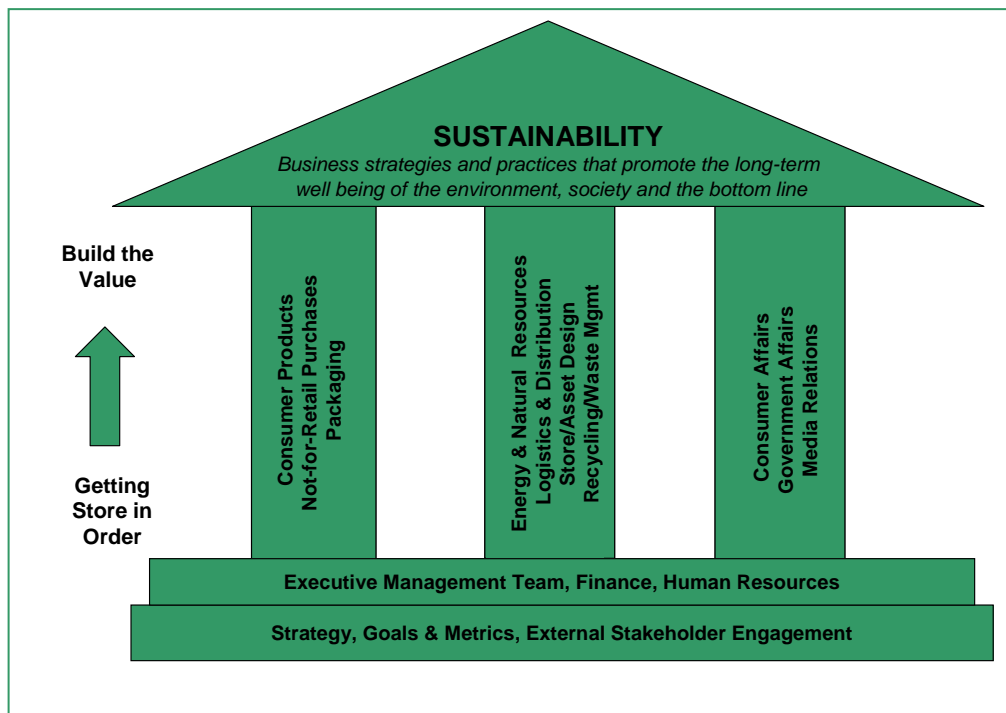
1.1.3 Seek support of senior management

The FMI Sustainability Starter Kit and other such resources provide the foundation for initiating sustainability strategies. Alignment and support from Senior Management is critical. Use the tool "[The Sustainability Opportunity for Supermarket Executives](#)" to help them see the business case for sustainability and how you can begin to take



advantage of the opportunity sustainability may present to your business. Once you have provided this foundation on sustainability, regularly provide updates and seek their input to make sure your effort around sustainability is tied to the business and not seen as an appendage to a particular function. In addition, it is important to have as either part of your team or someone who you can involve on a regular basis, someone responsible for the financial health of the business. Getting their input and sharing your approach will make sure that all sustainability efforts are connected to the economic wellbeing of the business.

The three “pillars” in the diagram represent “before store, in store, after store.” Thinking about sustainability from this perspective is essential as sustainability touches all three. In fact, through research conducted



for Wal-Mart, it has been found that a majority of a retailer's environmental and social challenges are in the supply chain. Identifying opportunities to conserve energy, reduce waste or create "environmental savings" within every aspect of retail operations and distribution is an important first step in making sure "your store is in order" before you seek external support and engagement. Also, connecting with the customer and others "beyond the store" is very important to identifying and understanding your value to society or societal value. Although the diagram is static, it is important to note that sustainability is not. Rather sustainability, including the terminology is constantly evolving. The intent is that this framework will provide the basis for your strategy, a strategy which should be dynamic and poised to evolve along with your company's ongoing sustainability challenges. The second "pillar" diagram shows greater detail or the "behind the scenes" of the first framework. It highlights specific functions and helps to further illustrate that sustainability impacts just about every aspect of a retailer. It is essential to have alignment and understanding of your company's approach to sustainability to be fully effective.

Some Ideas to Gain Senior Management Support

- Show potential financial gains
- Use examples from competitors and suppliers where they are using sustainability for competitive advantage
- Indicate interest and support from broad range of employees
- If appropriate, bring in examples of shareholder interest in sustainability

1.1.4 Terminology

Sustainability "does not roll off the tongue" as one retail associate said and it has multiple definitions. However, sustainability and sustainable growth has been found to be the most effective in helping companies think about the business risks and opportunities (or "value at stake") from environmental and social issues.

Other terms that are used in connection with sustainability include Corporate Social Responsibility (CSR) and Triple Bottom Line (TBL). CSR is broadly used, especially in the UK, but one issue that has been found is that CSR tends to limit thinking on sustainability to philanthropic efforts. TBL takes into account environmental and social performance as well as financial performance. This approach has been very effective in helping companies think about the financial aspect of social and environmental issues but has confused some financial managers as they tend to primarily think about one bottom line.

"Green" is also often used to describe a company's sustainability efforts. However, this terminology tends to be interpreted as environmentally-focused. If a company is focusing exclusively on environmental aspects, green can be quite effective but it is important to be aware of the term's potential limitations.

In adapting sustainability to your company, use language that connects with the company culture and reflects your strategy on sustainability. Most importantly, make sure it is understood by your colleagues. You

don't have to get the final terminology right at this point but start to think about options that are applicable to your business values. Ask your colleagues and other stakeholders what terms and concepts work for them as they usually have the best ideas. A Glossary of words and terms used to define and explain sustainability is included as Appendix II to the Starter Kit.

1.1.5 Think about reporting structure

It is likely that nothing will happen on the sustainability front unless there is accountability for getting it done. It is therefore important to specify who is accountable and how your sustainability goals and objectives will be met. So, as you review the existing reporting structure and determine how sustainability might be integrated. Consider whether it should follow existing business reviews or if something new should be created. Again, it depends on what would fit best with your company.

Checklist for Section 1.1 – Laying the Internal Groundwork:

- Identify one person to lead the effort
- Form a cross-functional core team
- Seek support from senior management and set up a process to keep them continually engaged
- Research terminology to use to describe your effort. Test and refine your words as you talk with people both inside and outside the company
- Think about a reporting structure and how to have accountability internally for implementing your approach.

1.2 Reviewing current business strategy for company and key business units

To ensure that sustainability is grounded in your business, and connected with existing business goals and objectives, consider what truly derives the business value in your company. What are the current performance goals? How should you position sustainability as an integral element in key business decisions?

1.3 Start where appropriate for your company

In developing an approach on sustainability for your company, what are your objectives? Is there support for developing activities or models that will involve the whole company from the beginning or do you need a “quick win” to demonstrate what sustainability is and illustrate the value of such an approach?

Also when thinking about your objective, think about who would be involved? Would it be just your private label? Or perhaps just the maintenance or store design team? Or if you are thinking that you want to focus on your suppliers, do you want to start with just one or two? These suggestions sound obvious but it is very important to think about them as you begin to determine which departments or responsibility areas you want to embrace or integrate sustainability practices.

1.4 Assess operating environment

As previously stated, when thinking about sustainability in food retail, it is imperative to think beyond the store. The greatest risks and opportunities from

sustainability are in your supply chain and then with your customers and others that are downstream from the store. As you begin to map your sustainability issues, think throughout the entire value chain and not just within the confines of your operations. The producers and manufacturers as well as the wholesalers and distributors and other suppliers are all directly connected to your business. While you may not own these entities, you do have some influence over them and more importantly, the consumer and the public at-large are starting to hold the retailer responsible for products before they reach your store shelves.

1.4.1 Conduct high-level competitive analysis of sustainability in food retail

There are already many activities happening in food retail under the sustainability umbrella. Some have been happening for years while others are just starting to be developed for external promotions and use in branding. Food retailers that focused exclusively on “natural and healthy” products used to be limited to small operators that were often independently owned or functioned as co-ops. However, over the last ten years, this marketplace has changed dramatically with the many chain supermarkets focused on providing customers with more and more healthy and natural offerings. The mainstreaming of these offerings (from grapes to glass cleaner) has increased interest and awareness from consumers and brought a new focus on quality and performance and less on price.

Another area where sustainability is becoming a greater focus is in the recruitment and retention of employees, especially at entry-level positions. Many MBA programs offer concentrations on sustainability. Two good recruitment resources are *Beyond Grey Pinstripes* and Net Impact. *Beyond Grey Pinstripes* is a research survey and alternative ranking of business schools that spotlights innovative full-time MBA programs leading the way in the integration of issues concerning social and environmental stewardship into the curriculum. (www.beyondgreypinstripes.org)

Net Impact is an international nonprofit organization whose mission is to make a positive impact on society by growing and strengthening a community of new leaders who use business to improve the world. (<http://www.netimpact.org/displaycommon.cfm?an=1>)

1.4.2 The environmental and social aspects of sustainability

The origins of sustainability have typically been from an environmental perspective. However, sustainability encompasses environmental, social as well as financial. Most companies understand environmental issues as well as financial ones but when talking about social, they find it hard to move beyond employee health and well-

Guiding Stars. Only at Hannaford.

Guiding Stars is the first-ever storewide nutrition navigation system. Hannaford created Guiding Stars to give you a quick, at-a-glance tool to help find the most nutritious foods in our stores.

If you see one, two or three Guiding Stars, it means that the item has MORE vitamins, minerals, fiber and whole grains and LESS saturated fat, trans fat, cholesterol, sodium and added sugar.

being and community philanthropy. However, when thinking about your business from a sustainable perspective, it is almost impossible to separate the three “legs of the stool.” A company cannot be operating in an environmentally-responsible manner without impacting social well-being. And in today’s world, a company cannot be operating socially and environmentally irresponsible manner and still be financially sound (at least not for the long term!) When thinking about social issues, think about how your company can help stakeholders (suppliers, customers, employees, other) lead healthier and more productive lives. One social issue that has impacted food retailers in the UK and is growing in the US, is the role that retailers play in the growing obesity and diabetes epidemic, especially in children. Retailers play a critical role in the marketing of many products and there may be growing expectations on retailers to help combat these growing health issues. A good retail example of a retailer trying to “help” the customer lead a healthier lifestyle is Hannaford Brothers’ Guiding Stars Program. This program translate the guidelines developed by an external panel to help customers chose the most nutritious foods in the store.

1.4.3 Map sustainability in various function roles

Working with your core team, map how sustainability could uniquely fit within various functional departments or roles. This will give you an initial sense of your sustainability issues and opportunities, and potential priority areas. This initial mapping will give you the universe of issues that you can then match with existing activities, low-hanging fruit as well as determine which associates might be relevant and interested in pursuing sustainability more strategically in their area.

The following are some examples of how sustainability fits with a few functions in a supermarket. It is not meant to be comprehensive but a starting point from which you can develop your own list:

➤ Operations

- Store Engineer: For most store development engineering activities, engaging in cutting edge energy reduction or conservation strategies is a continuous and key priority. Whether its seeking LEED (Leadership in Energy and Environmental Design) certification, or understanding how to integrate the newest resource-saving technology, store engineering associates should structure their design strategies to always consider the net impact of building design and equipment performance on not only on economic deliverables, but on how society and the environment will be sustained going forward. Tomorrow’s facilities and equipment must meet new environmental certification standards for air quality, emissions, water purity and utilization, and other energy best practices as they evolve – locally, nationally, and internationally – if your company wants to be viewed as a sustainably-sensitive player by your peers, customers, and other stakeholders.

- Warehouse Manager: As changes in the supply chain – new products and packaging- evolve, warehouse management will need to adjust receiving, storage, selection and material handling practices to meet new packaging and product standards. With anticipated expanded “lightweighting” and size reduction/reconfiguration of packaging and shipping containers, changes in racking and material handling equipment will need to accommodate new stress requirements. Working cross functionally with your sustainability team, successful sustainability management will require “doing more with less” – dramatic reductions in fossil fuel consumption, “zero waste” strategies, and many related resource reduction cultural changes.
- Logistics/Transportation: Most grocery products are delivered to their final destination by the trucking industry nationally. Efforts to dramatically reduce carbon emissions will challenge the food industry as one of the major contributors to greenhouse gases. Logistics strategists should be actively and creatively involved in integrating energy-saving product/material handling innovations into operations – through improving fuel efficiency, lightweighting tractors and trailers, optimizing backhaul opportunities, etc... As computer technology reinvents itself seemingly every one or two years, energy consumption is coming under increased scrutiny by NGOs and other stakeholders. More must be done to minimize reliance on burning fossil fuels. Supermarket distribution practices will need to be closely integrated with product and packaging changes by grocery manufacturers.

➤ **Sourcing**

- Category managers – Category management teams determine and manage the total supermarket offering and are in direct contact and negotiations with the supply chain upstream. Therefore, they are among the most visible and vocal “messengers for company sustainability practices.” Category Managers (CMs) representing all food and non-food categories should keep themselves constantly informed about their particular category/industry societal and environmental trends and positions, manufacturer and producer sustainability practices and most importantly – continually balance the benefits of (sales) growth vs. the risks of product non-compliance with currently accepted producer-environmental standards

Listen too, for common terms in use by brokers, distributors, manufacturer representatives, when referring to companies they represent and how they view sustainability. Be aware and informed of new claims that are associated with products or services. Is it lip service, or are the producers of their products making genuine advances to become sustainable in

their internal and external operations? See Section 2.3 for more detail on trying to sort through green claims of suppliers.

- Procurement/Purchasing Managers: Purchasing managers and buyers of not-for-sale products and services, including store supplies, fixtures and equipment understand “economies of scale” from limitless new advances within the industry. For example, new energy technologies, combined with wide-ranging sustainability innovations create opportunities for purchasing managers to capitalize on and recommend new operational savings. Future procurement decisions, with sustainability in mind, must lend support to strategies that enhance performance, reduce environmental impact, and provide long term economic benefits for the company
- Customer/Marketing
 - Education: As consumers become more informed of ways “they can make a difference” through their own purchasing and consumption behavior, they’ll be watchful for information and ways they can make changes in their lifestyles. The supermarket experience offers a golden opportunity to present new food and general merchandise products and services that will meet these new and ever-changing consumer needs. Showing customers WHY and HOW the products and services being offered add value, will help them with their individual changing desires to “do the right thing” for their families and themselves. Sustainability offers another opportunity to demonstrate how your store and people are innovatively making a difference.
 - Communications: In thinking about communications, think from both an internal and external perspective. Sustainability, being very new as a concept, should be carefully and thoughtfully communicated to all employees, current and potential customers and community. Providing illustrations for employees of sustainability in their specific functions as well as how using a “sustainability” perspective can help them meet their performance goals is very useful. For external communications, sustainability programs and initiatives should, first and foremost, be communicated with one proviso: THE STORE MUST BE IN ORDER. There’s much at risk if failed execution should result in negative publicity. On the other hand, multiple branding opportunities offer lots of options for growing sales, especially through private label, and new branded product offerings. This is a time for food retailers to “receive credit for doing good by doing the right thing.” Through various advertising mediums, internal/external communications, and multiple other educational forums, the sustainability story will gather momentum, especially as consumers increase their appetite for knowledge.
 - Recycling and Waste Minimization:

- Most communities offer some form of recycling and recycling is one local solution that most everybody can identify with in their lives. For communities that have yet to formalize municipal recycling, sustainability offers a potential new opportunity for supermarket operators to proactively and voluntarily “get out in front” by actively supporting new approaches to “do something good” within their community. Recycling is a “hands on,” low cost, simple way for consumers to demonstrate their individual initiative to help reduce their environmental footprint. Thus, another marketing alternative is presented – under the sustainability umbrella.
- Recycling is a visible, simple way for customers to “get going” with an at-home solution. Providing creative ways to assist customers with understanding the net impact of their consumption behavior adds value and credibility.
- Sharing your internal recycling story is more important than ever. Communicate in multiple ways how many pounds of material you recycle, the number of trees saved through your recycling efforts, etc. Recycling offers an ideal way for store associates to relate directly with their community. Be sure to avoid any chance of “greenwashing,” by “practicing what you preach.”

1.4.4 Describe the expectations of consumers

This does not have to be exhaustive but look externally at both local and national levels to understand the major issues of consumers that relate to food retailers. For the most part, external engagement and really talking with a broad range of people OUTSIDE the company is not the traditional practice for most food retailers. However, in today’s marketplace, engagement and transparency is becoming the new mode of operation for business.

Begin to develop relationships with a range of stakeholders that have direct and indirect impact on your marketplace (see Section 6 for a guide on who and how to engage). What are the major issues of today and tomorrow? Is it safety of food supply? Availability and selection of organic foods? Trust in retailer to provide safe and healthy foods without having to go organic?

It is also good to review the drivers of activist campaigns. While some may seem (and be) extreme, quite often activists can be the “canaries in a coalmine” in alerting you to future mainstream consumer issues. There is a very broad range of activists so do not throw them all in to one category and think of them just representing fringe interests. The diagram in Section 6 will help you map the range of non-governmental organizations (NGOs). Be aware and understand these stakeholders and their interests. The use of the Internet and public availability to information has helped to greatly expand the reach and impact of campaigns. Often times, these campaigns articulate what consumers may be feeling and are able to build critical mass to make an issue a real business threat (or opportunity!).

In the past, NGOs have targeted big brand manufacturers. This tends to happen to the largest brands as NGOs find that this is the most effective way to draw attention to their issue and get action from the company. Supermarkets should be aware of these campaigns since NGOs can target the brand-customer interface which is usually the retailer when trying to make their issue local.

Sampling of Retail Partnerships

- EPA Green Chill
(<http://www.epa.gov/ozone/partnerships/greenchill/>)
- Marine Stewardship Council
(www.msc.org)
- Sustainable Food Lab
(www.sustainablefoodlab.org)

While there are many examples of campaigns AGAINST companies, there are more and more examples of companies working WITH civil society groups on issues of mutual interest. Be aware of and understand where there are points of disagreement and where there is common ground. Most importantly, just be aware of the variety of issues and map their progress as you develop your sustainability strategy.

1.4.5 Understand the social and environmental commitments and principles in use in your company and across the retail industry.

Many companies have environmental and social policies or principles that are the foundation for their operations and serve as “core values” or “mission statement” for the company. It is important to build any sustainability efforts off of these principles.

From an external perspective, most food retail companies enjoy strong public goodwill as you provide goods of necessity. However, as the operations and sourcing for a range of retailers receives greater public scrutiny resulting from an increased awareness and concerns about environmental pollution and food safety, food retailers should be prepared. While some state and local governments are starting to develop and enforce more stringent standards than the federal government, compliance with government guidelines are often times only seen as the floor for operations and performance and not the ceiling. The recent food safety and toy concerns related to sourcing from China are examples of where government guidelines were thought to be sufficient but clearly there are problems. What the reaction will be from both the government and the public remains to be seen, but a focus on sustainability will enable retailers to be better prepared for what lies ahead.

Checklist for Section 1.4 – Assessing the Operating Environment:

- Conduct high-level competitive analysis of sustainability in food retail
- Review the environmental AND social aspects of sustainability
- Map sustainability in various function roles to understand the breadth of issues
- Describe the expectation of customers and the public – engage with external stakeholders to get their perspectives
- Understand the social and environmental commitments and principles in use in your company and across the retail industry

1.5 Examples of how companies are finding the right starting place

Five FMI Sustainability Task Force member companies volunteered to host “walk-throughs” of the draft Starter Kit, which provided valuable in-the-field testing of the tool.

The following are examples of how companies who participated in the draft Starter Kit “walk-throughs” are using the kit. In summarizing their next steps, some companies have not gone through the whole Starter Kit but after reviewing its recommendations have been able to develop their initial approaches to sustainability. Each company will continue to use all or part of the Starter Kit to assist in furthering their sustainability strategies and implementation.

Recommendations from Giant Eagle

- * Before walk through used the *Sustainability Opportunity* Presentation to educate/set objectives
- * Presented to team of 12 people from different departments
- * Great learning, many didn't know what others were doing
- * At end, tied into overall strategy
- * Identified top three things to do next, where to go from there

Recommendations from Hannaford

Hannaford is in the process of finalizing their strategy on sustainability. Their thoughts on the Starter Kit are:

- * Fortunate to have strong leadership/commitment from corporate
- * Started educating senior leadership for strategic direction
- * Starter kit is same process they used, useful format
- * Using audio tool, developing broad social and environmental strategy now
- * Important to make sure people know what it means at store level

Recommendations from Supervalu

- * Have a key leader of the effort
- * They are using their “worked based learning group” or “rising star” executive team process which is cross functional to initiate their approach to sustainability
- * Over the last six months, the group has been pulling together the information for a 15 minute presentation to senior management

Recommendations from Wegmans

- * Suggest internal survey to find out first what you are already doing (gives you success story to build on)
- * Don't make sustainability efforts sound brand new as they could be viewed as temporary
- * Build on existing successes
- * Start with low hanging fruit and easy wins to build excitement and credibility
- * Do vendor and packaging analysis/audits
- * Work with local colleges that have sustainability programs.

After the walk-through, Wegmans put together the following formula for determining a starting point for their approach to sustainability:

- *Greatest environmental impact*
- *Greatest cost or potential savings*
- *Greatest customer concern.*

Using this formula Wegmans has determined that they will focus on these three priorities (Energy Savings/Zero Waste/Product Sourcing) and are in the process of gathering data to create a "TOP 10" for the company so that they can start plugging away. Their motto, Focus, Finish, Celebrate.

1.6 Review questions for Section 1

- **In developing your sustainability approach, what are your objectives?**
- **Who will lead, support and guide your activities? Are there other positions or people you would like to involve at a point further along in the process?**
- **Is there internal support for developing activities across the whole company, or do you need a “quick win” to demonstrate what sustainability is and illustrate the value of such an approach?**
- **How are you going to have accountability for your strategy? Will it be a new reporting structure or could you add it onto existing performance reviews?**

Section 2: Assessing Opportunities and Risks associated with Sustainability

A critical step in developing sustainability projects that are beneficial to the company, society and the environment is conducting an assessment of the opportunities and risks presented by social and environmental trends. Some refer to this as “developing the business case for sustainability” or “analyzing business value at stake from sustainability.”

Doing this value assessment is a fundamental part of developing a strategic approach on sustainability. Quite often companies know some areas of sustainability that are of business importance, and these have been previously addressed through government regulation, but few have taken a comprehensive look with a view through a “voluntary proactive lens.”

Section 2: Assessing Opportunities and Risks associated with Sustainability

Objective of Section – Perform a rigorous analysis of the market opportunities and risks the business faces as a result of environmental and social trends.

Outline –

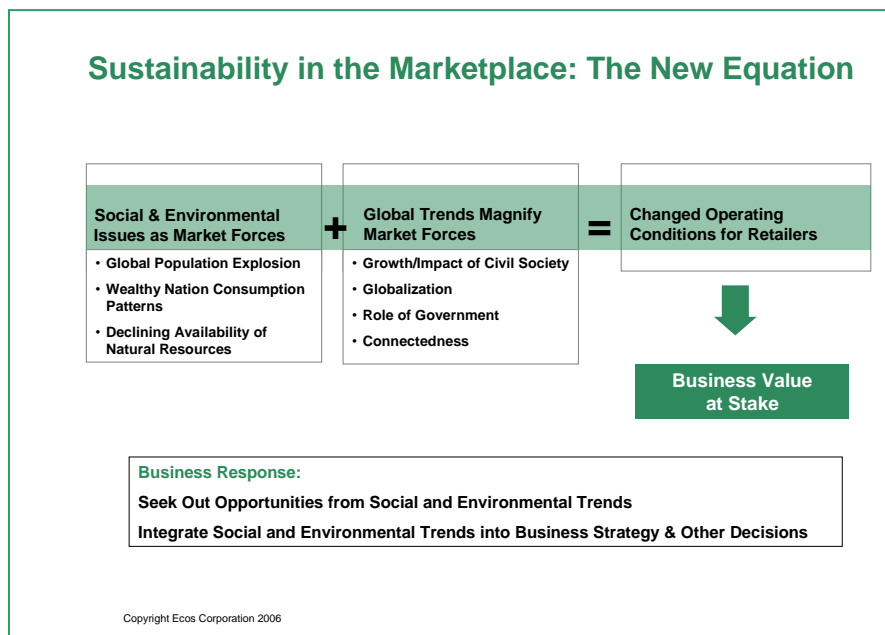
- 2.1 Assess business value of social and environmental trends
- 2.2 Analyze opportunities and risks presented by these trends
- 2.3 Review sustainability and food retail supply chain
- 2.4 Identify “low hanging fruit” or areas where small changes could bring real benefits
- 2.5 Company examples in assessing value of sustainability:
Featured Examples: Georgia-Pacific and JohnsonDiversey
- 2.6 Review questions for Section 2

2.1 Assess business value of social and environmental trends

When thinking about value, take a very broad view. Be sure to consider:

- near-term tangibles (demand for natural and organic products)
- intangibles such as reputation, trust (by customers and society)
- being the “partner of choice” by those in and beyond your value chain (connecting your brand with sustainability for both your suppliers and customers)

The equation below can be used to help understand how sustainability is impacting the marketplace, where social and environmental issues plus global trends equals changed operations. In this new marketplace, social and environmental issues can act as market drivers, just as demographic changes and GDP rates can. The degree and frequency of social and environmental issues acting as market forces is magnified by trends such as economic globalization, global information flows and 24-hour news cycles, the rise of civil society organizations (eg. Non-Governmental Organizations (NGOs)), and declining consumer trust in corporations.



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For supermarkets, there are a number of environmental and social issues that can be considered. Some issues that figure prominently for retailers include:

Environmental Issues

- Energy
- Water
- Waste
- Toxics
- Agriculture
- Forestry
- Ocean Pollution
- Fisheries
- Genetically Modified Food

Social Issues

- Fair Trade
- Diversity
- Health/Nutrition
- Safety
- Ethics
- Human Rights
- Local Economic Dev.
- Working Conditions
- Philanthropy

Resulting from these issues, some current key trends that have been identified by retailers include:

- Energy efficient or green buildings and store design
- Fair Trade Products
- Organic and locally grown foods
- Sustainable agriculture
- Eco-friendly/Non-toxic nonfood products
- Packaging – recyclable, biodegradable, recyclable, reusable, minimal (include paper v. plastic bags)

2.2 Analyze opportunities & risks presented by these trends

AUDIO Analysis Explanation & Energy Example:

A = Aspect (from ISO 1400 – open-ended to broaden thinking)

U = Upstream (any process before core operations)

D = Downstream (use of product by consumer and product end-of-life)

I = Issues (critical challenges to the business anywhere in value chain)

O = Opportunities (to drive growth, reduce risk, enhance intangible value)

| Challenge | Aspect | Upstream | Downstream | Issues | Opportunities |
|-----------|-------------------------------------|--|-------------------------------|---|---|
| Energy | Energy consumption and rising costs | Choice of energy supplier and sensitivity to changes in energy costs | Energy use from products sold | Energy sourcing and cost burden, reliance on grid | Reduce energy use, negotiate favorable rates, sell energy-efficient products, educate consumers on lowering energy costs. |

Green to Gold (Daniel Esty and Andrew Winston)

Mapping current trends identified in your business is a good start to understanding how these environmental and social issues impact your business, not just in operations but throughout your value chain – in

sourcing, store operations and with your customers. In addition, think about how these issues impact your business today and how they will in the future. While it is very difficult to predict your business in the future, identifying these issues and how they relate to your business today will place you ahead of the curve for tomorrow.

To help map these issues, Daniel Esty and Andrew Winston developed the AUDIO tool for their 2006 book *Green to Gold*. A sample of the AUDIO analysis framework for a big-box retailer is provided above. In addition, members of the FMI Sustainability Task Force provided their input and perspective on the outlined issues. [View full AUDIO framework and detailed AUDIO Worksheets](#). The AUDIO tool is an ideal group or individual exercise for “grounding all associates” in key operating departments and especially for Category Managers - who deal directly with the supply chain (SOURCING), Store Engineering and Store Operations Managers, who design and operate retail and distribution facilities (OPERATIONS), and Consumer Affairs/Marketing who are constantly interfacing with valued customers (CUSTOMER). It offers an opportunity to walk through an interactive session that would bring to life some of the real environmental and social issues confronting associates in their responsibility area.

2.3 Review sustainability and your supply chain

The supply chain for a food retailer is vast and can be complicated. This is being compounded by the growing globalization of the food chain. Until the mid-1990s, many retailers did not feel responsible for their products before the shipping dock and the public agreed. However, with the growth of the information age, overseas outsourcing, public attention to social and environmental issues and real or perceived power of business, the public now expects product manufacturers (national brand names as well as private label) to know the origin and practices of its supply chain and to actively promote sustainability in supply networks. These expectations came to the forefront for athletic shoe manufacturer Nike when a 1996 cover of Life Magazine had a photo of a young Pakistani boy stitching a Nike soccer ball for 60 cents a day. The expectations of the public of product manufacturers were forever changed. These

expectations are beginning to be made of retailers as well. From the new consumer perspective, retailers are endorsing a product by putting it on their store shelves. Therefore, a retailer should develop a depth of knowledge for all products it sells (both for consumers and not-for-retail) including its own private labels.

2.3.1 Supply chain guidelines and checklists

Many retailers have guidelines or checklists in place to help navigate consumers' food safety concerns. Some retailers also have workplace safety guidelines for vendors as well. It may be helpful to use existing supply chain guidelines like FMI's Safe Quality Food program as a base from which to add on additional sustainability initiatives. Extensive information on this program can be found at www.sqfi.com.

In choosing sustainable products, how do you know if a product is truly environmentally or socially

Safe Quality Food (SQF) Program

- Based on internationally recognized principles for food safety including HACCP, Codex and Quality Management systems
- SQF offers a certification program covering all food groups and all aspects of food production, including distribution, storage and transport.
- Thousands of companies around the world have been certified and that number keeps growing to meet the demand.

Sustainable Food Lab Self-Assessment: Supplier Codes of Conduct and Preferred Supplier Programs:

- Does your Supplier Code of Conduct include all three dimensions of sustainability—economic, environmental, and social?
- Do you have a preferred supplier program that requires performance along all three dimensions of sustainability—economic, environmental, and social?
- What categories or types of products are traceable with either third party certification or other systems that monitor better management practices and/or social codes of conduct?
- Do you have training in place for buyers and suppliers?
- Is compliance monitored?

<http://www.sustainablefoodlab.org/filemanager/filedownload/phpi9wFYL/Self->

preferable? In today's marketplace Category Managers are constantly barraged by suppliers saying that their product is "greener" or "more sustainable." How can a supermarket verify these claims? It is helpful to think about verification of claims in a hierarchy. Clearly, the best type of verification is a 3rd Party Certifier (from a government or impartial private organization) but

unfortunately such certification only applies to a handful of products at this point in time.

2.3.2 Verifying environmental claims of suppliers

Quite often, sorting out environmental claims and determining which product is truly more environmentally-preferable is very complicated. Seeking input from reputable external stakeholders can help you understand the parameters of the issue and arm you with information to help make a decision. However, it is critical to understand the various perspectives involved.

Information on certification bodies as well as a general list of guidelines for seeking out environmentally-preferable products (EPP) is provided by the US EPA. Their “5 Guiding Principles” is provided below. For more extensive and product specific information (including a database of EPP vendors and goods) visit their website: <http://www.epa.gov/oppt/epp/>

Global Reporting Initiative – Food Processors

To support food processors with their distinctive reporting needs, GRI is convening a working group to develop a Food Processing Sector Supplement. This will provide a tool to make sure that reports effectively cover the key issues for the sector and enhance the comparability of reports.

The future GRI Food Processing Sector Supplement will cover reporting indicators common to the general food processing sector including supply chain management of different types of products like agricultural crops, seafood, meat, poultry, beverages and ingredients, while similarly addressing more specific indicators by type of food.

This initiative is being led by Bunge (Brazil), Danisco (Denmark), Green Mountain Coffee Roasters (USA), Nestlé (Switzerland), and Tyson Foods (USA).

A draft of the supplement will be available for public comment in the Fall of 2008.

For more information, please go to:
<http://www.globalreporting.org/ReportingFramework/SectorSupplements/FoodProcessing/FoodProcessingSectorSupplement.htm>

Central to the EPP program is EPA's Final Guidance consisting of five Guiding Principles established to help Executive agencies identify and purchase environmentally friendly products and services. Each principle is linked to a more detailed description in the Final Guidance.

1. **Environment + Price + Performance = EPP**
Include environmental considerations as part of the normal purchasing process.
2. **Pollution Prevention**
Emphasize pollution prevention as part of the purchasing process.
3. **Life Cycle Perspective/Multiple Attributes**
Examine multiple environmental attributes throughout the product and service's life cycle.
4. **Comparison of Environmental Impacts**
Compare environmental impacts when selecting products and services.
5. **Environmental Performance Information**
Collect accurate and meaningful environmental information about environmental performance of products and services.

2.3.3 Potential questions to ask suppliers

Some questions to ask of suppliers that address some of the larger supplier sustainability concerns include:

- ❑ Origin of Products: What is the origin of product/ingredients? How does the supplier certify this?
- ❑ Packaging/Waste Reduction: What is supplier doing to reduce package materials and any other waste in production of offerings? Does the product help retailer and/or customer help to reduce their waste? Is the supplier involved in any of the sustainable packaging initiatives?
- ❑ Energy/Freshwater Use: What is the supplier doing to reduce their use of energy and/or freshwater in production/transportation of product? Does the product help retailer/customer increase their energy/water efficiency?
- ❑ Forest Conservation: Does the product impact forests either through production (eg. agriculture) and/or packaging? What is the retailer doing to reduce this impact? Is the supplier using any form of forest certification (eg. Forest Stewardship Council (FSC) certification)?
- ❑ Fish/Oceans: What is the species? It is important to ask for original/scientific name also as many species have been given more marketable names (eg. Patagonian Toothfish is the original name for Chilean Sea Bass.) Where does the fish come from (wild or aquaculture)? Does the fish come from a certified source? If so, is the certification third-party (eg. Marine Stewardship Council, Global Aquaculture Alliance or Friend of the Sea)?
- ❑ Local Sourcing: Define local for your store. Ask supplier which products/ingredients are sourced from defined area.
- ❑ Sustainable/organic agriculture: While organic has a government certification, there are other types of agriculture that use limited chemicals and practice sustainable farming. There is no mainstream certification for these types of foods but asking reputable suppliers to provide information on their how products were grown can help your customers make informed decisions.
- ❑ Toxics: There is growing consumer concern about toxics IN products as well as toxic emissions from the production of products. Ask suppliers about toxins in both their products and operations. The list of toxics of potential concern is growing daily. Those that have government regulation to limit their use are persistent organic pollutants (POPs – such as DDT, dioxins, furans), lead and mercury. Some others where there is growing public concern about their impact on human health are: volatile organic compounds (VOCs – used in sprays and paints), polyvinylchloride (PVC - plasticizer), nonylphenol ethoxylates (in laundry detergents) and DecaBDE (flame retardants).
- ❑ Pollution – Overall what are your suppliers doing to reduce their air, water and land pollution?

- ❑ **Transparency** – How are your suppliers providing transparency into their operations and products for the public? How much information are they providing to retailers? If a consumer has questions, where can they get the answer?

2.3.4 Examples of supplier “scorecards”

In trying to prioritize your sustainability issues, you may want to think about developing a “scorecard” for suppliers. This approach has been utilized by Wal-Mart for packaging and McDonalds for the environmental impact of their major suppliers of beef, chicken, potatoes and bakery goods. A summary of each of these scorecards is provided below:

Wal-Mart’s packaging scorecard is a measurement tool that allows suppliers to evaluate themselves relative to other suppliers, based on specific metrics. The metrics in the scorecard evolved from a list of favorable attributes announced earlier this year, known as the “7 R’s of Packaging”: Remove, Reduce, Reuse, Recycle, Renew, Revenue, and Read. Through months of consultations, the Packaging Sustainable Value Network, a group of 200 leaders in the global packaging industry, including suppliers, experts, and internal and external stakeholders, outlined the following metrics for the packaging scorecard:

- 15% will be based on GHG / CO2 per ton of Production
- 15% will be based on Material Value
- 15% will be based on Product / Package Ratio
- 15% will be based on Cube Utilization
- 10% will be based on Transportation
- 10% will be based on Recycled Content
- 10% will be based on Recovery Value
- 5% will be based on Renewable Energy
- 5% will be based on Innovation

In addition to talking to suppliers and others in your value chain, connect with other external stakeholders. See Section #6 for ideas on how to engage with external stakeholders. At this point in developing your approach on sustainability, external stakeholders could provide valuable insight into issues of the future

McDonalds Environmental Scorecard for Suppliers

Implementing the environmental guidelines has been a collaborative effort, involving our Worldwide Supply Chain Management Team, Conservation International, and suppliers who directly provide us with five types of products we use extensively—beef, bakery goods, chicken, pork, and potatoes.

Together, we developed a scorecard to help suppliers monitor and manage their environmental impacts. It addresses the four environmental guidelines most relevant to the final food processing stage—air, water, energy, and waste. For each of these, the tool specifies several annual impact measures and one or two multi-year trend indicators.

We began a pilot test of the scorecard in January 2004 and will roll it out to all direct suppliers of the five commodity groups in our nine major worldwide markets.

Comparison of the trend indicators to the baseline indicates that the scorecard and the expectations it establishes seem to have enhanced environmental awareness and promoted more effective management of limited natural resources.

and guidance on where you might want to position yourself.

2.4 Identify “low hanging fruit” or areas where small changes could yield big results

Many companies are already undertaking sustainability activities but few are coordinated under one umbrella and with a strategic approach. Take an inventory of all that is happening in your organization that has an environmental or social/community angle. Cast the net wide and involve the input of a variety of employees. You may be pleasantly surprised by the fact that some initiatives may be happening organically through grassroots employee innovation.

Some areas to consider when taking an inventory of existing activities include:

Sourcing

Category Management

- Private label product and packaging recyclability
- National brand product and packaging recyclability
- Think about how you will formally notify all suppliers of your corporate sustainability goals

Purchasing (not-for-sale products and services)

- Specify products, fixtures, equipment – produced from recycled materials
- Include standards for energy, air, water – in all bid contracts

Operations

Distribution and Retail Facility – Energy Management

- Energy Star-rated/ LEED certified facilities
- Associates trained to “save energy”
- Purchasing and consuming “green products”

Waste minimization and recycling

- Recycling of corrugated cardboard, clear plastic film, office paper, newspaper, magazines
- Use of compostable materials (packaging, etc...)

Consumer Affairs & Marketing

Customer education

- Healthy eating
- Reducing energy
- Use of recycled paper in customer outreach/ads

Reducing customer’s waste

- Ideas for helping customers recycle/compost
- Incentive for use of fabric bags/bag recycling

Philanthropic

- Environmental programs
- Health Programs

After taking an inventory of all that is already happening at your company, see where there is room for improvement. Again, involve employees. Since many of these activities may be happening below the executive radar, much additional financial and societal value could be realized by providing cohesive and more strategic focus.

2.5 Company examples of assessing value of sustainability

Since there is no one-way to operationalize sustainability, some of the best ideas can come from benchmarking other companies. Some companies have been looking at sustainability for many years and others for just a few months. There is a lot of knowledge out there and most companies are more than willing to share. Here are a few from beyond the food retail sector that may provide a guideline for building your company framework. All company information is taken from publicly-available websites or publications.

- **Georgia Pacific**

As a sustainable company, Georgia-Pacific creates long-term value by efficiently providing innovative products and solutions that are valued by society, while operating in a manner that is environmentally and socially responsible and economically sound.

Georgia Pacific Offering in Sustainability for Food Retail:

Georgia-Pacific is one of the worlds leading manufacturers and marketers of building products, tissue, packaging, paper and cellulose. Whether we're committing to stretching paper recovery goals, improving our efficiency in water and energy use, reclaiming and reusing waste, reducing greenhouse gases Georgia-Pacific takes a comprehensive approach to the environment...continuously improving our performance and sustaining it with all of our actions. Georgia-Pacific is the largest producer of recycled away-from-home tissue products, offering more than 200 products that either contain recycled fiber or are made from 100% recycled fiber. GP's Envision® line of washroom and tabletop products meet or exceed EPA's recommended guidelines for total and post-consumer recycled fiber content. Retailers and consumers who want paper towels, napkins, and bath tissue with recycled content can choose Mardi Gras, So-Dri, and Soft' n Gentle brands

For more information, please see GP Sustainability Brochure at <http://www.gp.com/aboutus/pdf/reBrochure.pdf>

JohnsonDiversey

JohnsonDiversey (JD) has a legacy of sustainability, which the company finds crucial to best serve its customers. Providing sustainable solutions is JD's way to enhance health and safety, reduce environmental impact, and create profitable business growth for their customers.

This spirit of sustainability is embedded within JD's products, packaging design, and programs. With sustainability's triple-bottom line approach of people, planet and profit, JD supports its customers' efforts to obtain their sustainability goals and objectives. One way JD has addressed the health and safety of people is with our closed-loop dosing systems which help eliminate exposure to chemical concentrates. For the planet, a good example is JD's attention to green packaging design. The award winning Envirobox™, along with the reduction of virgin plastic in JD's bottles, helps reduce customers' environmental footprint. For profitability, combining JD's products, systems, and programs helps to protect customers' key assets, their brand and reputation.

For more information, see Johnson Diversey's 2006 Global Responsibility Report website: <http://www.johnsondiversey.com/Cultures/en/Content/Investor+Relations/Annual+Reports/2006+Global+Responsibility+Report.htm>

For more information on JohnsonDiversey's offerings that focus on sustainability, please contact: greenretail@johnsondiversey.com

2.6 Review questions for Section 2:

- Have you conducted an inventory of all that you are doing as a foundation for your strategy moving forward?
- Have you mapped and assessed social and environmental trends that may impact your company, and how you will manage associated risks and opportunities?
- Have you developed a process for evaluating if a product, or line of products you sell is truly environmentally or socially preferable
- When thinking of "supplier sustainability," have you developed an internal "scorecard" or list of key questions to ask larger suppliers?

Section 3: Strategy Development

After assessing your value at stake or your company's risks and opportunities from sustainability and determining what you want to do on sustainability in general, it is time to develop your strategy. When thinking about strategy, think about aligning financial or shareholder value as well as value for other stakeholders (customers, suppliers, NGOs, etc).

Section 3: Strategy Development

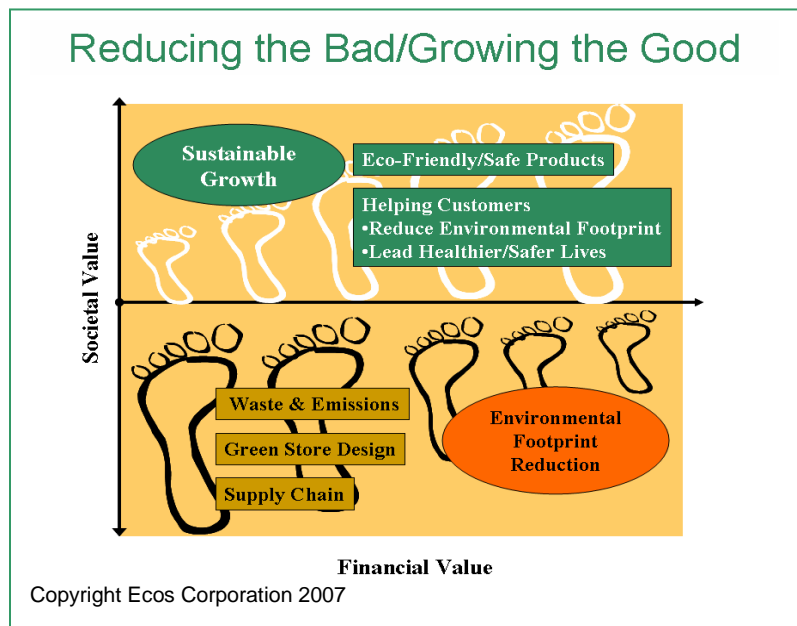
Objective of Section - Develop robust sustainability strategies that create economic value for customers, associates and shareholders, while also benefiting society and the environment.

Outline –

- 3.1 Establish a framework: strategies that create financial and societal value simultaneously.
- 3.2 Familiarize team with sustainability strategy frameworks in use
- 3.3 Determine where the company wants to be positioned on sustainability
- 3.4 Adopt strategies that combine sustainability goals and business objectives
- 3.5 Company examples of Sustainability Strategies:
Featured Example: *Hill PHOENIX*
Other Examples: *General Mills, Ikea, Proctor & Gamble, Tesco, WhiteWave and PCC Natural Markets*
- 3.6 Review questions for Section 3

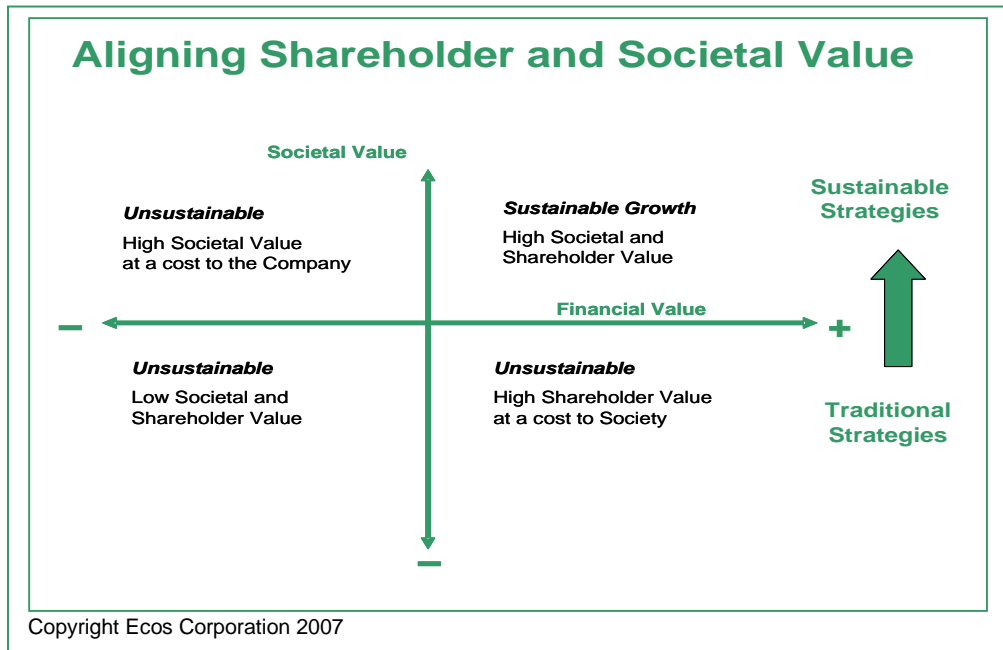
3.1 Establish a Framework: Strategies that Create Financial & Societal Value

The following “footprint” or framework will help you to build off of existing eco-efficiency efforts. Many food retailers have already taken measures to reduce energy costs and improve environmentally sensitive operating efficiencies. Using this approach, you can build off of the value created from existing environmental footprint reduction efforts and develop strategies to initiate sustainability programs that provide



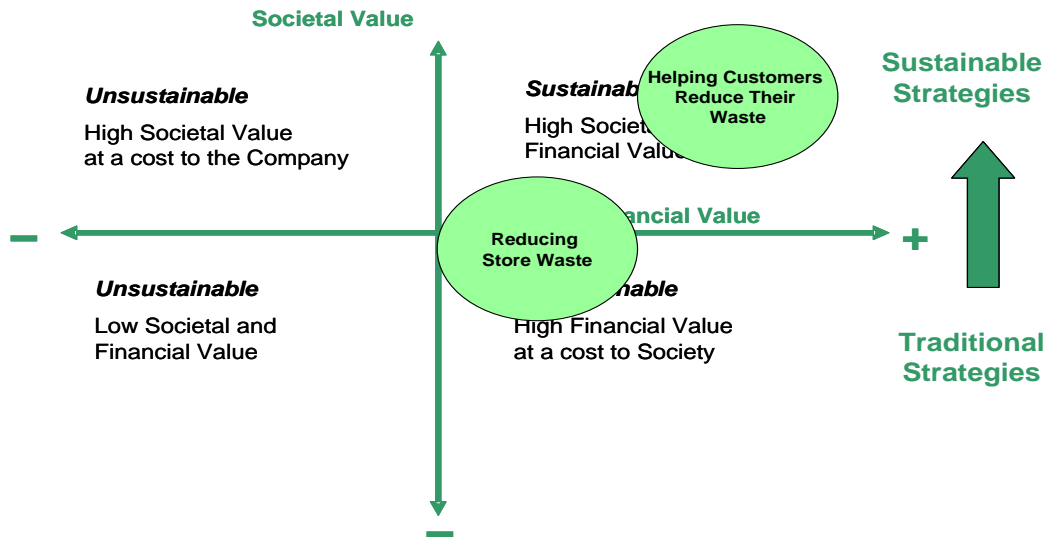
greater societal value to customers.

The diagram below illustrates a framework to help a company map current efforts and develop strategies to push offerings into the upper right quadrant. A review of this diagram starts in the upper left quadrant. Activities in this quadrant would fall under philanthropy – significant societal value but usually little quantifiable financial return to the company. Moving to the lower left quadrant, businesses in this area do not typically have a very long life. In the lower right quadrant, many business activities fit in this area. Some examples include SUVs, and ethanol (corn-based vs. cellulosic). The point is not to get caught up in mapping existing activities but look for opportunities to take a strategic approach to enhancing societal or broader stakeholder value while also delivering financial returns.



The example that is used here is taking a strategic approach to waste reduction. The goal is to reduce waste to landfill. It is great to take measures in-store but what about applying that lens to helping your customer decrease their waste to landfill by decreasing packaging and increasing availability of recyclable products (that can actually be easily recycled in local programs). That would increase your sales of energy-efficient products while decreasing energy use by society. A similar approach could be used in using non-toxic cleaners in-store to improve in-store air quality and then promoting similar products that help your customers do the same in their own homes.

Aligning Shareholder and Societal Value



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The following offers a more traditional approach for strategy development. The columns in this illustration offer different strategies that companies have used to create business value through their social and environmental efforts.

| | Franchise Protection | Process Changes | Product Changes | New Market Development | New Product Development |
|-----------------------|---------------------------------------|------------------------------------|---------------------------------|-------------------------------------|-------------------------|
| Business Value | Right to Operate | Cost & Liability Reduction | Customer Loyalty and Reputation | Growth | Growth |
| Focus | Compliance | Efficiency | Value Chain | Innovation | Innovation |
| Main Financial Impact | Reduces Risks May open new markets | Increases Margins Reduces Risks | Increase Competitive Advantage | Increase Revenues & Diversification | Increase Revenues |

Adapted from WRI, Reed, Stalking the Elusive Business Case

The first strategy, “Franchise Protection,” shows how to select environmental and social activities based on how they will protect the company’s brand, reputation or franchise or produce brand differentiation. The second column, “Process Changes,”

addresses energy and material reductions, as well as waste associated with business operations, yielding environmental benefits as well as cost reductions. Many supermarkets are already using this strategy in their store energy-efficiency programs and corrugated cardboard recycling. The middle column, “Product Changes,” is yet another approach that focuses on modifying products so that they have reduced environmental impacts in production or use by virtue of their design.

The final two approaches are innovating to enter new markets or to provide new products with environmental and/or social benefits. Retailers need to be sure that they think of themselves not only as an outlet for customers to shop but key educators in helping customers lead healthier lives. With this broader role in mind, some new market/ new product offerings for retailers that are driven by sustainability could be providing whole packages to help customers reduce their environmental footprint through choosing local produce, sustainably-sourced meat and fish, recycling, reduced packaging and improving energy efficiency at home. A company example of this is Publix’s Greenwise Approach which is detailed in the side box.

Developing New Offerings around Sustainability: Publix’s Greenwise Approach

In 2007, Publix opened its first Greenwise Market in Florida. It is “a one-stop shopping destination for anyone who appreciates organic, all-natural, and earth-friendly products, excellent food, and a thoroughly enjoyable shopping experience. Here, you can enjoy a delicious freshly prepared meal, surf the Internet, or fill your basket with artisan cheeses, fine wines, handcrafted fresh breads, and much more.”

In addition to a store, there is a Greenwise magazine, events calendar and website with a guide on purchasing natural foods.

For more information, please visit:
<http://www.publix.com/wellness/greenwise/>

Overall, each of these strategies has a different expected business value and your company could well be pursuing more than one of these strategies at the same time.

3.2 Familiarize team with sustainability frameworks in use

There are many other existing frameworks that have proved effective for other companies in developing their approach to sustainability. However, the ones listed above should be most helpful to supermarkets. Others to consider are the [Global Environment Management Initiative \(GEMI\)](#) which has been particularly helpful to manufacturers, [The Natural Step](#) approach has been used by Nike and many other international companies, and [Natural Capital](#) which was first discussed in a very well-known book by Paul Hawken, Amory Lovins and Hunter Lovins and has formed the basis for many company’s strategies on sustainability.

3.3. Determine where the company wants to be positioned on sustainability.

One company cannot solve all the world’s problems but your approach should reflect where you have the greatest value at stake (or create a nexus where you can add societal value and financial value). Ask yourself, what fits best with your culture and existing mission and goals? What would be supported by your customers and employees? What would be required from operations and/or sourcing?

Identifying Your Sustainability Priorities:

- What existing programs could you build off of?
- Where can you have the greatest impact?
- Where could you collaborate with other retailers to have greatest impact? With Suppliers? With other partners?

Utilize the assessment that you conducted in Section #2 to help develop a strategy around your priority areas.

3.4 Adopt strategies that combine sustainability goals and business objectives

Where do your sustainability goals intersect with your business objectives? Develop a strategy that focuses on this advantage point and assures that you can deliver on both the sustainability and business profitability fronts.

3.5 Company examples of sustainability

strategies:

The examples featured here are included because of what they illustrate in terms of strategy and the recommendations provided in this Kit. Most have connected to existing core values or mission statements and all strategies involve multiple aspects of their business. All company information is taken from publicly-available websites or publications.

- **Hill PHOENIX**
We believe that our social responsibility commitment should be demonstrated both through the products we make and the actions we take. We continuously research and develop new processes for creating products that use resources wisely.

Sustainability is vast. The following two diagrams illustrate how we map sustainability and the scorecard we use to measure our progress:

Green? We come by it naturally.

At Hill PHOENIX, Sustainability is as much a part of our nature as it is our future and all of our products have consistently been designed and built with that idea in mind. You should know when you choose Hill PHOENIX, you're choosing the company that pioneered CoolGrip™, made case technology while leading the green refrigeration revolution with Second Nature® secondary coolant systems. Not to mention "energy smart" Inverter Systems and even the use of HCFC-free foam in our walk-in coolers before the dangers of chlorofluorocarbons were fully realized. As a result, we're able to maximize our customer's financial investment in us, while we minimize the impact of our products on the world around us for today and for countless tomorrows. Hill PHOENIX has a reputation for leading the world in our industry. We're just as proud of our reputation for greenery as Green! It's as much what we do as who we are. Always has been, always will be. A proud partner of

We give you more than solutions — we give you answers.

Hill PHOENIX
CASES • SYSTEMS • COOLERS • ELECTRICAL



| Tons Per Equivalent Unit — 2005 vs. 2006 | |
|--|---------------|
| Greenhouse Gas Emissions (GHG) | 23% Reduction |
| Volatile Organic Compounds (VOC) | 78% Reduction |
| Metal Consumption | 28% Reduction |
| Landfill | 55% Reduction |
| Recycled Scrap Metal | 43% Reduction |
| Tons | |
| Recycled Cardboard | 18% Increase |

HillPHOENIX Offering in Sustainability for Food Retail:

The new, 55,000-square-foot Williamsburg store is the first Ukrop's store to deploy Hill PHOENIX's Second Nature® technology in an effort to achieve sustainable environmental benefits. The technology replaces R404-A, a halogenated fluorocarbon and greenhouse gas producer, with a 35 percent aqueous propylene glycol fluid (a food-grade "antifreeze"), a non-greenhouse emissions producing secondary fluid, as a primary refrigerant. This low pressure "chilled water" loop eliminates the circulation of high-pressure refrigerant throughout the sales floor area.

For more information on HillPHOENIX's activities on sustainability, please go to their 2006 Sustainability Report at http://www.hillphoenix.com/2007_HP_SustainRpt_Final.pdf.

For more information on their product and service offerings, please contact marketing@hillphoenix.com.

- **General Mills**

As a global leader in the food industry, General Mills is committed to making a difference in the lives of our consumers, our customers, our investors, our employees and our communities.

General Mills strives to be the healthiest, safest, most environmentally responsible consumer foods company in the world.

Preserving employee health, preventing employee injuries and protecting the environment are core values for us. General Mills takes a proactive approach to health, safety and environmental issues that affect the company, its employees and the public.

- **IKEA**

Low prices – but not at any price

Customers must be able to rely on IKEA. They must be able to find good home furnishing products at IKEA at prices so low they can afford to enjoy a better everyday life at home. IKEA must offer attractive, durable, functional low price products. That's the IKEA vision: "To create a better everyday life for the many people".

For more than 60 years IKEA has been perfecting ways of creating low prices – manufacturing as inexpensively as possible, building our own stores, flat-packing furniture for customers to put together themselves. But IKEA's responsibilities don't stop there. We also want the products we sell to be free from hazardous substances. And we don't want the wood in bookcases, tables or other products in the store to come from areas where forests are being devastated.

All IKEA suppliers, wherever they are in the world, must follow certain fundamental rules. Child labour is not tolerated, working conditions must be acceptable and suppliers must adopt a responsible attitude to the environment. The aim is to make products which have minimum impact on the environment and to manufacture them in a socially responsible manner.

- **Proctor and Gamble**

Sustainability aligns very well with our Statement of Purpose, which describes the synergy among meeting the needs of our consumers, building our sales and profit, and contributing to the prosperity of our employees, shareholders and communities. This is not to say that we are defining sustainability as "business as usual." Instead, we see sustainability as an opportunity to address needs that are as yet unmet. Needs that are driven by the six billion people on this planet, which may grow to eight to 10 billion in the next century.

P&G directly contributes to sustainable development by providing products and services that improve the lives of consumers, whether in terms of health, hygiene or convenience. Through our activities, we also contribute to the economic and social well-being of a range of other stakeholders, including employees, shareholders, local communities in which we operate, and more widely to regional, national and international development. So, P&G contributes to sustainable development both through "what we do" and "how we do it," including ensuring we address any environmental and social issues associated with our products and services.

- **Tesco**

Connect to Core Values of:

- *No one tries harder for customers*
- *Treat people how we like to be treated*

Use marketing of "Every little helps" to provide foundation for approach on sustainability that is all-encompassing:

- Economy: Using our strengths to deliver unbeatable value
- Communities: Playing our part in local communities
- Environment: Working with customers to help environment
- Charities & Fundraising: Supporting Good Causes

For more information, please go to

<http://www.tescocorporate.com/crreport06/a/chiefexecintro.html>

- **WhiteWave**

SUPERIOR BRANDS: We produce and market delicious branded food products in premium categories. Our brands enhance and enrich the lives of our consumers by delivering unwavering quality and ongoing innovation. Never satisfied to rest on our achievements, we work every day to elevate our product standards.

GREAT PEOPLE: Our people determine our success. We attract, develop and retain the most talented, capable, and committed professionals in our industry. We nurture a fair and open culture that inspires creativity, leadership and personal growth. We seek employees who are driven to excel, and consistently reward outstanding contributions.

SUPERIOR RETURNS: We strive to lead the food industry in profitability and return on investment. We work relentlessly to refine our business models for optimum performance. We invest in our people, our processes, and our assets to ensure strategic, sustainable growth. Our suppliers and our customers are essential to our success, and we honor these interdependencies by creating mutually profitable relationships.

RESPONSIBLE LIVELIHOOD: We conduct our business in a way that

sustains and improves our communities, our environment and the economy in which we live and work. Through efficient business and manufacturing processes, we lead the industry in environmental stewardship. We lend meaningful support to causes important to our mission, our communities, and our collective well-being.

- **PCC Natural Markets**

PCC is the largest consumer-owned natural food co-operative in the United States and is committed to:

- Advocating high-quality food standards
- Supporting local, sustainable agriculture
- Educating consumers about timely issues
- Operating in an environmentally friendly way
- Building community

For more information on PCC Natural Markets, please visit:
<http://www.pccnaturalmarkets.com/about/index.html>

3.6 Review questions for Section 3

- **Have you identified areas where a greater focus on increasing societal value could bring financial returns?**
- **Which sustainability frameworks helped you think about sustainability for your company?**
- **Which company examples provide ideas for you going forward?**

Section 4: Establishing Goals & Metrics

This section offers models and steps for developing sustainability goals and establishing metrics

Section 4: Establishing Goals & Metrics

Objective of Section – Develop goals and metrics that help to measure progress towards implementation of your strategy.

Outline –

- 4.1 Familiarize team with sustainability goals and metrics frameworks in use
- 4.2 Review practical advice of those companies that have gone down this path already
- 4.3 Brainstorm specific goals and metrics based on the sustainability strategies articulated in the Strategic Options process (which should address sustainability priorities identified in risk and opportunity assessment).
- 4.4 Determine level of internal and external reporting/transparency
- 4.5 Refine and test sets of goals and metrics
- 4.6 Company examples of goals & metrics
DuPont, J. Sainsbury, Wal-Mart
- 4.7 Review questions for Section 4

In 2007, the use of metrics, goals and publicly available information in tracking progress is considered the leading edge of sustainability. Many companies have developed a good strategy and have some substantial initiatives to highlight. Some have internal metrics and goals that are being used to create alignment around a sustainability strategy and test their own waters before going external. Starting with internal metrics is a good first step as it helps to not only test your metrics but also develop employee support. However, some companies have taken a different tact and launched “BHAG” (Jim Collin’s Big Hairy Audacious Goals) with metrics but are not really sure how they are going to meet these goals. It really depends on your company culture. Some companies thrive under pressure, others would prefer to develop measured approaches and then add on a slight stretch to show their leadership.

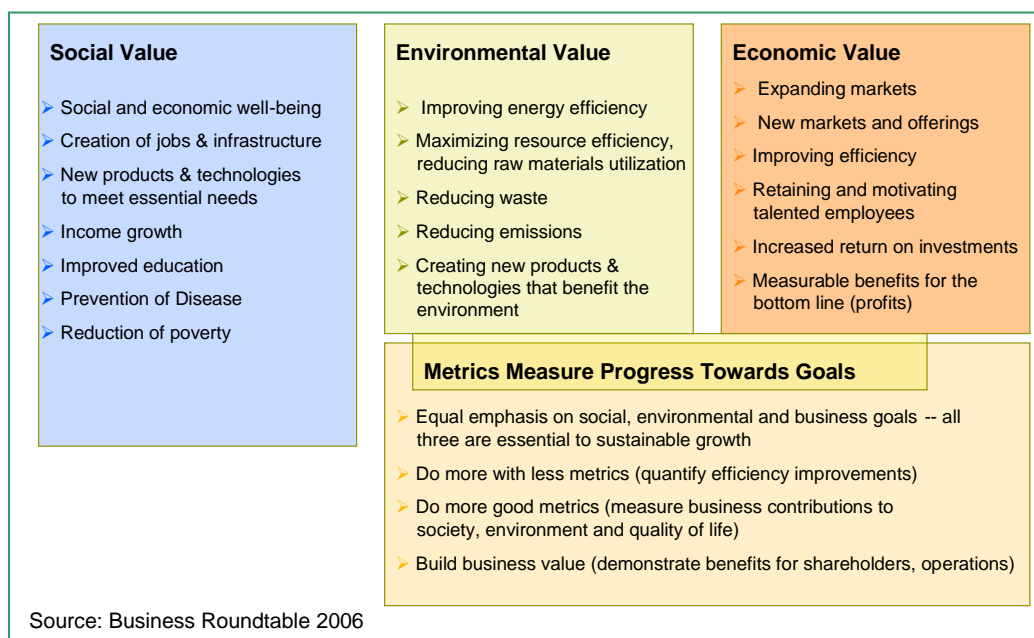
4.1 Familiarize team with sustainability goals and metrics frameworks in use

In the food retail sector, there are limited examples of publicly reported goals and metrics. At this point, there is little uniformity to the format that retailers are using. Most companies publicly report their metrics and goals at a very high level (such as in an annual report) and then have web links to the detailed information. Reporting of environmental, social and economic data is becoming more and more common among a range of companies. However, just because they have reporting does not necessarily mean that they have hard metrics and/or goals within these reports. Companies with publicly available metrics and goals encompassing social, environmental and economic issues appear to be on the leading edge of sustainability.

Some examples of frameworks that can help companies think about metrics and goal setting include:

4.1.1 The Business Roundtable's guide to metrics & goals
 In 2005, The Business Roundtable (BRT) launched its "S.E.E. Change" (Social, Environmental and Economic Change) initiative. The focus of S.E.E. Change is to have their member companies establish goals and metrics to achieve these goals and then publicly report their progress.

The BRT Guide is below. The traditional approach has been to quantify efficiencies or "do more with less." A new approach being taken by many companies to help focus more on growth opportunities is to have metrics that measure outcomes or the benefits to society that a company is having.



4.1.7

4.1.2 Global Environmental Management Initiative (GEMI) Metrics Navigator™

The Global Environmental Management Initiative's (GEMI) Metrics Navigator™ is a tool that helps organizations develop and implement metrics that provide insight into complex issues, support business strategy and contribute to business success. This tool presents a thorough, six-step process to select, implement and evaluate a set of "critical few" metrics that focus on an organization's success. Each step of the tool provides guidance in the form of a worksheet, series of questions or checklist. While the GEMI Metrics Navigator™ Tool may be of greatest value to manufacturers, retailers will find it a

useful introduction to sustainability metrics and for generating some helpful ideas on getting started. This tool is web-based and an overview presentation, step-by-step guide and blank worksheets can be found at <http://www.gemi.org/metricsnavigator/>

4.1.3 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) developed a sustainability reporting framework that is used internationally by a wide range of organizations, from small business to many of the world's largest brands as the basis for their sustainability reporting. The GRI framework sets out principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. Continuous improvement and revisions are provided through a broad multi-stakeholder process that results in updated guidelines for the framework. More information can be found at www.globalreporting.org.

June 2007

G8 Summit leaders encourage GRI reporting

In their annual summit, G8 members yesterday formally encouraged GRI reporting as a means to yield good governance and transparency and thereby achieve poverty reduction, conflict prevention, support sustainable investment decisions, and promote development in emerging economies.

<http://www.globalreporting.org/NewsEventsPress/LatestNews/2007/G8EncouragesGRI.htm>

4.1.4 OneReport

In response to the increasing interest of stakeholders in a company's sustainability reporting and the ever-increasing number and complexity of these data-requests, OneReport was created. Driven mostly by the increasing interest from investors but available to all stakeholders, 50 multi-national companies and leading sustainability research and ratings agencies came together to develop the OneReport framework. More information can be found at www.one-report.com.

OneReport contains consolidated data requests from research and rating organizations, and organizes them largely around the Global Reporting Initiative (GRI) framework. Topics within OneReport are grouped into sections and subsections, allowing users to report subject by subject. There are six subject areas:

- Vision and Strategy
- Organizational Profile
- Governance Structure and Management Systems
- Economic Performance
- Environmental Performance
- Social Performance
- Assurance

4.2 Review practical advice of those companies that have gone down this path already

The most consistent advice that other companies provide to their peers in developing goals and metrics is to: “Keep it simple!” and “Don’t have too many metrics!” Developing goals that speak to employees, shareholders and other external stakeholders alike is a challenge. So, to appeal to this broad range, your approach must be focused, simple and easy to communicate. The same is true for your metrics as this broad audience will need to monitor and understand your progress.

Global Environmental Management Initiative (GEMI) Planning Considerations:

- Planning Considerations from GEMI:
 - One size doesn’t fit all
 - Determine the internal and external audiences for your metrics
 - Select metrics that drive performance
 - Neither too few metrics to reflect success or failure nor too many to outweigh benefits
 - Be consistent from year-to-year
 - Select metrics that are understandable and compatible with the company’s operations
 - Use data that are already being collected for other business purposes
- Metrics implementation:
 - Get the support of business units
 - Consider flexible systems for diverse operations
 - Avoid using too many metrics
- Evaluation:
 - Are the right data getting to key people in time to take action?
 - Are the metrics consistent with other reporting measures?
 - Are the metrics driving the right behavior?

For more information: www.gemi.org

4.3 Brainstorm specific goals and metrics based on the sustainability strategies articulated in Section 3

Metrics and goals will help to illustrate your strategy and define your real commitment to change. There are some categories of metrics that can help you think about what works best for your organization.

Building off of the metrics provided in 4.1.1 from the Business Roundtable, it is helpful to think about both metrics that will help you “do more with less” (efficiency metrics) as well as those metrics that will help you “do more

General Metrics for Food Retailers:

- Quantifying Efficiencies (“Doing More with Less”)
 - Waste reduction
 - Packaging
 - Energy
- Measuring Growth (“Doing More Good”)
 - Promoting/enabling customers to be more sustainable
 - Promoting/enabling suppliers to be more sustainable.

good” (growth metrics). This fits with the strategy discussion in Section 3 where you looked not only at how to reduce your negative footprint but grow your positive footprint. A positive footprint will not only bring greater societal value or value to a broader group of stakeholders but potentially also increase financial value. The diagram above takes these two, potentially complimentary, approaches to metrics and provides retail examples. A variety of efficiency metrics are in use by a range of companies, including retailers. Growth metrics are just being developed but appear to be the “next generation” of sustainability goals and metrics.

4.4 Determine level of internal and external reporting/transparency

As mentioned in the introduction to this section, it is ok to begin with internal metrics and goals to help test what works best for your culture and to get feedback from employees. Transparency is a key element of sustainability. The old school of thought was based on limited distribution of information and that “good fences make good neighbors.” The new school of thought that is rapidly becoming the new standard in our world of ever-growing information sources is to be as transparent as possible without giving away competitive information. Providing information as you move towards your goals shows that you are serious about your objectives. If you are not able to meet a goal, at least you will be able to show the real progress that you have made. Remember, showing real progress towards ambitious and measurable goals can be just as important to stakeholders as meeting them.

How to Think About External Stakeholders

The old school of thought was based on limited distribution of information and that “good fences make good neighbors.” The new school of thought that is rapidly becoming the new standard in our world of ever-growing information sources is to be as transparent as possible without giving away competitive information.

4.5 Refine and test sets of goals and metrics

Don’t worry about not getting your goals and metrics right the first time. Ongoing testing and refinement of your measures and targets is the nature of sustainability. The parameters and priorities are constantly changing. The most important thing is to find metrics and goals that work for your organization and help you implement your strategy.

4.6 Company examples of establishing goals & metrics - All company information is taken from publicly-available websites or publications.

- **DuPont**

The DuPont Company has had efficiency goals in place for many years. In 2006, they launched their 2015 goals that added goals around “Serving the Marketplace”:

Environmentally Smart Market Opportunities from R&D Efforts:

- DuPont will double its investment in R&D programs with direct, quantifiable environmental benefits for customers and consumers along the value chains.

Products that Reduce Greenhouse Gas Emissions:

- DuPont will grow its annual revenues by at least \$2 billion from products that create energy efficiency and/or significant greenhouse gas emissions reductions for customers. They estimate these products will contribute at least 40 million tonnes of additional CO2 equivalent reductions by our customers and consumers.

Revenues from Non-Depletable Resources:

- DuPont will nearly double its revenues from non-depletable resources to at least \$8 billion.

Products that Protect People:

- DuPont will increase the amount of R&D spent on developing and bringing to market new products that will protect people from harm or threats. Between now and 2015, DuPont will introduce at least 1,000 new products or services that help make people safer globally.

- **J. Sainsbury Plc**

J. Sainsbury's 5 Corporate Responsibility (CR) Principles are:

- 1) *The best for food and health*
- 2) *Sourcing with integrity*
- 3) *Respect for the environment*
- 4) *Making a positive difference to our community*
- 5) *A great place to work*

To measure their performance, Sainsbury has metrics with targets under each of their 5 CR areas and provides an annual checklist to measure their performance using red, yellow and green to indicate if the target has been met fully, partially or not at all.

A sample of their metrics and targets for #2 *Sourcing with Integrity* is:

- We will source 70% of organic produce from the UK by the end of 2006
- We will launch 'Supply Something New' - our scheme to increase by 50% the number of small British firms supplying us
- We will increase by 20% the number of assessments of global suppliers' timber management systems
- We will ensure all the Sainsbury's eggs we sell are from the UK
- 75% of suppliers who provide us with timber-related products will receive additional training in Sainsbury's sustainable timber sourcing policy
- We will stock eggs from either free range or free range organic birds, ceasing the sale of any eggs from caged birds by 2009
- We will stop selling all red-rated fish (sustainability criteria) by the end of 2006
- We will ensure that 95% of our fish suppliers participate in research to source more sustainably by the end of 2006

- We will introduce 50 new 'Sainsbury's SO Organic' lines by September 2006

To see how Sainsbury measures up to their targets and for details on their other principles, go to:

<http://www.jsainsbury.com/cr/index.asp?pageid=39>

- **Wal-Mart**

Wal-Mart has established three goals in its sustainability efforts:

1. **To Be Supplied 100% By Renewable Energy**

- Existing stores 25% more efficient in 7 years
- New stores 30% more efficient in 4 years.

2. **To Create Zero Waste**

- Have a 25% reduction in solid waste in 3 years
- All private brand packaging improved in 2 years

3. **To Sell Products That Sustain Resources & Environment**

- To have 20% supply base aligned in 3 years
- Design and support Green Company Program in China

Source: Wal-Mart Website:

<http://walmartstores.com/GlobalWMStoresWeb/navigate.do?catg=345>

4.7 Review questions for Section 4

- **Is your team familiar with sustainability goals and metrics frameworks in use?**
- **Are your goals and metrics simple and easy to communicate?**
- **Have you brainstormed goals and metrics and based them on your sustainability strategies?**
- **Has thought been given to the level of internal and external reporting/transparency?**
- **Most importantly, are your goals and metrics well tested internally before communicating externally?**

Section 5: Implementation of Plans

This section offers different models that have been used to implement sustainability strategies.

Section 5: Implementation of Plans

Objective of Section – Provide advice and guidelines around the successful implementation of your sustainability approach across the company and externally.

Outline –

- 5.1 Get a commitment by senior management to the specific sustainability strategies adopted by your team
- 5.2 Engage staff across company and create energy around the strategy
- 5.3 Capture and apply the lessons learned from other Corporate initiatives and as you roll out this strategy
- 5.4 Revisit corporate governance and organizational structure discussed in Section 1
- 5.5 Integrate financial value from sustainability in business decision-making
- 5.6 Monitor progress toward goals and publicly report results
- 5.7 Be aware of barriers to progress
- 5.8 Company examples of implementation
General Electric, Unilever, United Natural Foods, and Waitrose
- 5.9 Review questions for Section 5

5.1 Get a commitment by senior management to the specific sustainability strategies adopted by your team

This ties back to the process outlined in Section 1 and the need to involve senior management throughout the process. While senior management has been involved in the strategy and provided the “blessing” for your approach, they should also be involved in the implementation. How they are involved depends on your company culture and what management process is needed for success.

5.2 Engage staff across company and create energy around the strategy

The real key for success of your approach is generating energy and enthusiasm among employees. Every employee will most likely be impacted by this strategy so you are looking to involve every employee in its implementation. One of the unique aspects of sustainability is that there is no exact blueprint. Sustainability encourages creativity and innovation. So, empower your employees to be entrepreneurial.

To help shape your implementation process review existing initiatives and programs that now fall under your sustainability program and see what is working. As highlighted in Section 1 identify what terminology illustrates your approach and will be best understood by employees. Tie it into existing

marketing and communication (both internal and external messaging). This will help to show that sustainability is already something that your company has been doing (in some form) and now it is going to be a coordinated strategy.

Using your terminology, how are you going to explain your approach to sustainability to employees? Can you use some parts of “[The Sustainability Opportunity](#)” that you developed for management and further tailor it to the stores and specific functions? Illustrations of “sustainability-in-action” in your company are invaluable. Just as examples from other companies are helpful in this Starter Kit, individual job illustrations help employees think what they could do “on Monday morning” moving past the esoteric aspects of sustainability and the future of doing business globally.

5.3 Capture and apply the lessons learned from other Corporate initiatives and as you roll out this strategy

Most likely, there have been numerous corporate initiatives that have been implemented in the past. Review those initiatives from a process perspective, and see what approaches you might want to duplicate (or avoid) for this strategy. In addition, implementation of your approach to sustainability will not be complete in a few days or even a few months. Make an explicit effort to review what is working and what is not in your implementation. This flexible approach fits with the ever-changing nature of sustainability.

5.4 Revisit corporate governance and organizational structure discussed in Section 1

To be sure that sustainability is being integrated as a business issue and not as an add-on or special project, connect the organizational structure where you are fitting your sustainability efforts with the strategy development function(s) of the business. In the past, many sustainability efforts grew out of the Safety, Health and Environment department which have caused them to be seen only as a “cost” to the business. Other efforts have been grounded in Public Relations which tend to taint sustainability with the “reactive” and not proactive brush. Grounding sustainability in the business and connecting to broader strategic thinking will help you take advantage of the full scope of sustainability, from both managing risk and harnessing growth opportunities.

5.5 Integrate financial value from sustainability in business decision-making

Sustainability proposals should be subject to financial scrutiny early on in the process. How is this good for the business? How can we get more business benefit out of it? Would the business benefits be worth the costs?

Likewise, the key business decision-making processes (e.g. capital budgeting, new product development, etc.) should include any positive or negative business value from social and environmental considerations.

An example of this integration in the retail sector can come from looking at waste reduction efforts and capturing and integrating the associated cost-savings from reduced disposal. To take it one step further, translate this approach to reduction of packaging of products to increase shelf space that has financial value to you and value to the consumer in terms of reducing their waste.

5.6 Monitor progress toward goals and publicly report results

Keeping track of your progress in implementing your strategy is critical. As the saying goes, “What gets measured, gets managed.” Matching your metrics and goals against your strategy and then measuring results will help keep you on track. In addition, it will help you see where your strategy is working and where it is not.

To help you refine your strategy and goals and metrics, it will most likely be helpful to track and measure your results internally before going external. You may want to consider starting internally and then identifying a few “safe” or trustworthy external stakeholders to help review and report on your progress. For details on thinking about such a review, see Section 6. However, having some fresh perspectives can help you refine your approach and then also provide some thoughts on how to communicate your progress externally.

5.7 Be aware of barriers to progress

Since sustainability is a relatively new term, hard to define and so broad, there will be barriers along the way of developing and implementing your approach to sustainability. These barriers can be both internal and external.

Internal barriers quite often take the form of not seeing sustainability as a direct business issue. Unless a retailer is directly challenged by the public with negative publicity, issues of sustainability are seen as longer-term and not immediate business issues with direct financial value. We highlight a few internal ones that other companies have experienced and some ideas on how to address them below:

5.7.1 Take on challenges to the underlying premise of sustainability

Seeing and understanding the business value of sustainability can take time and even a long time for some within the company. Some responses to seeing the value of sustainability have been “this is not a business issue [it is a PR issue]” or “if we are in compliance, that is sufficient.” Many times, until people have experienced sustainability first-hand (either they have been in the fire where an environmental issue seriously threatened a brand or have seen real numbers where it has helped gain competitive advantage), they will not understand the business value. Continue to build the business case for sustainability not only for your sector but for your company. Show both short and long-term numbers and projections.

5.7.2 Concerns about goals and transparency

As discussed in Section 4, one of the growing fundamentals of a corporate sustainability strategy is having goals and metrics and being transparent in reporting your progress. Having hard numbers and being public in your reporting is not necessarily a comfortable decision for most companies. This issue is slightly different for public versus private companies but overall, the marketplace and consumers broadly are asking for more information. Having a strategy with goals and metrics that you are prepared to discuss publicly will help you get

ahead of these requests and be proactive in meeting growing public disclosure demands.

5.7.3 Overcoming implementation roadblocks

There will be implementation challenges or roadblocks. It is inevitable since sustainability is so complex and so broad. So be prepared. Ensuring clarity and consistency in your approach, including your strategy, goals and metrics as well as implementation, will help you address these challenges.

5.7.4 Build the right team

In addition to your core team, look to involve other “leaders” in the company. The titles of these leaders will not matter as much as the type of people that they are and how they are respected by their peers. Generate a team of “ambassadors” for sustainability, they will help build the energy and momentum for its success.

In addition to recruiting leaders for your team, have an explicit strategy to build the support of middle management. Learnings from other companies have referred to middle management as the “layer of clay” that stops or slows down implementation of something new. Look to involve them in developing the implementation plan and work with them to identify how they can help with success.

In thinking about potential external barriers, understanding your sustainability issues and being transparent and thorough in any claims are essential. There are many examples of companies getting ahead of themselves on matching action to words. One example of this is from The Ford Motor Company. When William Ford, Jr was CEO he was personally very committed to the environment and talked a great deal about all that Ford was doing to green its operations. While they constructed LEED-certified facilities and supported many good sustainability efforts, Ford never fully addressed their biggest environmental challenge as expressed by the public, the fuel efficiency of their products. To Bill Ford’s surprise, his company continued to be targeted by environmental activist groups and they never received credit for the many good, but limited sustainability activities that they were doing.

5.8 Company examples of implementation of plans - All company information is taken from publicly-available websites or publications.

- **General Electric**

- Business Strategy**

- Increase revenue and profitability by providing a wide array of products across GE’s businesses to help today’s consumers and business customers meet their needs for energy efficiency and reduced environmental impact

- Goals**

- Grow revenue from “ecomagination” products that meet environmental impact criteria to \$20 billion by 2010
 - Increase investment in R&D of clean products

- Reduce GHG emissions and improve energy efficiency of operations
- Reduce the intensity of GHG emissions

Metrics

- Grow revenue from “ecomagination” products to \$20 billion by 2010
- Double investment in clean R&D - from \$700 million in 2005 to \$1.5 billion in 2010
- Reduce GHG emissions 1% by 2012
- Improve energy efficiency 20% by 2008

Source: <http://ge.ecomagination.com/@v=120620061825@/index.html>

- **Unilever**

Our mission is to add vitality to life. We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life.

How we contribute to sustainability

- Improve people's health through **nutrition & hygiene**
- Minimise our **environmental footprint**
- Secure **sustainable supplies** of raw materials
- **Create wealth & bring benefits** to local communities

Following reorganization in 2005, the Unilever executive (UEX) became the principal decision-making body which included reviewing the company's corporate responsibility strategy. UEX helped to develop Unilever's three-tier strategy for corporate responsibility:

- to maintain and build on existing activities, with renewed targets;
- to integrate social, economic and environmental considerations into the development plans of brands, beginning by mapping the 'imprint' of four of the global brands; and
- to focus external partnerships on two main vitality themes, nutrition and hygiene, where Unilever can make the most impact.
- A new Corporate Responsibility Council leads and coordinates activity, aligning it with business priorities.

Source : Unilever 2005 Environmental & Social Report, pg. 28

http://www.unilever.com/Images/Environmental_and_social_report_bkms_tcm13-39279.pdf

- **John Lewis Partnership/ Waitrose**

Managing Corporate Social Responsibility (CSR)

As a Partnership we recognise that the management of social, ethical and environmental issues involves everyone. Principal authority and accountability for these issues rests with the Director of Personnel, while the divisional boards of Waitrose and John Lewis each have a board sponsor. Day-to-day responsibility for CSR issues rests with

line management, backed up by the Partnership's Head of Corporate Social Responsibility and CSR team, who provide technical guidance and support to John Lewis, Waitrose and Greenbee.

Source: <http://www.johnlewispartnership.co.uk/Display.aspx?&MasterId=11bee9b4-5710-4414-bba3-225d138c4800&NavigationId=608>

- **United Natural Foods and Albert's Organic**

United Natural Foods has developed “Easy Being Green” internal newsletter (in both paper and web-based interactive format) for their employees. In the monthly newsletter, there are tips on how employees can be “greener” in their daily lives as well as what the “green teams” around the company are doing to make the company more sustainable. These stories include photos and e-mail to help make the activities come alive.

The October 2007 Newsletter is available via [PDF](#) on the Starter Kit website.

5.9 Review Questions for Section 5:

- **Is senior management committed to establishing and maintaining a culture of sustainability?**
- **Has your “sustainability terminology” been defined and are you educating and involving your employees in their use?**
- **Is sustainability becoming grounded in the basic business and connected to broader strategic thinking?**
- **Is the financial value of sustainability understood and accepted?**
- **Are tracking mechanisms in place to monitor progress with sustainability?**
- **Are barriers to progress identified as well as plans to address them?**

Section 6: Cross-Cutting Tool: External Engagement

Achieving business success by capitalizing on social and environmental trends often requires the input and perspective of a variety of external stakeholders. Engaging with non-traditional external stakeholders is usually un-chartered waters for most companies, but starting out with limited engagement and then building on this experience can provide invaluable input as well as gain support for future initiatives. This section provides insights for engaging with a range of stakeholders, including Non-Governmental Organizations (NGOs), governments, investors, employees, suppliers and customers.

Section 6: External Engagement

Objective of Section – To help retailers develop the broad capability to effectively understand and collaborate with external stakeholders including non-commercial entities.

Outline –

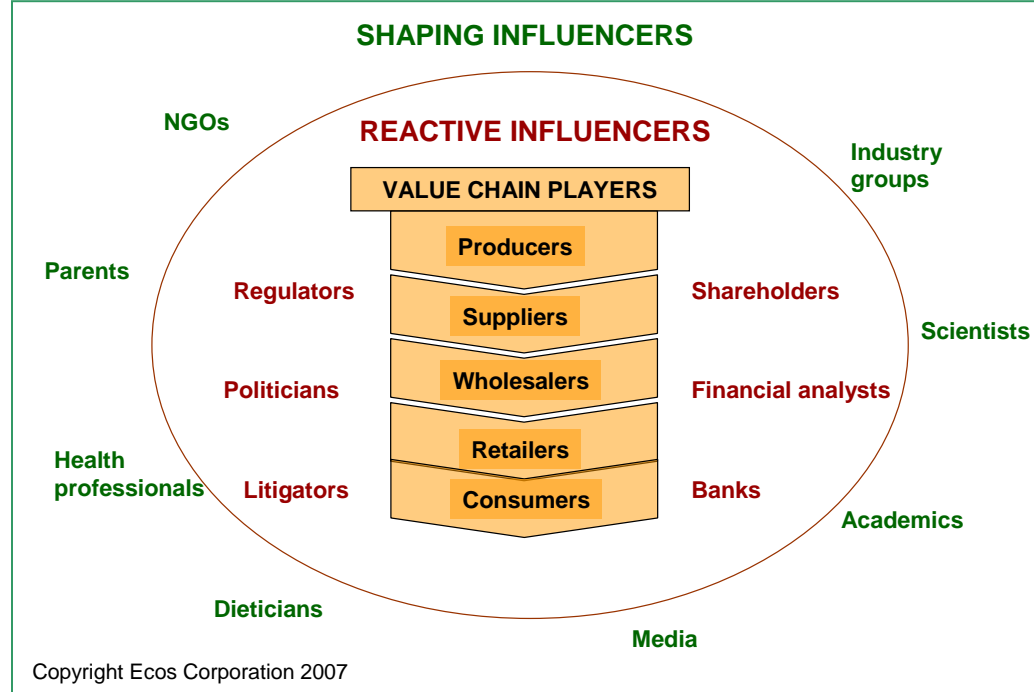
- 6.1 Why engage with external stakeholders
- 6.2 Map stakeholders at all levels
- 6.3 Understand objectives of stakeholder groups and individuals
- 6.4 Understand your objectives for engagement
- 6.5 Prioritize stakeholders
- 6.6 Identify mutual value proposition for each stakeholder
- 6.7 Develop process for engagement
- 6.8 Examples of corporate/external engagement partnerships
- 6.9 Review questions for Section 6

6.1 Why engage with external stakeholders

Proactively engaging with external stakeholders is not normal business practices for most companies. External Affairs and Communications Departments were created to be reactive to public relations issues. With the growing public focus on issues of sustainability and expectations around companies, being connected with a broader group of external stakeholders helps a business be proactive and set the terms for the discussion instead of having to defend itself against real or perceived challenges.

6.2 Map stakeholders at all levels

The universe of external stakeholders for the food retail sector is vast. To help map this universe, it is helpful to categorize stakeholders in three broad categories. There are those in the value chain that directly impact

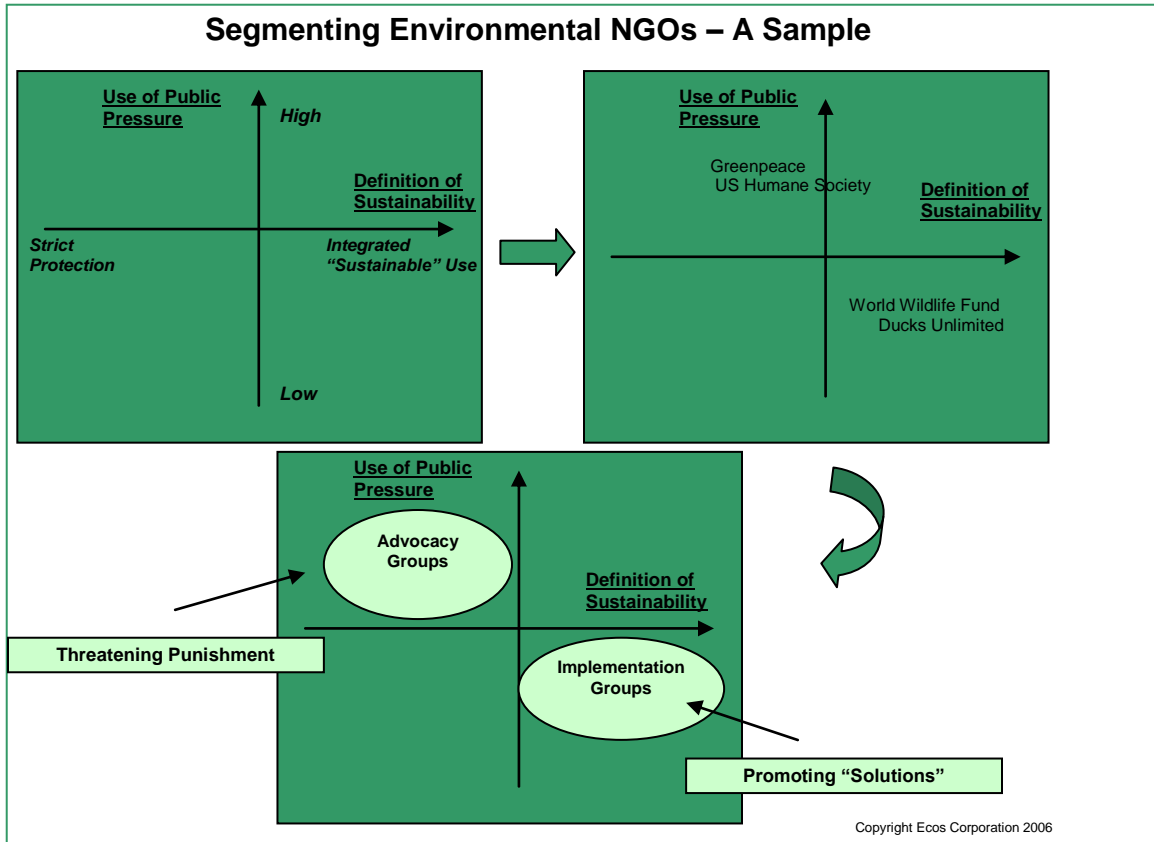


or are impacted by a company’s activities on a regular basis. Of those stakeholders beyond the value chain, there are those that are “reactive” or only directly impact the company on specific issues. And then there are those stakeholders outside of the value chain who are “shaping” the marketplace in mostly indirect but sometimes in direct ways.

6.3 Understand objectives of stakeholder groups and individuals

When mapping external stakeholders, the first step is to categorize them. However, before prioritizing the list, it is essential to understand individual organizations. Each organization has its own mission and strategy for success. Just as a company has strategies that are grounded in financial success, each stakeholder has their own strategy for success. Prior to engaging, it is critical to understand what success looks like for every stakeholder and to be sure that it fits with your company’s engagement objectives.

Below is a diagram that can be very helpful in mapping environmental stakeholders. The “x” axis represents how a group interprets sustainability. Those to the left promote strict preservation and do not see business as part of a successful future. Those to the right promote a more integrated approach to sustainability and see business as critical for success. The “y” axis represents how a group utilizes the public to achieve its objectives. Those organizations at the top of the axis measure success by media hits and public participations events. Those towards the bottom use minimal public pressure to meet their objectives.



6.4 Understand your objectives for engagement

While many companies have requested a list of external stakeholders with whom they should engage, this is putting the cart before the horse. Before identifying priority stakeholders, it is essential to develop and understand your objectives for engagement. The questions provided below will help you to design your engagement.

In addition to identifying your objectives think about the objectives of your stakeholders. Everybody is very busy with their jobs and no one wants to take time unless it can be directly linked to the success of their organization. Engaging just

to check the box of engagement is a useless activity. The information provided in the following sections should help you further design your engagement

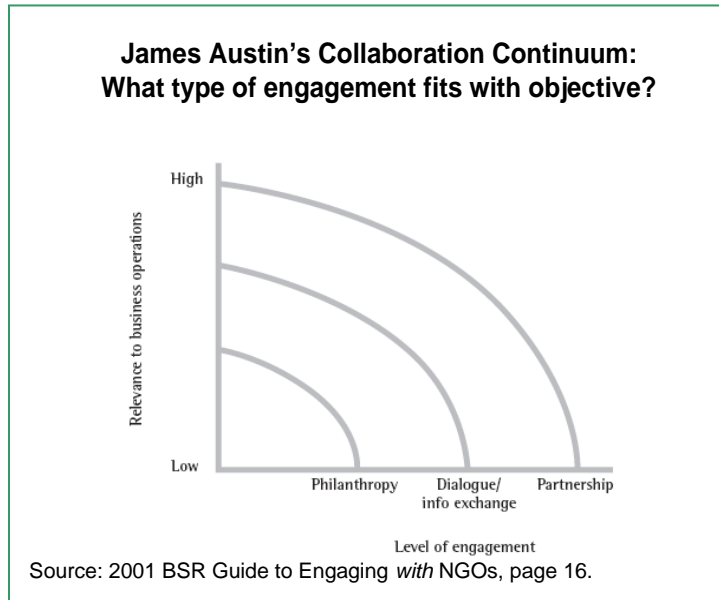
Questions to help understand objectives for engagement:

- 1) What issue area will you be focusing on? Is it energy, packaging or fish sourcing?
- 2) After identifying the issue area, what are you hoping to achieve?
- 3) Do you need input to help you decide what direction to go?
- 4) Are you looking to be a leader in a certain area and need to better understand what leadership would look like?
- 5) Are you looking to partner with a stakeholder to help promote a certain product or product line?

strategy and hopefully make it very productive and mutually beneficial for all involved.

6.5 Prioritize stakeholders

To achieve your objective, what type of engagement is needed? Below is a “Collaboration Continuum” developed by James Austin. As he illustrates, the first and easiest type of external engagement is philanthropy. It is usually very beneficial to the stakeholder and may have limited brand benefit for the company. Over the last 10 years, many companies have some form of “dialogue exchange” with external stakeholders. For food retailers, this may be in the form



of market or consumer research. This type of engagement is mostly a one-way communication. A company is either trying to share information or gain a perspective to inform its marketing approach. The most mutually beneficial engagement is one that serves both the company’s and the stakeholder(s) objectives. This does not always have to be a formal partnership but the partnership approach helps to illustrate a mutual value proposition for the engagement.

6.6 Identify mutual value proposition for each stakeholder

What is a mutual value proposition? This might seem obvious but since it is such a critical piece for a successful engagement, take time to review it. Most likely, before you join a task force or decide to attend an event (internal or external), you review the value of this time spent. Will it be worth your while? Will you learn something new? Will you meet others that will help you do your job? The same is true for engagement. In addition to understanding the value for you and your company for engagement, what will make it worth the time spent by the external stakeholder(s)? If you have reviewed the mission and strategy of

In thinking about external engagement:

Questions to consider include:

- What does the business hope to achieve through engagement?
- Is the business ready for a dialogue versus just providing information?
- What is the business already doing around external engagement?

The most successful engagements have strong mutual value propositions for both the business and the stakeholders.

those with whom you will be engaging, you should be able to understand (at least in some form), what the value is for them in engaging with you. What are they going to get out of the engagement that will make it worth their while? Quite often, unpredicted opportunities may emerge from an engagement, but at least have a general understanding not only of what you hope to get out of this engagement but also what those with whom you are engaging are hoping to achieve. This will make the engagement more effective for everyone involved.

6.7 Develop process for engagement

While every engagement is different, there are some general guidelines that are helpful to follow.

- Map the stakeholder community to understand the breadth and depth of feelings and thoughts over the issues
 - Broadly (local, national and global)
 - Friends and enemies
 - Commercial and not
- Establish Right Mindset: explicitly acknowledge the rational concerns and emotional responses of stakeholders. Don't agree/disagree, but empathize and understand their concerns.
- Be prepared for questions beyond immediate scope of engagement. You don't have to provide detailed answers but be able to respond in a constructive way.
- Use engagement not only to understand others, but to identify real concerns that may lead to changes in strategy, new market opportunities, and possible partners.
- Build multiple coalitions around specific applications or markets.
- Look for areas where you can be a proactive: society is looking for leaders. Be part of the solution and not just part of the problem. Don't rely on associations but bring the rest of industry along.

World Business Council for Sustainable Development (WBCSD) 10 Keys to Successful External Engagement

- Allow enough time for planning, planning and more planning.
- Start thinking about the longer-term engagement process early and consult your stakeholders on how or if they want continued communication.
- Be aware of and manage expectations: yours and theirs.
- Be realistic: do not start what you cannot finish.
- Focus on quality not quantity: participants should be invited on the basis of their credibility and ability to be thought provoking.
- Keep away from public positions and slogans: as soon as possible shift the focus of the dialogue to specific interests and values.
- Acknowledge genuine differences, everyone should make an effort to share perspectives, listen and learn.
- Be prepared to be as open and transparent as possible.
- Aim to build joint ownership for actions towards change to be taken following the dialogue.
- Be flexible and open to improvisation in the program based on stakeholder desires.

6.8 Examples of corporate/external partnerships

The practice of companies engaging with NGOs has become fairly mainstream. Examples of partnerships can be found in a range of business areas, including mining/jewelry, forest products, beverages and clothing. Many NGOs offer corporate panels or membership groups on particular issues, such as:

- Climate Savers at World Wildlife Fund (WWF) (<http://www.worldwildlife.org/climate/projects/climatesavers/companies.cfm>)
- Center for Environmental Leadership in Business (CELB) at Conservation International which seeks to engage the private sector in creating solutions to address critical environmental issues (<http://web.conservation.org/xp/CIWEB/programs/business/>)
- The Sustainable Food Lab which has members representing food companies, NGOs and private foundations to “accelerate improvement in mainstream food and agriculture systems to maintain a high quality of life on earth.” (www.sustainablefoodlab.org)

In addition, some companies have standing stakeholder – including activists, academics, public sector representatives – panels to inform them on particular topics. An overview of these panels compiled by SustainAbility in the UK is provided below.

Some NGOs accept corporate money in various forms while others refuse and get funding for their corporate activities from private foundations or other sources.

Overview of Corporate External Stakeholder Panels

| SustainAbility | | |
|--|--|--|
| Scope of Panels | | |
| BT: Social Report Independent Advisory Panel | Telstra: Consumer Consultative Council | BAA: Consultative Committees |
| Telstra: Disability Forum | Coca Cola: Environmental Advisory Board | Chevron Canada: Local Advisory Committees |
| Kodak: External Advisory Panel on Diversity | Unilever: Environmental Group | Dow: Community Advisory Committees |
| Kodak: Science Advisory Panel on Pollution Prevention | BP: Environmental Forum | BT: European Stakeholder Advisory Panel |
| Unilever: Sustainable Agriculture Advisory Board | Scottish Power: Environmental Forum | Ford: Thought Leaders Forum |
| DuPont: Biotechnology Advisory Panel | Severn Trent: Advisory Panel on Environmental Issues | Shell Chemicals Stakeholder Engagement Panels |
| Body Shop: Social Audit Processes | Dow: Corporate Environmental Advisory Council | Camelot: Independent Advisory Panel on Social Responsibility |
| <p>Single Issue Broader Scope</p> <p style="text-align: center;"> strategic tactical </p> | | |

Source: Katie Fry Hester, GEMI 2003 Presentation

Fed Environmental

Some other examples of specific Company/NGO partnerships in the U.S. include:

- **World Wildlife Fund & Coca-Cola**

In June 2007, The Coca-Cola Company pledged to lead its global beverage operations, including those of its franchise bottlers, to replace the water it uses in its beverages and their production. The Company will focus its actions in three core areas: 1) reducing the water used to produce its beverages, 2) recycling water used for beverage manufacturing processes, and 3) replenishing water in communities and nature.

With this pledge, Coca-Cola launched a multi-year partnership with World Wildlife Fund (WWF) to conserve and protect freshwater resources. This \$20 million (US) commitment from The Coca-Cola Company to WWF will be used to help conserve seven of the world's most important freshwater river basins, support more efficient water management in its operations and global supply chain, and reduce the Company's carbon footprint.

"We are focusing on water because this is where The Coca-Cola Company can have a real and positive impact," said E. Neville Isdell, Chairman and CEO of the Coca-Cola Company. "Our goal is to replace every drop of water we use in our beverages and their production. For us that means reducing the amount of water used to produce our beverages, recycling water used for manufacturing processes so it can be returned safely to the environment, and replenishing water in communities and nature through locally relevant projects."

For more information on this partnership and other WWF business partnerships, please go to <http://www.worldwildlife.org/business/>.

- **Conservation International – Center for Environmental Leadership in Business**

Conservation International and Ford Motor Company created the Center for Environmental Leadership in Business (CELB). This program aims to engage the private sector worldwide in creating solutions to critical environmental problems.

CELB provides a new forum for promoting collaborative business practices that reduce industry's ecological footprint, contribute to conservation efforts, and create economic value for the companies that adopt them. The result is a net benefit for both the global environment and participating companies.

Through CELB, Conservation International has formed the Forest & Biodiversity Conservation Alliance with Office Depot, the world's leading reseller of paper, along with The Nature Conservancy and NatureServe, two leading conservation organizations. Through this unique collaboration with the private sector, the participating organizations are applying their complementary strengths, geographic presence and scientific expertise to demonstrate that conserving biodiversity and meeting consumer demands for paper products do not have to be mutually exclusive.

The Alliance is implementing a five-year, \$2.2 million strategy to develop the information, standards and tools needed to reduce the environmental footprint of Office Depot's forest and paper product suppliers and contribute to biodiversity conservation in the temperate, tropical and boreal forest regions of the world.

For more information on CELB, please go to:
<http://www.celb.org/xp/CELB/>

- **Environmental Defense, FedEx Express and Eaton Corporation** worked together to introduce an environmentally superior delivery truck that could become a standard medium-duty delivery truck in the FedEx Express fleet.

The main goals of the project were to:

- develop a delivery truck that significantly decreases particulate emissions, smog causing emissions (nitrogen oxides) and increases fuel economy;
- prove that significant environmental benefits are economically and functionally viable for FedEx Express vehicles; and,
- accelerate the commercialization of environmentally preferable trucks.

For more details on this project and other corporate partnerships with Environmental Defense, please go to
<http://www.environmentaldefense.org/page.cfm?tagID=1453>

- **Green Blue Institute**
GreenBlue is a nonprofit institute that stimulates the creative redesign of industry by focusing the expertise of professional communities to create practical solutions, resources, and opportunities for implementing sustainability.

GreenBlue uses design as a leverage point for effective action. Many of society's challenges are caused by poorly designed industrial systems ... systems that are providing alarming feedback at all scales, from toxic mothers' milk to holes in the ozone layer. GreenBlue asks: How can we design, prototype, and realize better products and

systems? GreenBlue asks this question in specific contexts to reveal practical design and business opportunities.

GreenBlue achieves success through projects and partnerships. GreenBlue is recognized for its ability to convene stakeholders, establish ambitious objectives, and develop practical design tools and resources.

An example of a Green Blue partnership is The Sustainable Packaging Coalition (SPC). SPC is an industry working group inspired by cradle to cradle principles and dedicated to creating a more robust environmental vision for packaging. Through informed design practice, supply chain collaboration, education, and innovation, the coalition strives to transform packaging into a system that encourages an economically prosperous and sustainable flow of materials, creating lasting value for present and future generations.

For more information on Green Blue, please go to:

<http://www.greenblue.org/about.html>

- **Monterrey Bay Aquarium – Seafood Watch Program**

Seafood Watch is a program of Monterey Bay Aquarium designed to raise consumer awareness about the importance of buying seafood from sustainable sources. We recommend which seafood to buy or avoid, helping consumers to become advocates for environmentally friendly seafood. We're also partners of the [Seafood Choices Alliance](#) where, along with other seafood awareness campaigns, we provide seafood purveyors with recommendations on seafood choices.

Seafood Watch partners help build awareness about ocean-friendly seafood choices. Partners include zoos, aquariums, restaurants, retailers, universities, food co-ops, seafood suppliers, and more.

There are many ways to be a partner—you can distribute Seafood Watch cards, offer sustainable seafood on your menu, conduct outreach, participate in research or connect your mission to ours in other ways.

Partners receive a supply of regional pocket guides and are recognized in Seafood Watch media and promotions, including links to and from our respective web sites. Additional benefits include regular program updates, displays for use in your location, program training and educational materials.

Additional information on Seafood Watch can be found at:

http://www.mbayaq.org/cr/cr_seafoodwatch/sfw_aboutsfw.asp

- **World Resources Institute – Markets & Enterprise Program**

Private enterprise has an enormous influence on human and economic development around the world. Businesses provide goods and services that meet essential human needs, create jobs and wealth in communities, and produce technologies that enhance the quality of life and productivity of the economy. These important functions, however, often come at the expense of the environment and social conditions. Many negative global environmental trends can be traced to industry's extraction of natural resources, emission of pollutants, and overall large environmental footprint. Industrial activities can also directly impact human health and access to resources that communities depend upon.

WRI's Markets and Enterprise Group produces economically sound policies, bold vision, and practical solutions in collaboration with the business community. To channel the private sector to incorporate environmental and social opportunities into core business strategies, we employ the following approaches: Build Market Demand, Create Sustainable Enterprise, Establish Economic Incentives, Promote Green Investing, Train New Leaders, and Tools & Analysis to help make sustainability in business a reality.

One of WRI's Corporate programs is the Green Power Market Development Group which is a collaboration of 12 leading corporations and WRI dedicated to building corporate markets for green power. Our goal is to develop corporate markets for 1000 MW of new, cost competitive green power by 2010. Some of the participating companies include, Johnson & Johnson, DuPont, NatureWorks, Staples and Starbucks.

For more information on WRI's Markets & Enterprise Program, please go to: <http://www.wri.org/business/about.cfm>

- **Wegmans and Environmental Defense Promoting Eco-Friendly Seafood**

In 2004, Wegmans started to work with Environmental Defense to develop a purchasing policy for environmentally-friendly salmon. In 2006, the retailer announced purchasing standards and started selling salmon certified by the Marine Stewardship Council and sales were brisk. This partnership then focused on farm-raised shrimp and guidelines were announced in mid-2007. To date, the shrimp at Wegmans has been praised by customers for its appearance and superior taste in addition to how it was raised. The goals of the Wegmans/ED shrimp partnership are:

- Reduce damage done by farmed shrimp production to coastal ecosystems and the ocean environment,
- Promote environmental innovation in the aquaculture industry,
- Demonstrate that achieving rigorous environmental standards creates business benefits for producers and retailers,
- Develop performance-based standards that reward environmental leaders in the farmed shrimp industry,

- Provide a model of environmentally aggressive and achievable standards for the industry.

For more information on this partnership, please visit:

<http://www.environmentaldefense.org/page.cfm?tagID=1552>

6.9 Review Questions Section 6:

- **Has your team conducted a mapping of external stakeholders?**
- **Does your mapping process provide for an understanding of the objectives of identified stakeholder groups and individuals?**
- **Once stakeholders have been prioritized, have you determined what type of engagement is needed?**
- **For each stakeholder, have you identified what mutual value may be desired?**
- **Has a process for engagement been well thought out – for each stakeholder?**

Closing Thoughts

Hopefully you have found the Starter Kit to be a useful guide in charting your approach to sustainability. As its name reflects, it is designed to get you started not provide all the answers. That is a job for you and your sustainability team.

As has been stated throughout the document, sustainability is a change in the way you do business. Consumers, employees, shareholders and other stakeholders all have different expectations on retailers than they have had in the past. They don't want trade-offs, they want offerings that are produced and sold in a sustainable way and transparency and assurance of this information.

The world of corporate sustainability is constantly changing. We encourage you to take advantage of the FMI Starter Kit website and the "bulletin board" feature that is designed to be an exchange for learnings and best practices from retailers and wholesalers. Also, take advantage of the many publications, e-news feeds, blogs and membership groups focused on sustainability to help you stay current.

Good Luck!

APPENDIX I – Food Industry Examples of Sustainability in Action

APPENDIX II - Glossary of Sustainability Terms

APPENDIX III – Sustainability Resource List