

ENVIRONMENTAL FOOTPRINTING

SUSTAINABILITY IN THE FOOD, BIO INDUSTRIAL PRODUCTS AND RETAIL SECTOR



The environment has become an increasingly important matter in today's market. As such, retailers and members of the supply chain are looking for ways to decrease the negative environmental impact of their goods and services. Many retailers are establishing sustainability initiatives or Corporate Social Responsibility (CSR) programs within their organizations. Companies, including food processors and retailers, are assessing their businesses and determining where they can have the greatest impact on improving their sustainability in order to capture more of the eco-conscious consumer market and the economic benefits associated with sustainable production.

In the agri-food industry, producers and suppliers are being looked to by retailers to provide information on their management practices in order to assess and report sustainability. Alberta Agriculture and Rural Development (ARD) is helping to position Alberta producers to meet these requirements by determining the Environmental Footprint (EF) of four major Alberta agri-food commodities (canola, chicken, egg and potato) using a Life Cycle Assessment (LCA) approach. For more information on this project, see ARD's "Agri-Food Footprinting in Alberta" information bulletin.

A recent survey by KPMGⁱ found that 62 per cent of large corporations surveyed had developed a CSR program, with more planning to implement them. Here are just a few examples of major organizations that are adopting sustainability initiatives that may impact Alberta producers.

McDonald's

The core of McDonald'sⁱⁱ sustainability initiative is broken into five main areas of focus: nutrition and well-being, sustainable supply chain (including sustainable beef and fisheries), environmental responsibility, employee experience and community. In order to achieve its overall sustainability goals, McDonald's focuses on specific measures for each focus area. For example, under its commitment to the environment, the company is working to improve packaging and decrease waste, conserve more energy and design "green" restaurants. Since 2010, McDonald's has worked with the World Wildlife Fund (WWF) on its Sustainable Land Management Commitment, focusing on beef, poultry, coffee, palm oil and wood fiber production globally, in addition to potatoes in North America. All potato producers are currently required to complete audits on their operations and there are plans to use this as a model for other suppliers.

One of the tools used by McDonald's to communicate its sustainability progress is the Global Sustainability Scorecard. The scorecard is used as a means to track progress and establish what additional efforts need to be made in each focus area. The company's sustainability information, including the Global Sustainability Scorecard, is posted online for public accessⁱⁱⁱ. Additionally, this information is reported through the Global Reporting Initiative (GRI), where sustainability reporting is guided by a framework that allows for greater information transparency and credibility for the company, consumers and shareholders.



Sobeys

Sobeys Inc.^{iv} is a Canadian grocery retailer that has made a commitment to sustainability. The company separates its sustainability initiatives into two categories: direct operations (ie. stores, distribution centers and fleets directly controlled by the company) and the supply chain (ie. sourcing, packaging and transportation). Sobeys has acknowledged that the direct operations account for approximately 10 to 20

per cent of the total environmental footprint of its products, whereas the supply chain accounts for the other 80 to 90 per cent. Specific targets for the direct operations include a 15 per cent reduction in greenhouse gas emissions and a 30 per cent reduction in waste by December 2013. Some of the targets in the supply chain category are still in development and include no sales of seafood species with sustainability issues by 2013, ensuring fair labor practices in countries deemed as being "high risk" by international risk assessment sources and a five per cent intensity reduction target for private label packaging weight. Sobeys is also working with the National Farm Animal Care Council (NFACC) to address certain farm animal concerns, including hen laying cages and gestation cages for pregnant sows.

Transparency of information is important for the company, so effort is being made to collect more detailed information from the supply chain. For example, Sobeys collects monthly data from its seafood suppliers in order to stay informed of the production processes of their seafood supply. To report its progress on its sustainability initiatives, Sobeys uses an annual sustainability scorecard that compares each indicator to 2008, the baseline year. It also makes use of the GRI framework for measuring and reporting its results.

Walmart Canada

Walmart Canada's^v CSR report for 2011 highlights its focus on the environment, people, ethical sourcing and the community. Its commitment to the environment is addressed through a wide variety of company initiatives. Walmart Canada commits to three long-term global environmental goals which include zero waste creation, being supplied with 100 per cent renewable energy and supplying sustainable products. The company tracks its environmental progress with specific short term targets and the use of Key Performance Indicators (KPIs) such as greenhouse gas production and total waste diversion. Other environmental measures taken by Walmart Canada include retrofitting existing stores to become more energy efficient, designing new stores to be more environmentally friendly and creating a Product Sustainability Index for its suppliers in order to determine the sustainability of their products. Additionally, Walmart Canada has expressed its commitment to sustainable food, which includes a Sustainable Seafood Policy and Sustainable Agriculture Commitments.

In order to contribute to sustainability information sharing, Walmart Canada extended a Sustainability Challenge to more than 350 businesses, governments, NGO's and retailers. As an outcome of the 2010 Green Business Summit hosted by Walmart Canada in 2010, the Sustainability Challenge asked participants to commit to a major sustainability initiative in Canada within the year. The challenge has led to a website known as

ShareGreen.ca, an open forum where organizations can share their sustainability practices and gain useful information.



PepsiCo Canada

PepsiCo Canada^{vi} has confirmed its environmental commitment by establishing environmental sustainability goals within the company. Frito Lay Canada and Quaker Foods & Snacks Canada, the two divisions that form PepsiCo Foods Canada, each have established sustainability goals in order to reduce their environmental impact. Frito Lay Canada has adopted measures such as its “green” distribution center in British Columbia with LEED (Leadership in Energy and Environmental Design) silver certification, the SunChips brand 100 per cent compostable chip bag and Canada’s first zero emission electric delivery vehicles in food manufacturing. Quaker Foods & Snacks has committed to environmental sustainability by streamlining its packaging in order to reduce paper use, using recycled fibre for all of its paper and corrugate and ensuring many of its oatmeal packages are 100 per cent recyclable.

Along with PepsiCo Canada’s specific environmental initiatives, the company commits to the global environmental initiatives put forth by PepsiCo Inc. These three environmental goals include reducing water and electricity consumption by 20 per cent and reducing fuel consumption by 25 per cent by the year 2015.

The Home Depot

The Home Depot^{viii} uses a number of principles to guide the organization in its actions towards sustainability. One of these principles highlights their commitment to selling products that are manufactured, packaged and labeled in an environmentally responsible manner to preserve raw materials and eliminate waste. The Home Depot also has a Sustainability Strategy that sets out to guide the company on the environmental and the ethical impacts of doing business. Their strategy includes two paths: acting responsibly in their

business operations and providing sustainable choices for consumers and their families to enjoy. The focus of this strategy is on five key issues: energy and water use, carbon emissions, sustainable product assortment, sustainable operations and supply chain impact. These key issues are integrated into the Home Depot departments. For example, merchandising includes Eco Options Products, Natural Resources Protection, Supply Sustainability, Packaging, Energy Saving, Water Saving and Transparency.

In 2009, The Home Depot launched the Eco Options program in conjunction with Scientific Certification Systems (SCS), a leading independent, third party certification body. Eco Options is an identification system designed to evaluate the environmental impact of a product compared to standard products.

Nike

Nike’s^{ix} Materials Sustainability Index (MSI) database, which the company is using to improve the sustainability of its products, underlies the product component of the Higg Index. The Higg Index is a sustainability tool created by the Sustainable Apparel Coalition. Eventually Higg ratings will translate to consumer labels, but the Coalition is testing the index, gathering data, and refining the system before delving into anything consumer-facing. Nike is part of this coalition.

Nike has an Environmental Apparel Design Tool with supporting data and methodology for public review. The Tool evaluates waste, energy, toxics and water in materials and manufacturing, enabling companies to affect the most significant components of a product’s environmental impact. It acts as a functional calculator to measure the materials used in manufacturing apparel products and their impacts. It evaluates the supply chain and includes packaging and transportation. GreenXchange is another initiative led by Nike to facilitate sharing innovations that could advance the industry. The GreenXchange is looking to provide solutions to the license tool kit and enable the creation of sustainable revenue streams that are friendly to entrepreneurs and create pool of patents.

Levi Strauss & Co

Levi Strauss^x & Company adds a level of transparency by conducting scientific lifecycle assessments to provide their designers with information about the environmental impact of a product when it is still an idea. They conducted two lifecycle assessments on the Dockers Original Khaki and Levi’s 501 jean and because of this research they found that the best opportunity to reduce their impact was at the consumer use-stage.

The lifecycle assessment for Levi’s 501 jean showed that they do not currently use qualified sustainably grown fibre for this product. The lifecycle assessment Levi’s

commissioned reported on the products contribution to climate change, energy use, renewable energy, water consumption, land occupation, qualified sustainably grown fibers content, waste generated, materials efficiency, recycled content, land transformation and eutrophication. Levi's is truly innovative by providing lifecycle assessment for a number of its products.

Sustainable Apparel Coalition

The Sustainable Apparel Coalition^{xi} is a trade organization comprised of brands, retailers, manufacturers, government, and non-governmental organizations and academic experts, representing more than a third of the global apparel and footwear market. The Coalition is working to reduce the environmental and social impacts of apparel and footwear products around the world.

The focus of the Sustainable Apparel Coalition is The Higg Index – a suite of assessment tools that standardizes the measurement of the environmental and social impacts of apparel and footwear products across the product lifecycle and throughout the value chain. On December 11, 2013 the Sustainable Apparel Coalition unveiled an updated version of the Higg Index. Click here to see more information on the Higg Index 2.0 Suite of Tools.

Although each business determines its own approach to addressing sustainability, some companies are also making use of third party initiatives as well. Walmart and Pepsico, for example, are members of The Sustainability Consortium^{vii} (TSC), an initiative working toward developing a global database of product lifecycles and sustainability measurement and reporting systems. McDonald's makes use of the Global Reporting Initiative (GRI), where sustainability information is shared for greater company transparency and credibility. These collaborations promote information sharing and encourage the adoption of Beneficial Management Practices (BMPs).

Sustainability is of growing importance in the marketplace, creating new market opportunities for retailers and their supply chains. The companies highlighted above, among many others, understand that environmental stewardship and economic success are not mutually exclusive. As retailers take advantage of these opportunities, supply chains will continue to become more efficient while decreasing negative environmental impact.

ⁱwww.kpmg.com/global/en/issuesandinsights/articlespublications/corporate-responsibility/pages/2011-survey.aspx

ⁱⁱwww.aboutmcdonalds.com/mcd/sustainability.html

ⁱⁱⁱwww.aboutmcdonalds.com/mcd/sustainability/2011_sustainability_scorecard.html

^{iv}www.sobeyssustainability.com/en/home.aspx

^vwww.walmartcsr.ca/

^{vi}www.pepsico.ca/en/index.html

^{vii}www.sustainabilityconsortium.org/

^{viii}www.scsglobalservices.com/home-depot-eco-options

^{ix}www.nikebiz.com/responsibility/nikeenvironmentaldesigntool

^xwww.levistrauss.com/sustainability/innovative-practices/planet/

^{xi}www.forbes.com/sites/amywestervelt/2012/07/26/target-nike-levis-join-forces-on-sustainable-clothing/

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