The Sustainability Agenda
A view from the high street

PIP-COLEACP survey

by Steve Homer, BIOS Partners

From food safety to climate change

TWO DECADES OF CHANGES

Drivers - Campaigns & media…

- *"To you it is a bag of salad, dropped into the supermarket trolley with the weekly groceries"*

- *"The world is running out of water and British supermarket shoppers are contributing to global drought"*
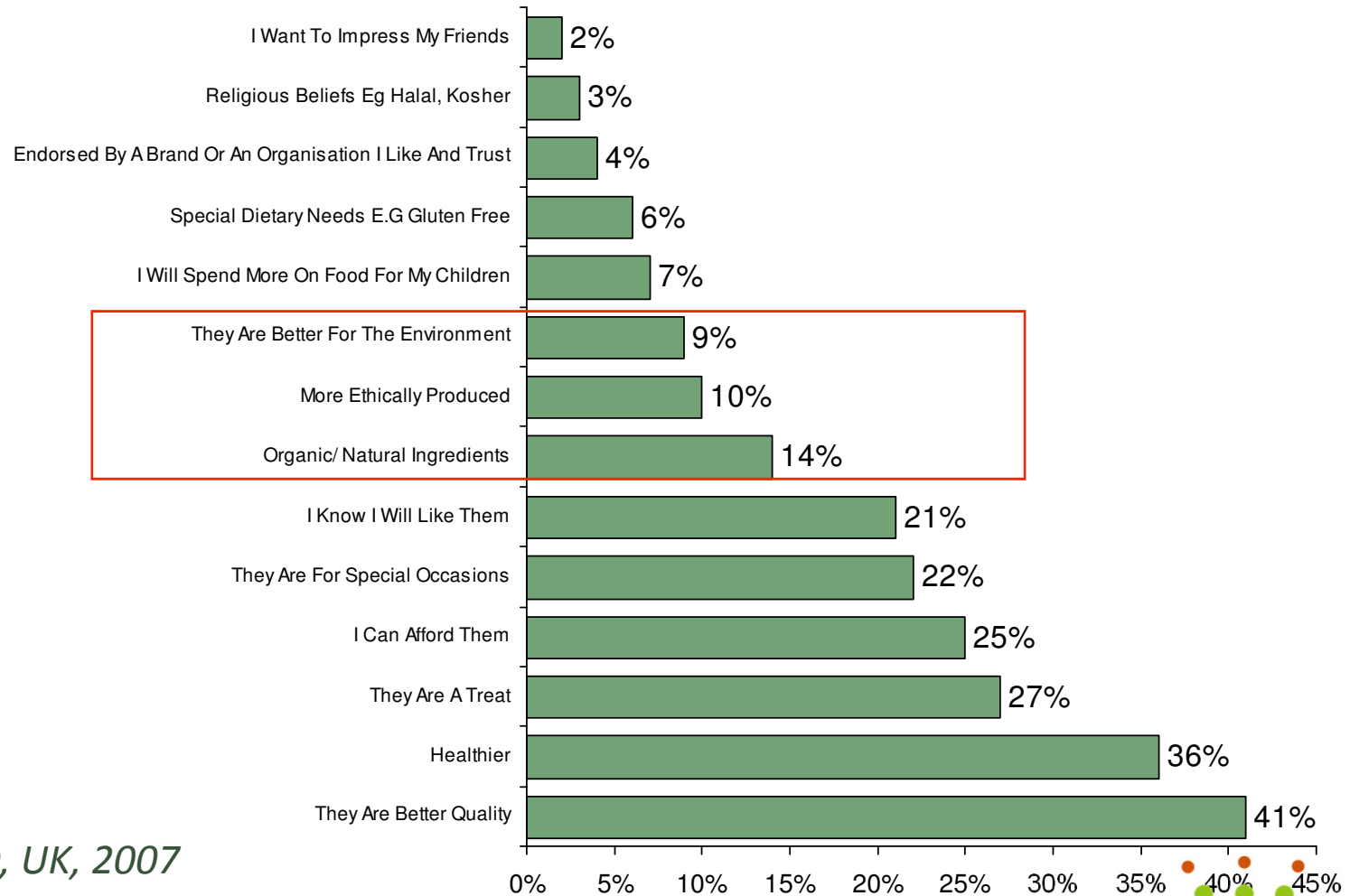
- The Independent May 2006

Food safety as a conduit for sub brands

IGD - Reasons for paying more for food and drink

Thinking about food and drink that you are willing to pay more for, what are the most important reasons for doing so?

Reason	%
I Want To Impress My Friends	2%
Religious Beliefs Eg Halal, Kosher	3%
Endorsed By A Brand Or An Organisation I Like And Trust	4%
Special Dietary Needs E.G Gluten Free	6%
I Will Spend More On Food For My Children	7%
They Are Better For The Environment	9%
More Ethically Produced	10%
Organic/ Natural Ingredients	14%
I Know I Will Like Them	21%
They Are For Special Occasions	22%
I Can Afford Them	25%
They Are A Treat	27%
Healthier	36%
They Are Better Quality	41%

Source, IGD, UK, 2007

bios
PARTNERS

PiP

Questions and interviews

THE SURVEY

Survey overview

- Ten retailers chosen to represent

  - Geography

  - Global Scale

  - Customer demographic

  - Retail store format

## How does your organisation define sustainability ?

- Does the retailer have a defined sustainability policy and is it published – Review of annual reports

- How does the organisation report on sustainability – Triple bottom line or separate indicators and policies

How does your organisation measure conformity ?

- Which standards are recognised – ISO14001 or other public standards such as carbon trust.

- What part to Life Cycle Assessments play and what future do they have in the organisation
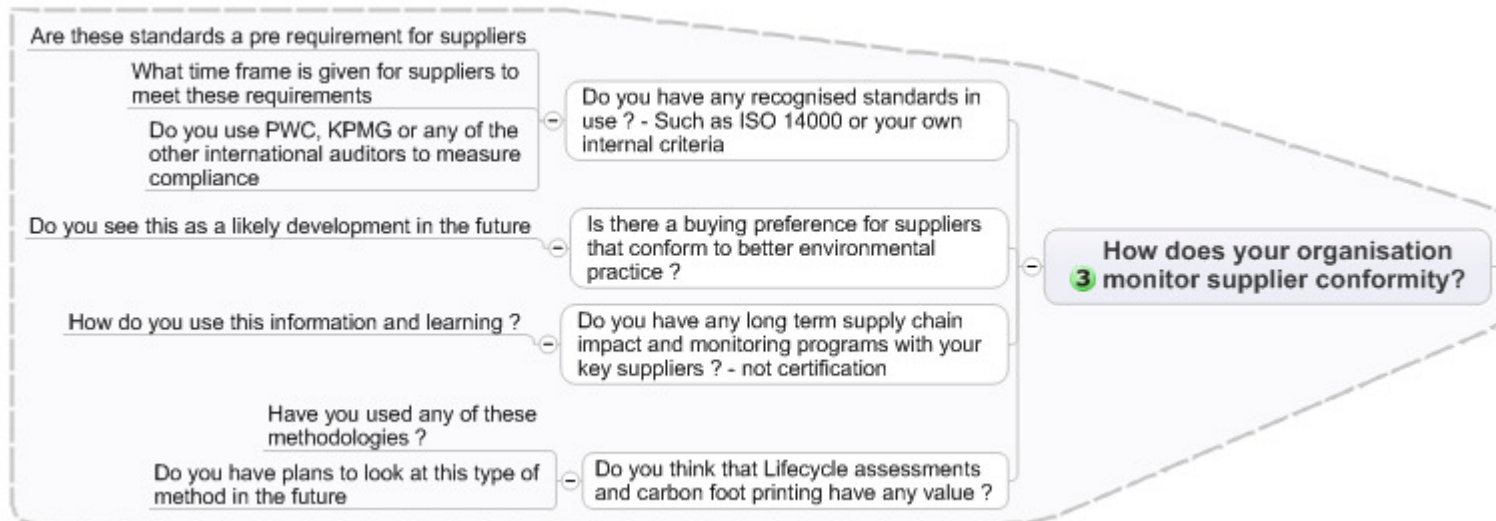
Attitudes to market forces in sustainability

- Should developing countries be considered differently to developed countries

- Are sub-brands like Fair trade and Rainforest Alliance helpful to your company

Future challenges and top of mind issues

- Which issues are "top of mind" with your company, your suppliers and your consumers

- Which geographical regions and which issues will be allocated the most attention in the next five years

Interviews and annual reports

EMERGING TRENDS

Sensitive, political, unsolved

- 50% of those approached declined or did not respond despite knowing me personally in other sectors and roles

- The majority that remained agreed to participate but not "on the record

  - "It's a process we have not decided which direction yet"

  - "This is a tricky area to discuss when incomplete without getting into trouble"

Some emerging trends …

- **Do you have a published sustainability policy?**

  - *Most answered yes to having a sustainability policy*

  - *Published versions vary from a short statement in the corporate report to a fully developed DVD with translations*

  - *Most have plans to publish updates and targets for their own businesses (on websites) for high level numbers*

Some emerging trends …

- **How does your organisation deal with sustainability ?**

  – **Is sustainability addressed as the triple bottom line or do you deal with separate components of Social, Environmental and Economic ?**

    - *Social and labour rights are compliance issues and separate to sustainability.*
    - *Social Capital – the community gain from activities was only mentioned once*
    - *Environmental preservation was mentioned most*

  – **Are there any initiatives that you feel important in this area ? - Such as GRI or GSCP Environmental**

    - *GSCP, BSCI and the Sustainability Consortium*

  – **Do you think it is possible that there could be a common code or standard developed in the future ?**

    - *NO – but likely a common data collection platform will emerge*

Some emerging trends ...

- **How does your organisation monitor supplier conformity?**

  – **Do you have any recognised standards in use ? - Such as ISO 14000 or your own internal criteria**

    - *No mention of ISO standards many either have own criteria or are working on them*

  – **Is there a buying preference for suppliers that conform to better environmental practice ?**

    - *At the moment no but in the next three to five years most said it will become part of buying scorecards and KPIs and so will contribute*

Some emerging trends …

– **What are your views about Lifecycle assessments and carbon foot printing?**

- *Useful as benchmarks to compare categories but not practical for individual suppliers and companies at this stage*

– **Do you ask any of your suppliers to conduct lifecycle analysis or carbon foot printing? If so, for all or only some products (which)?**

- *Some of the known high carbon supply chains*

– **In your view, what will be the trend among EU retailers in terms of their requirements for carbon footprinting over the next 5 years?**

- *There will be more asked for in some supply chains but unlikely to become normal practice for every supplier and every product*

Some emerging trends …

- **Marketplace community**

  – **Do you consider that developing countries and small farmer supply chains need to be tackled differently to suppliers from developed nations ?**

    - *No, issues and policies will be consistent but measurement and implementation methodologies may differ*

  – **Do you think sub brands like fair trade and rainforest alliance are valuable? to who the retailer, consumer or supplier?**

    - *Sub brands have a place in own label products at the moment but once they become mainstream they cease to have the impact that they are initially used for. This may be different for branded goods.*

  – **Do you think that economic development in poor countries is more important than carbon emissions?**

    - *In theory yes but the message of trading one off with the other is too complicated for consumers*

- **Future challenges**
  - **Which region of the world is currently highest on your horizon for sustainability ?**

    - *China – all interviewed so far said this <u>without exception</u>*

    - **Which issues do you consider to be particularly important to your consumers ?**
      - Asia
      - Latin America
      - Africa
      - Water
      - Carbon
      - Soils
      - Waste
      - Rainforests
      - Biodiversity
      - Food Security
      - Marine

WATER
MARINE STEWARDSHIP

SUMMARY

Summary...

- Most retailers have a high level starting policy for their own business but are developing longer term internal strategies for suppliers.
  Current - 5 year horizon

- LCA and Carbon footprint are business to business diagnostic tools that will be used to set benchmark levels – Not used as standards.
  Current - 5 year horizon

- Data collection of basic sustainability indicators will be required of all suppliers using known methods. This will differ between retailers but may be collected on a common data platform
  1- 5 year horizon

- Sustainability will become competitive through the number of products on sale that claim to be sustainable – But once complete it ceases to be competative
  3 - 5 year horizon

- Developing countries will be subjected to the same requirements but may have different accepted methodologies to report or collect data
  3 - 5 year horizon

Thank you .... I will leave you with this

There are plenty of people in the modern world who know what is best for everyone else.

Self appointed experts and pressure groups abound, all with their own good causes and all trying to convince states, corporations, and individuals how much better off they would be, if only they would follow certain specific rules of behaviour....

Brunsson, N. and Jacobsson, B. (2000) 'The Contemporary Expansion of Standardization', in N. Brunsson and B. Jacobsson (eds), *A World of Standards*, Oxford, Oxford University Press: 1-17