



Nancy Croitoru, president and CEO, FCPC

"Sustainable Thinking" Focus of FCPC 2007 CEOs' Conference

Responding to one of the food industry's current and compelling interests, this year's version of Food & Consumer Products of Canada's (FCPC) annual CEOs' conference had a single theme: Sustainability. **BY JERRY TUTUNJIAN**

Some 140 senior executives from the food and consumer industries attended the two-day gathering in Niagara-on-the-Lake, Ont., in late September. The meeting was chaired by Nancy Croitoru, president and CEO of FCPC.

"The environment is one of the defining business and societal issues of our time, with supply chain implications ranging from sourcing to waste," said Croitoru. "Unlike other business issues in the past, sustainability is all-encompassing—involving everybody working together toward the same goal; shareholders, consumers, retailers, suppliers, employees, NGOs, provincial and federal governments."

Croitoru said that because of the above, "our role as the trade association for the food and consumer product industry is to provide thought-leadership to our members to foster awareness and knowledge of sustainability and to provide CPG companies with opportunities to share insights and best practices with our retail, supply chain and association partners." She said creating a common understanding of the various aspects of sustainability will help "our industry seize the opportunities and navi-

gate the risks inherent in the issue."

Conference speakers included: Harvey Hartman, CEO, The Hartman Group; Dr. David Suzuki of the Suzuki Foundation; Colin Isaacs of the Canadian Institute for Business and the Environment; Tom Heintzman, co-founder and president of Bullfrog Power; Tim Cooke of Planet Retail; Ray Anderson, chairman of Interface Inc.; Terry Babbs of Tesco; and Jeffrey Simpson of *The Globe and Mail*.

They all addressed the urgency of finding solutions to Canadian and global environmental challenges. The focus of the sustainability speakers was often on how the food and consumer goods industry can help alleviate environmental sustainability problems.

At the end of the conference, Bill McEwan, CEO, Sobeys Inc., announced the formation of a Canadian Council of Grocery Distributors and Canadian Federation of Independent Grocers group to address the challenges posed by the speakers. On behalf of the newly formed group, McEwan announced a broad support to adopt a common, credible set of metrics to measure and benchmark



Dr. David Suzuki

the “environmental footprint” of the industry. He also said that the group would identify and work on a “couple of industry initiatives that would provide collective benefit and contribute to reducing the industry’s footprint in a meaningful way.”

The head of Sobeys said the group would draft an industry charter to ensure clarity around expectations and to provide a guide for the industry to move forward.

Here is a selection of quotes from the speakers.

Harvey Hartman, founder, CEO, The Hartman Group

“When communicating sustainability to the public, emphasize one or all of the following:

- You’re not solely concerned about the bottom line.
- You offer extensive information on your products.
- You maintain supportive relations with the local community.
- You represent principles consumers agree with.

“There are three types of lifestyle consumers: periphery, mid-level and core. Periphery consumers begin their journey at the outside of a world and move toward the core as they

gain experience and knowledge. The majority of consumers reside in the mid-level of a given world. The core is the smallest and most intensely involved segment—early adopters, trendsetters and evangelists.

“Core consumers are helping the rest of us decide whether and how to participate in sustainability, creating the language, parameters and rituals that pave the way for adoption.

“Early signs of core adoption are primarily related to food production (organic and local narratives) and packaging (minimal or unpackaged).

“Consumers will pay more for sustainability products when their value is clearly defined through communications, packaging, brand narratives or experiences.”

Jeffrey Simpson, co-author of *Hot Air: Meeting Canada’s Climate Change Challenge*

“There has been a four-degree increase in temperature in the Western Arctic and a two- to three-degree increase elsewhere in the Arctic from 1953 to 2003. The result: less snow and more wind; decreasing sea ice; shrinking tundra; thawing permafrost; widening of Northwest Passage . . . Prairie rivers that depend

on glacier melt are shallower; soils are drier; lakes are freezing later and thawing earlier. Ontario’s Lake Simcoe is freezing 13 days later than 130 years ago; Swift Current in Saskatchewan freezes 24 days later.

“British Columbia opened 2006 with a record number of wet days in January. November was a record-setting wet month for Vancouver, causing landslides, flooding and a boil-water advisory. Another series of storms hit the province in December, toppling trees in Stanley Park and leaving about 250,000 people without power. In the summer, a much drier weather pattern contributed to 50% more wildfires than usual.

“2006 overall was the second-warmest year on record across Canada. It was the 10th consecutive year of above-average temperatures. Winter 2005 and 2006 were the warmest on record . . . Winnipeg recorded its driest June and July ever and its warmest January . . . Edmonton experienced its highest temperature in 70 years . . . Toronto’s Pearson International Airport recorded its warmest night ever . . . Power thunderstorms killed four people and left thousands of people without power in Ontario and Quebec . . . Southern Ontario and southern Quebec had the wettest fall on record and one of the wettest years ever. Montreal endured its rainiest year ever.

“The 1990s were the hottest decade in 140 years of global climate records.

“Unless action is taken, emissions from developed countries such as Canada are projected to increase, while those from developing countries such as China and India are skyrocketing.”

In analyzing the reasons why Canada’s efforts to become more environmentally responsible have failed, Simpson cited:

- Uniquely Canadian difficulties; lack of public support; lack of political will; environmental dreaming; business opposition; and false analyses.
- What should we do? Don’t treat

the atmosphere as a free receptacle. We don't have an energy problem; we have an emission problem. A price has to be put on emissions. Economic and regulatory policies are required.

"The only way Canada can lower emissions appreciably over the coming decades—and this will be a decades-long challenge—is to design and implement either charges on emissions or regulations on emissions or technologies, or a mixture of both. We need economic tools and/or regulations to get the job done.

"A carbon tax is the best way to produce, over time, changes in behaviour by consumers and producers. Set the tax initially at a modest level, rising gradually over time; tax must be structured as to be revenue-neutral to governments; offsets should be provided to low-income people."

Terry Babbs of Tesco talked about his company's environmental initiatives

"Tesco makes its customers make green choices easier and more affordable. We have set an example by measuring and making big cuts in Tesco's greenhouse gas emissions around the world. We are working with others to develop new low-carbon technology throughout the supply chain . . . Tesco introduced energy-saving light bulbs, selling them permanently at half-price."

"To communicate, empower and reward customers for their Green behaviour (organic, fair trade, environmentally friendly products), Tesco offers points on its consumer-loyalty Green Clubcard. Shoppers get double Green Clubcard points on all green products.

"Tesco has set up a £100 million environmental fund . . . We have invested in low-carbon technologies by introducing low roofs, roof lights, timber frames and turbines. We transport materials by boat, hold independent carbon audits, introduced

a cold air retrieval system and harvest rainwater. By 2008 the company plans to reduce by 25% the number of shopping bags customers use."

Colin Issacs, president, CIAL Group

"Even conventional investors are getting a green tinge . . . Institutional investors have growing awareness of environmental risks . . . Shareholder activism is on the rise . . . Insurers are major drivers for improved environmental performance."

According to CIAL Group's 2007 international environmental survey, here are the predominant views of opinion leaders:

- Environment is good for business.
- Environment is necessary for the economy.
- Environment is an ethical imperative.
- Government cannot be relied upon for maintaining environmental quality.
- Regulations are only part of the solution: economic tools are valid.

Peter Capozucca, principal, Deloitte Consulting

The senior executive talked about the observations and conclusions of his company's co-study with GMA/FPA, called "Sustainability: Balancing Opportunity and Risk in the Consumer Products Industry."

"Sustainability maturity levels within the industry are still evolving . . . Going 'green' is the outcome, not a goal unto itself . . . The pressure won't subside soon . . . Transformational business model innovation is required . . . Be careful of unintended consequences . . . Ad hoc will not do the trick.

"Our working definition of sustainability is: 'The continual improvement of business operations to ensure long-term resource availability through environmental, socially sensitive and transparent performances as they relate to consumers, business partners and the community.' "



Bill McEwan, CEO, Sobeys Inc.

Dr. David Suzuki, The David Suzuki Foundation

"We stand at a remarkable moment. Sustainability has become the number 1 issue of our time. Sustainability and our health are the same. The corporate sector now takes sustainability seriously.

"The fundamental need is clean air, water, soil and energy . . . We all live in a biosphere—it's a thin layer of air-land-water. It supports life. It can't grow. It's fixed.

"This is the moment [to change]. We have a very short period to make a difference . . . 55,000 plant and animal species are disappearing every year . . . Population is growing and getting close to the tipping point. We have no more than one or a few decades left to avert disaster.

"The way we do business is undermining us as human beings.

"After 200,000 years of history, in the 1800s, global population reached the one billion mark. In 1936 it had doubled to two billion. It has tripled since. Soon we will be nine to 11 billion. This is unsustainable growth.

"The love for our children is the best impetus for change. We can reach our sustainability goals within a generation." □