

Sustainable & Profitable: An Action Plan

Michael Sansolo
www.cficweb.org



Is This What You See?



What You Should See!

“While politicians and governments are debating the theoretical costs of getting greener, smart companies are racing to pocket the real profits today.”

Amory Lovins, Rocky Mountain Institute



Meeting Consumer Needs

- 62% of shoppers value their primary store's efforts in the areas of recycling and sustainability
- Shoppers are purchasing reusable bags, green products
- Many engage in sustainable practices at home

Green attitudes at home can lead to changed habits and behaviors in the supermarket



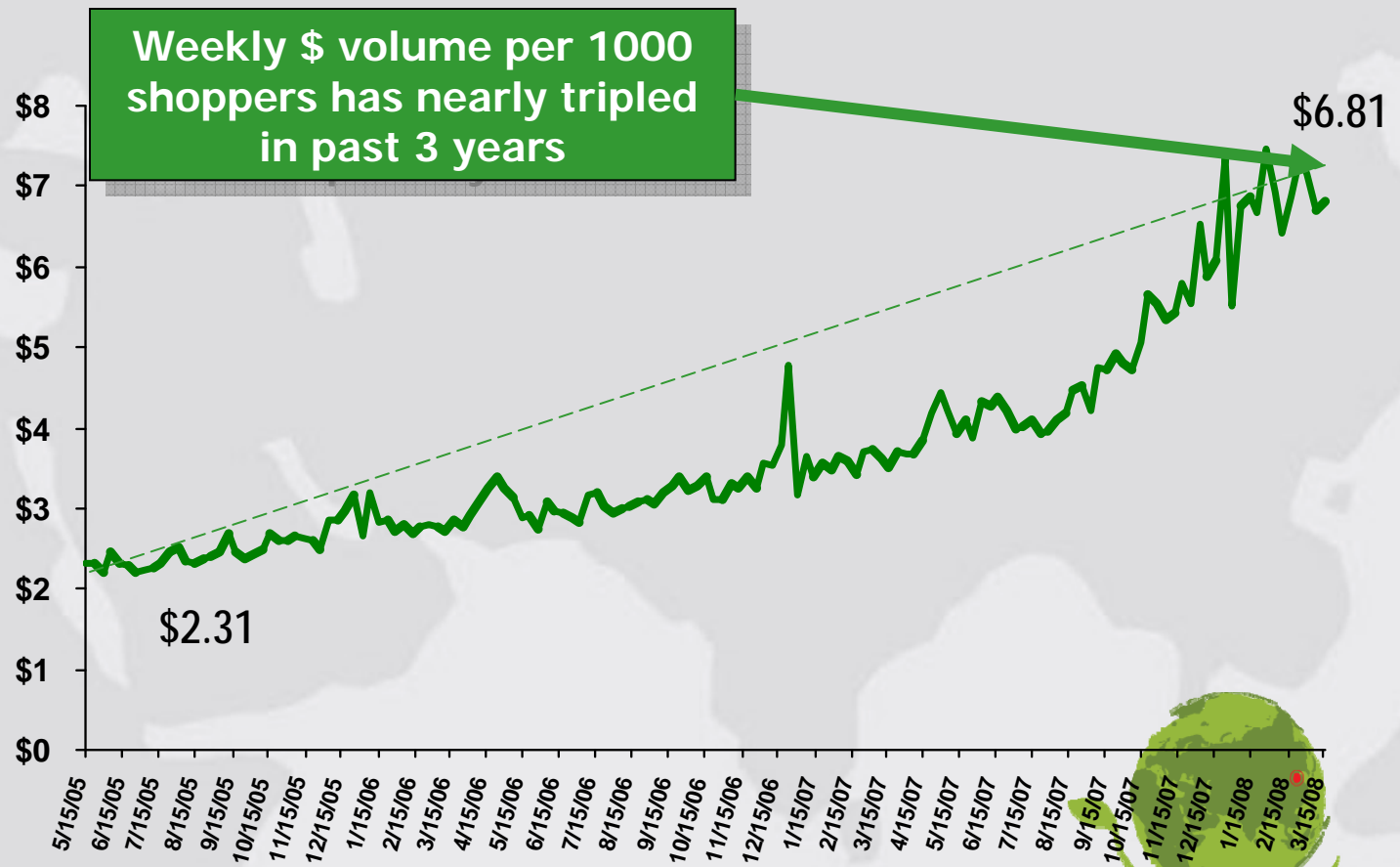
Shopper Examples

- More than half of shoppers at least some of the time:
 - Use high-efficiency, energy-saving light bulbs (70%)
 - Recycle cans (70%)
 - Buy locally grown products (68%)
 - Recycle plastic (62%)
 - Recycle paper (62%)
 - Use environmentally friendly cleaning products (53%)

Source: U.S. Grocery Shopper Trends 2008



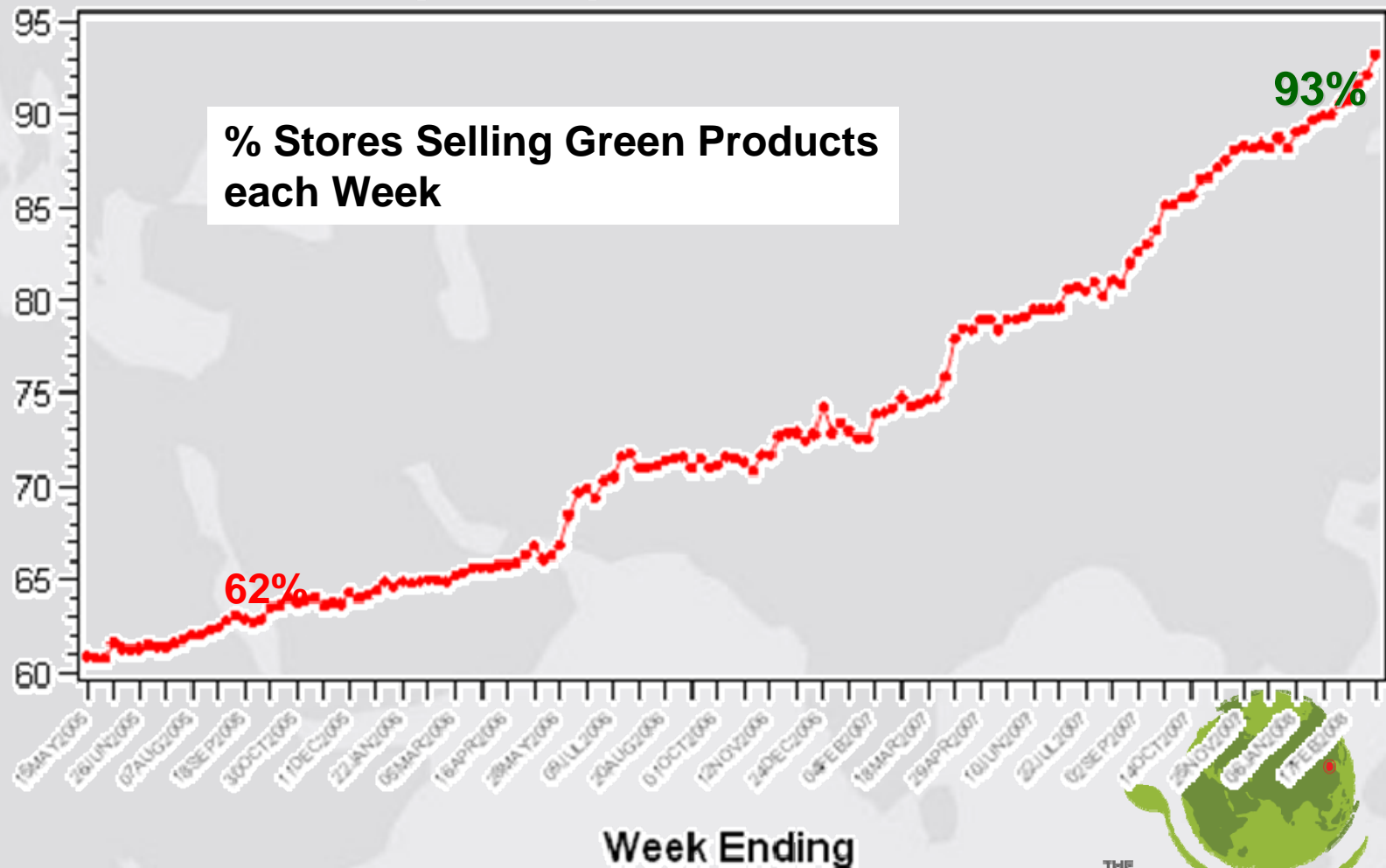
Green Sales Are Soaring



Based on 25MM consistent Catalina Grocery Network shoppers

Product Availability Grows

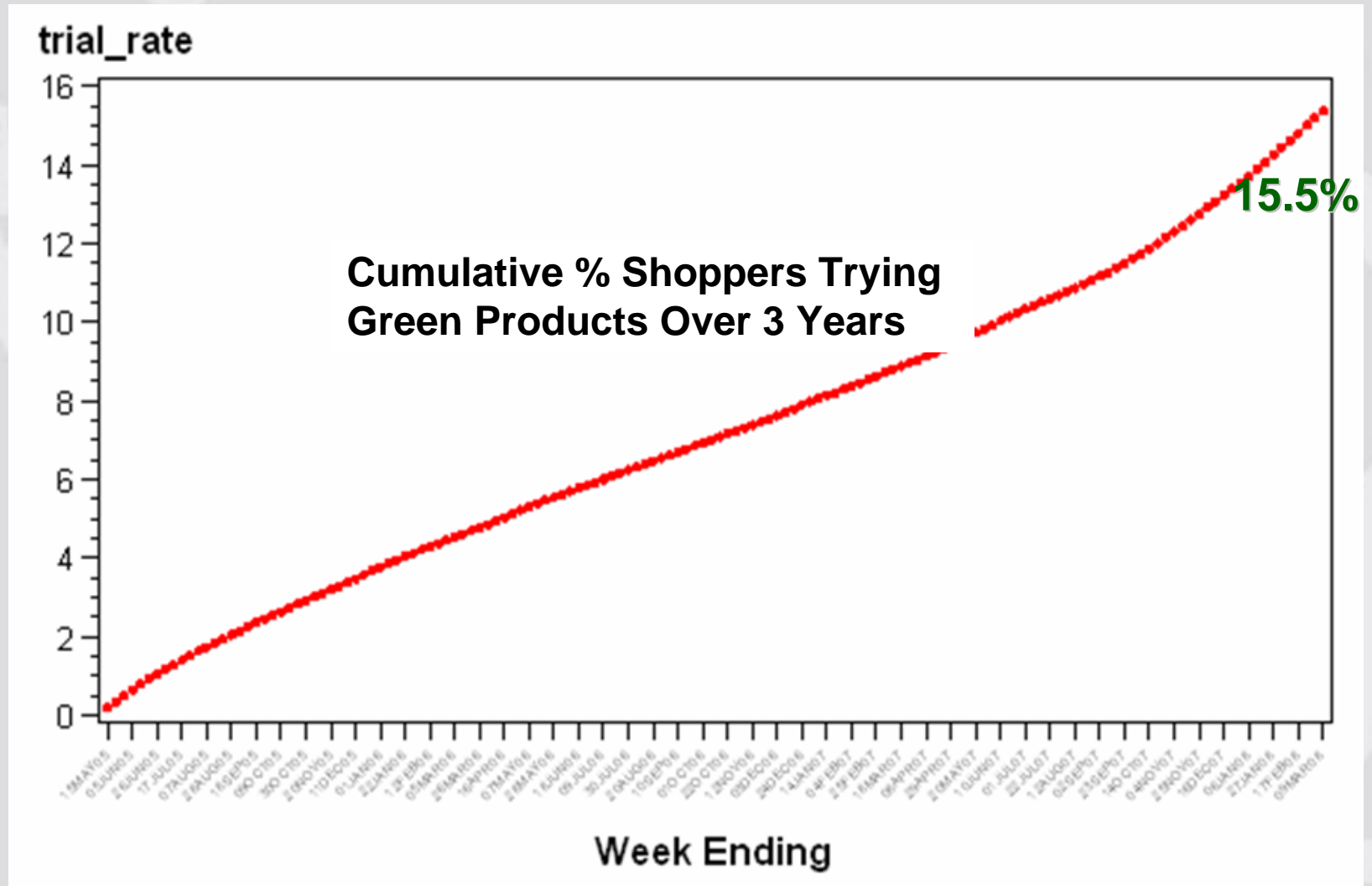
National Distribution (%Stores)



Based on 25MM consistent Catalina Grocery Shoppers



...As Do Green Shoppers



Try A Different Image

- Business reality
- Bottom line concerns
- Competitive advantage
- Consumer/Employee outreach
- Pre-empt the government



Lessons from Beijing

- 20 years, no mountains
- Dying rivers
- Pollution exported to a new country



Lessons from Beijing

- Supermarket/C-store operators
- Every continent except Antarctica
- General sessions and working topics
- Tying the issue to our industry



One American's Opinion

- The problem is worse than expected
- Solutions are global
- US industry is falling behind



An Interconnected Agenda

- Carbon Reduction
- Sustainable Agriculture
- Zero Waste



Global Concerns

- Brother can you spare another planet?
- Rising temperatures, sea levels and more
- The melting of summer sea ice



Sustainable Agriculture

- **Changing realities**

- Global population: nearly 9 billion by 2042
- Global middle class is growing even faster
 - The impact on/of meat
- Climate change: Impact of drought and shifting weather on food prices worldwide
- Water quality and availability impacted by population growth and climate change



Sustainable Agriculture

- **Changing realities/lessons**
 - **Ethanol**
 - **Water**
 - **Food**



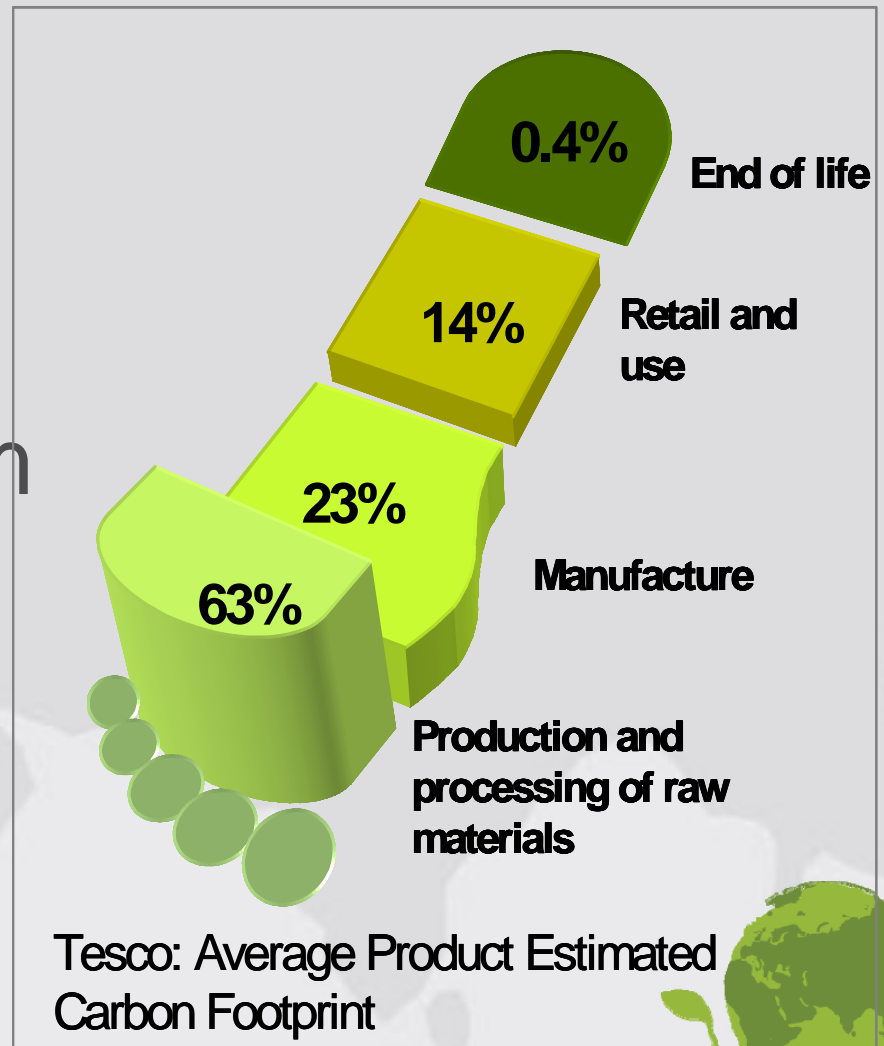
Carbon Reduction

- Existing Store Upgrade
 - Lighting
 - Refrigeration
 - Optimized Energy Use
- Energy Efficient New Construction
- Improved Transportation Efficiency



Carbon Realities

- 86% of carbon footprint in processing
- More impact from processing than transportation



Examples in Store Development

- 20.0% use recycled building materials
Examples include concrete and steel, equipment and appliances, plastics and PVC, etc.
- 60.0% recycle fixtures such as AC and refrigeration equipment when building or remodeling
- 78.7% of retailers have a refrigeration management program
Identified as the number one way to save on energy



LEED Certification

- Green Building Council
 - Standards for certification under the Leadership in Energy and Environmental Design (LEED)
 - Fairly new (2003) and not designed with food retailers in mind
 - Yet, the industry is gradually moving towards LEED stores
 - 8.0% currently have a LEED-certified store
 - 20.0% are planning on building one in the next five years
 - As LEED takes up resources (time and money), 37.5% of retailers pursue green building without official certification

Source: Facts About Store Development 2007



Zero Waste

- **Lessons from John Gummer:**
The business model of doing more with less and eliminating wasteful practices



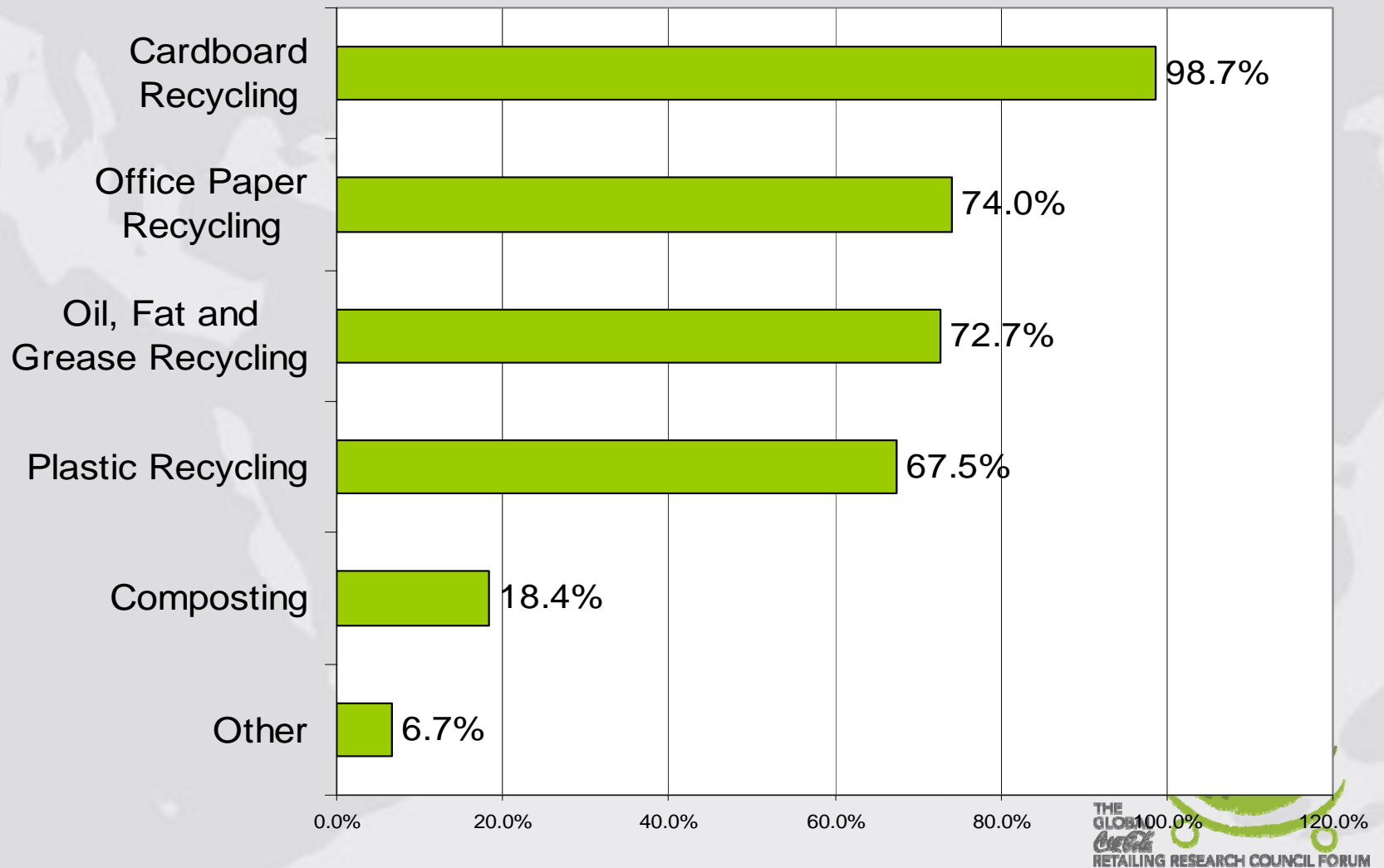
Zero Waste

- **Targeted reductions:**
 - Packaging**
 - Shipping**
 - Lightly used products**
 - Unused products**



Zero Waste

Internal Waste Reducation Programs



An Interconnected Agenda

- Carbon Reduction
- Sustainable Agriculture
- Zero Waste



Targets for Improvement: Store

THE OPPORTUNITY AREAS



Employee Relations

- Generation Y looks for more “than just a job”

92% of graduating college seniors want to work for an environmentally/socially responsible company.

48% of employees would work for less pay if company is “good”

40% for longer hours if working for socially responsible company

61% accept personal responsibility for making a difference in the world

- 78% say companies have a responsibility for making a difference in the world
- More colleges and universities offering degrees and more students enrolled



Employees Want to Be Involved

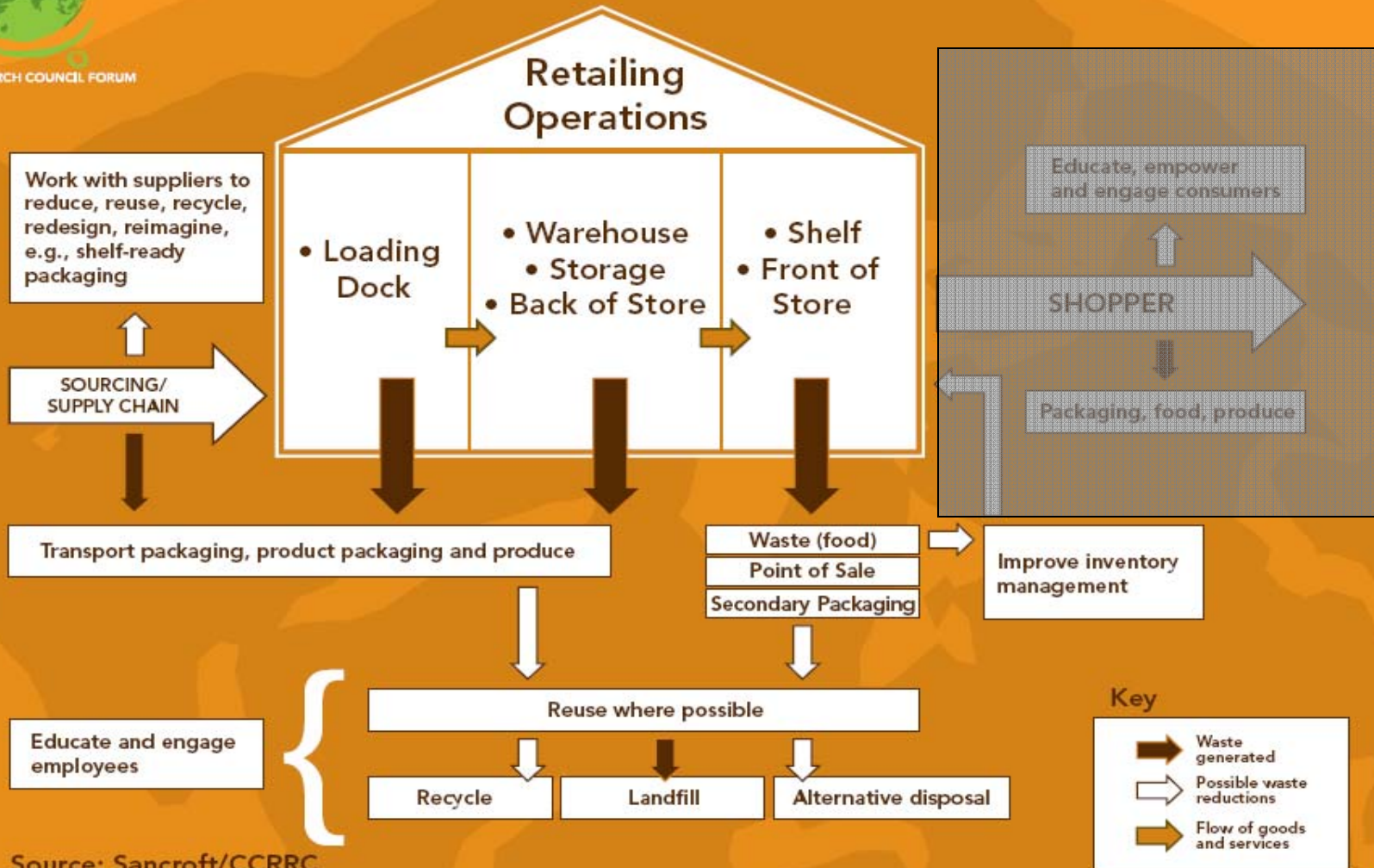
- Employees want to be involved
 - “What are we doing”
 - Initiatives from all levels in the company
 - Sustainability often cross-functional which promotes cooperation and team building
- A fundamental change in mindset and culture and not just a new initiative
 - Ahold, Giant Eagle, Wegman’s first to appoint senior management designated leaders
 - Unique to every company, no one-size-fits-all approach
- We are increasingly held responsible for products upstream and downstream
 - Wal-Mart 13 internal working groups; 70,000 suppliers and sustainability index plan



Targets for Improvement: *Supply Chain*



THE OPPORTUNITY AREAS

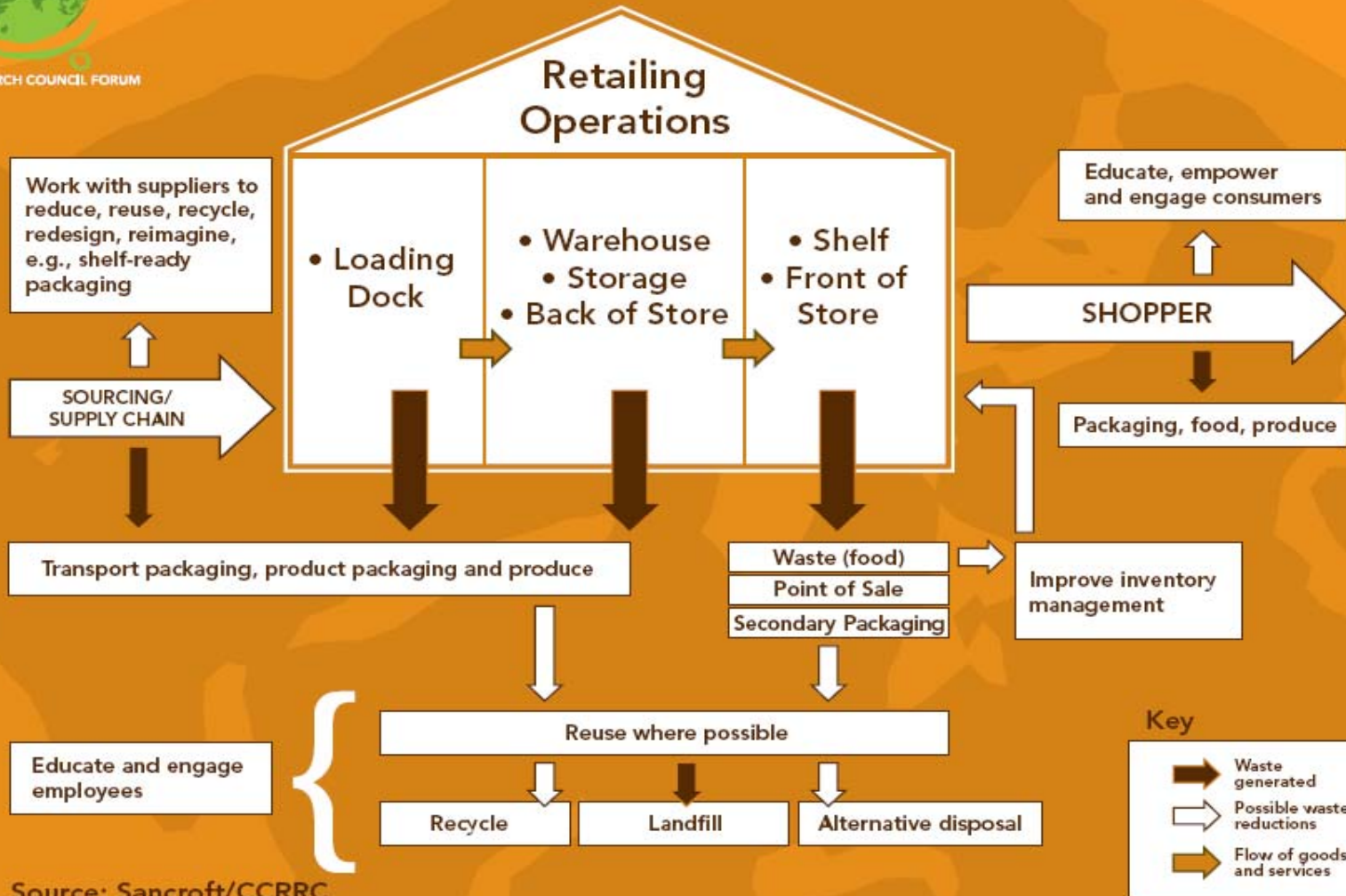


Source: Sancroft/CCRRC

Targets for Improvement: *Shopper*



THE OPPORTUNITY AREAS



Source: Sancroft/CCRRC

Global Needs

- Standards to Measure and Guide
- Companywide commitment: CEOs to associates
- Trading Partner Cooperation
- Community/Consumer Efforts



Business Opportunity

“While politicians and governments are debating the theoretical costs of getting greener, smart companies are racing to pocket the real profits today.”

Amory Lovins, Rocky Mountain Institute



www.ccrrc.org
www.cficweb.org

