



LEADERS IN
SUSTAINABLE
THINKING



CANADIAN GROCER

SUSTAINABLE PRODUCT INNOVATION IS THE FUTURE

Kruger Products and Canadian Grocer recently held their 8th annual Leaders in Sustainable Thinking series, bringing together CPG leaders to discuss the circular economy and sustainable product innovation. The group agreed that governments and organizations around the world need to unify efforts and find a holistic approach to make any real change.

We are at a pivotal moment in history.
Now is the time to act.



Turn the page to read about the discussion and outcomes. →



MAKING MAINSTREAM MORE GREEN

Sustainable product innovation needs to be less niche and more mainstream, but how do we overcome barriers to making it so?

By Carol Neshevich || Photography by Roger Yip

HOW DO WE MAKE mainstream products truly sustainable? This was one of the key questions guiding the discussion at the 2019 Leaders in Sustainable Thinking event, held recently at the University of Toronto's Rotman School of Management.

Created by Kruger Products and *Canadian Grocer* and hosted annually since 2012, this year's event was an intimate half-day discussion involving a dozen sustainability leaders from grocery and consumer packaged goods. Retailers attending included Loblaw, Sobeys, Longo's and Walmart Canada; manufacturers were represented by Coca-Cola, Kruger Products and Danone; and industry associations Retail Council of Canada (RCC) and Food and Consumer Products of Canada (FCPC) also participated this year.

Ashish Pujari, a marketing professor at McMaster University in Hamilton, Ont., whose research focuses on the intersection of sustainability and product innovation, kicked off the discussion. His talk touched on how technology might be integrated into sustainable product development, the benefits of pre-competitive collaboration, and the importance of looking at what the next generation of consumers expects.

Pujari stressed that "sustainable product innovation is really primed for mainstream now," with opportunities for both retailers and manufacturers to get in the game. "Authenticity and transparency are essential things consumers will look for," he said.

Following Pujari's talk, Ted Ferguson, president of The Delphi Group (a consultancy that helped organize and facilitate the event), asked the group to share ideas on the necessary conditions for making mainstream (as opposed to niche) products more sustainable.

WASTE MANAGEMENT ALIGNMENT

Michelle Saunders, vice-president of provincial affairs and sustainability at FCPC, raised the challenge posed by inconsistencies in municipalities' recycling systems across the country, and how this can hinder sustainable innovation. CPG manufacturers will often go to great expense to innovate new recyclable or compostable products and packaging, she said, but then "municipalities will

1. Carol Patterson of Sobeys
2. Sustainability thought leaders gathered to share ideas at Toronto's Rotman School of Management for the 2019 Leaders in Sustainable Thinking event
3. Kruger Products' Steven Sage
4. Dave Mastroieni and Pat Pesotto of Longo's
5. Coca-Cola's Ron Soreanu and Retail Council of Canada's Andrew Telfer
6. Jennifer Barbazza of Walmart Canada



"Authenticity and transparency

reject them city by city" because they simply don't have the technical capabilities to properly recycle or compost them. "It's [a] real risk to [the potential for sustainable innovation] for the products and how they're perceived by the public," she said.

"We can have definitions and standards for what industry needs to do, but if the equipment the municipality owns doesn't work to that standard, then it's all for naught," she added. "The great debate in Ontario for the last 20 years has been, 'Is this cup recyclable?' Well, it depends if you're in Toronto or Windsor. I think that is really impacting the public understanding of what our industry is trying to do and convey for their products, and it absolutely is adding to the confusion and frustration about investing in those innovations."

CLEARING UP CONFUSION

Steven Sage, vice-president of sustainability and U.S. marketing at Kruger Products, agreed there's general confusion among consumers about what is and isn't recyclable. "And I think the other part of this is potential mistrust; the idea of, 'If I take an action [to recycle something], is this really going to end up where I intended it to end up?'" he said. And while third-party certification related to sustainability can be important, there are currently hundreds of different certifications, leaving consumers uncertain which to trust. Most in the room agreed a



2



3



5



6

are essential things consumers will look for"

more streamlined third-party certification system would help.

Andrew Telfer, vice-president of health and wellness and industry relations at RCC (and former sustainability lead at Walmart Canada) added there are also a lot of consumer misperceptions about what types of innovations are actually making the greatest impact. People are so focused on eliminating plastics right now, he said, that they sometimes fail to see the bigger picture. He brought up the example of a plastic sleeve on a cucumber. "A plastic sleeve on a cucumber really elongates the shelf life and saves resources," since a longer shelf life means less frequent deliveries, for example, which leads to decreased energy use. It reduces food waste overall, he added, "yet with that packaged cucumber, it's all about the consumer perception that plastic packaging is bad."

In examples like this, balancing food waste versus packaging can be tricky, especially when communicating decisions to the consumer. "How do you tell that story holistically? That it's not just about plastics or just about food waste; how do you tell the *whole* story to consumers? It is essentially an exercise in marketing and knowledge share," said Jennifer Barbazza, sustainability manager at Walmart Canada. Carol Patterson, Sobeys' director of sustainability, agreed, noting we need to be "thoughtful in considering the whole lifecycle, and understanding where the plastics issue intersects with the food waste issue,

and how we're going to talk about that."

At the same time, several participants said they sometimes hesitate to share incremental achievements in sustainability with the public, because for every small victory they share, they will often be asked, "Why aren't you doing more?" Dave Mastroieni, vice-president of central procurement and facilities management at Longo's, noted the importance of remaining thoughtful and not being reactionary when faced with criticism that you're not going far enough, or that you're tackling the wrong problem. "Like everyone's said here today, you can't tackle everything all at once."

NGO PRESSURE, RETAILER POWER

The role of nongovernmental organizations (NGOs) was also discussed. "Sometimes NGO pressure can elevate these issues and we do see increases in the number of corporate commitments because of some of these kinds of

SUSTAINABLE THINKING

pressures,” said Jennifer Lambert, senior manager of sustainability at Loblaw.

This prompted Ferguson to ask whether NGO pressure typically tends to create change, or resistance, or both. “I think it can do both,” said Walmart’s Barbazza. “I’m seeing and experiencing more and more opportunity for sort of a friendly critic—an NGO that is willing to work with you to say, ‘Here’s where we want you to be [on a particular issue]; however, we also acknowledge the challenges in getting there, so let’s talk about what we think your priorities could be.’”

Kruger’s Sage added that in addition to NGOs, retailers wield a lot of power in pushing for sustainable innovation. “When it was [sustainable] seafood and Loblaw and Sobey’s made their stand, or Walmart with packaging ... those big initiatives, I think, made clarity for the industry,” he said. “I also think it really helps from a supply chain perspective, too. When those bold stances are made, there’s usually a nice timeline associated with it—it’s not happening tomorrow—and that helps get [everyone on board] all the way down the supply chain.”

- 7. Arthur Sylvestre and Fiona O’Brien of Danone Canada
- 8. Loblaw’s Jennifer Lambert
- 9. Michelle Saunders of Food and Consumer Products of Canada
- 10. Retail Council of Canada’s Andrew Telfer

PRE-COMPETITIVENESS AND LEADERSHIP

“Pre-competitive” thinking was also brought up several times. This means realizing collaboration will help everyone’s business, so sometimes it is necessary to collaborate with a competitor for everyone to win. Ron Soreanu, vice-president of public affairs and communications at Coca-Cola Canada, said this was something Coca-Cola was doing on a global scale. “Coca-Cola participates in a number of alliances that include our competitors to answer some key questions about, ‘how do we fix this system, how do we innovate from a pre-competitive perspective?’”

Soreanu added that we shouldn’t discount the power of senior leadership in re-orienting a culture around sustainable innovation. “It’s critically important for everyone in an organization to see that senior leadership is making these issues a priority,” he said. Arthur Sylvestre, media and digital lead at Danone Canada, pointed to his company’s CEO as a positive example of this: “The leadership at Danone, with Emmanuel Faber as the global CEO ... he really pushes his vision, which is ‘One Planet, One Health,’ for the entire company.”

As the session wrapped up, Kruger’s Sage said it had left him with a sense of hopefulness. “This is important work and we all have important roles to play,” he said, “so I appreciate the discussion and the work that everybody is doing, both individually and collaboratively.” **CG**



BIG STEPS

SMALLER FOOTPRINT



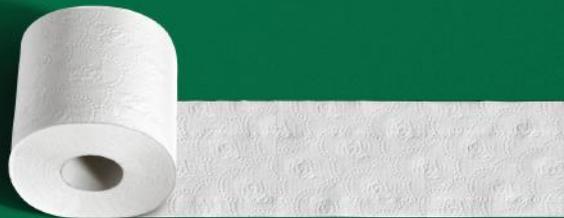
81%*
COMPLETE

2020 GOAL: REDUCE GHG EMISSIONS BY 27%



67%*
COMPLETE

2020 GOAL: REDUCE ENERGY USE BY 15%



80%*
COMPLETE

2020 GOAL: REDUCE WATER USE BY 35%



96%†
COMPLETE

2020 GOAL: IMPROVE HEALTH & SAFETY BY 50%



OUR COMMITMENT TO SUSTAINABILITY

Since 2009, Kruger Products' sustainability initiatives exemplify our genuine and ongoing commitment to make our products and operations safe and sustainable. As 2020 approaches, we continue to take big steps in reducing our environmental footprint and ensuring sustainability is at the centre of everything we do.



* Intensity based since 2009 (baseline year) through 2018. † Since 2015 (baseline year) through 2018. © 2019, ® and ™ Trademark of Kruger Products LP. © SCOTTIES is a trademark of Kimberly-Clark Worldwide. © Forest Stewardship Council and FSC Logo – Forest Stewardship Council, A.C.