



Commit. Act. Impact.



From Producers to Co-Packers

*Engaging Your Supply Chain
In Climate Change Initiatives*

1. November. 2017



a project of



Sustainable Food
Trade Association
organic leaders for sustainability

Commit. Act. Impact.

Our industry can and must
respond to climate change.

Make a commitment to climate in one or more areas!



Integrate carbon farming into the agricultural supply chains



Increase energy efficiency



Reduce food-waste in the supply chain



Remove commodity-driven deforestation from supply chains



Responsible engagement in climate policy



Reduce the climate impact of packaging



Commit to 100% renewable power



Reduce short-lived climate pollutant emissions



Reduce climate impacts of transportation



Our Impacts

Year One Goal
reached
in 6 months

134

COMMITTED
COMPANIES

526

COMMITMENTS

12 Companies committed
to *all nine Areas*

1ST

CLIMATE
DAY

500⁺

ATTENDEES

1,500⁺

LIVESTREAM
AUDIENCE

6000⁺

*Views of the
Climate Day Video*



"The business community must lead the way toward climate change solutions. Our investment in solar power for our bakery is an example of a win-win for sustainability and the bottom line, and we hope our positive experience can help other businesses head down a similar path."



AARON ANKER
CHIEF GRANOLA OFFICER
GRANDYOATS





How to Commit



TAKE ACTION

BLOG

MEDIA & RESOURCES

EVENTS

ABOUT

DONATE



More companies are taking action to reverse climate change than ever before. They're tackling this global challenge not only because it's essential to the future of our planet but also because doing so offers tremendous opportunities for growth, job creation, and prosperity.

Companies can help reverse climate change by making a commitment to one or more of these initiatives.

WHY TAKE ACTION?

Climate change is both the greatest threat our planet has ever faced

MAKE A COMMITMENT

SIGNUP FOR UPDATES

Add Your Email Address



Climate Collaborative Catalysts



Climate Collaborative Champions



Climate Collaborative Leaders



Climate Collaborative Allies





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Our Speakers



Lisa Spicka

Associate Director

SFTA



Ben Couch

Sustainability Manager


Traditional Medicinals



Shauna Sadowski

Sr. Manager of Sustainability

Annie's Homegrown



**Our
Program**

CC: Overview

What is Engagement?

Engagement Process, Tools, Metrics

Annie's: Co-Packer Engagement

Traditional Medicinals: Global Engagement



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The Face of Supply Chain Engagement





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ABOUT SFTA



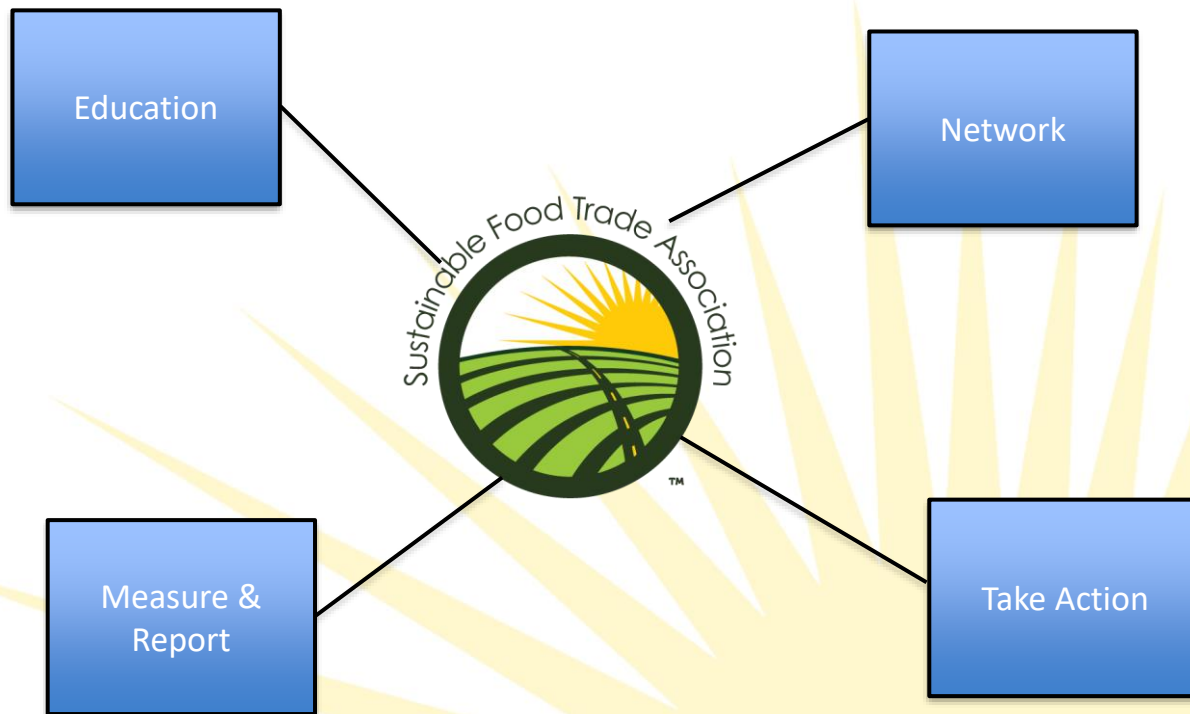


MISSION

**Build the capacity of the organic
food trade to transition to
sustainable business models.**



About Us

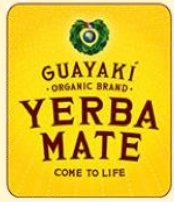


Annie's



Stonyfield

ORGANIC



What is Engagement?

The Virtuous Cycle of Engagement

Engagement in Practice – Metrics, Tools



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WHAT IS ENGAGEMENT?





What is Sustainability Engagement?

“Business is often taking the initiative to move things forward. Focusing only on the business case underplays the value that business is and should be providing in society and with regards to development.”

– Mads Øvlisen,

Chair of the UN Global Compact Advisory Group on Supply Chain Sustainability



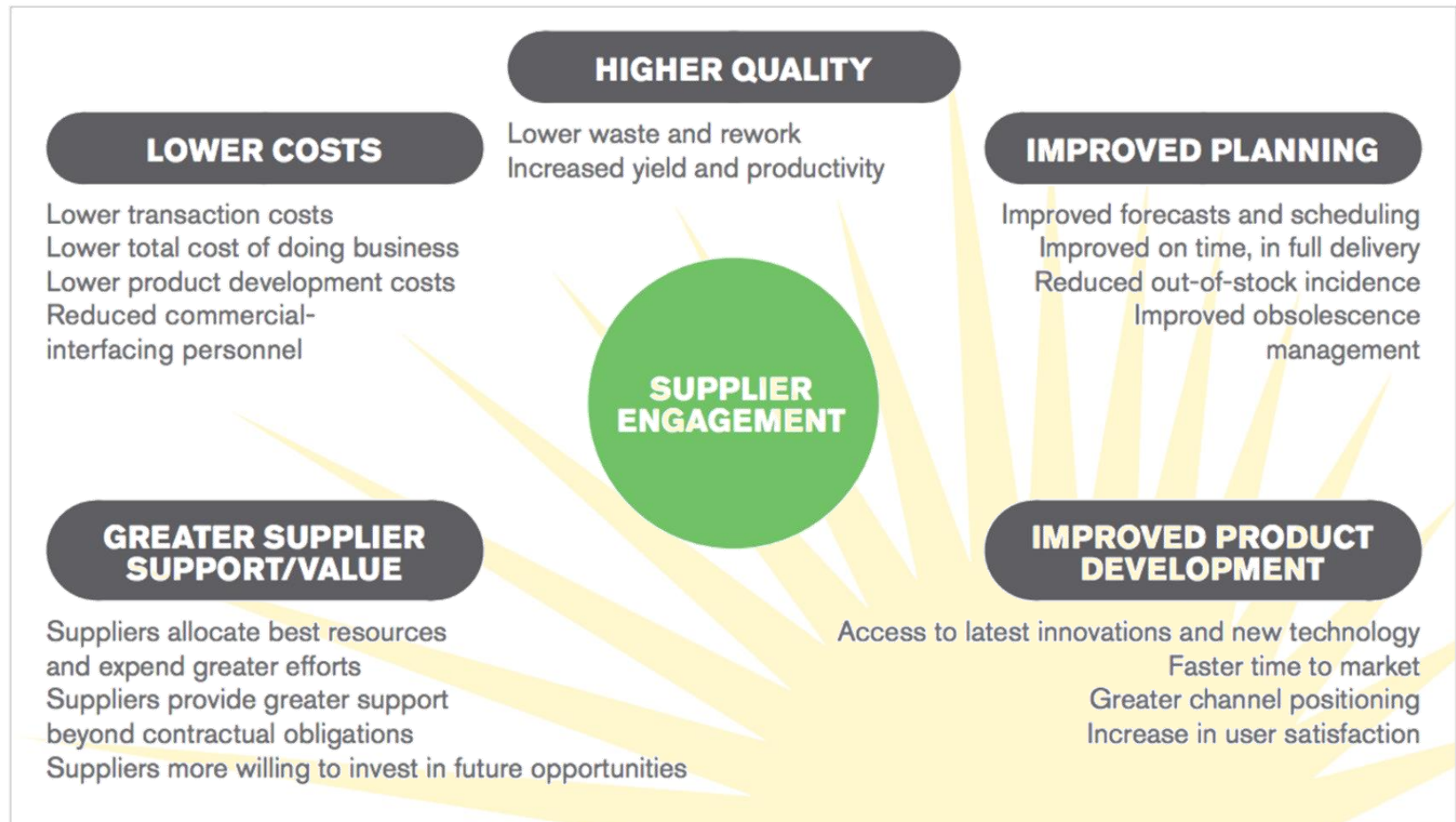
What is Sustainability Engagement?

Employee Engagement Results In*:

- Less Attrition (up to 65%)
- 22% Higher Productivity
- 48% fewer accidents
- 41% fewer quality defects

* [Gallup 2016 Meta-Analysis](#)

Supply Chain Engagement Results In*:



* [Gallup Study \(2015 Revised\)- Creating Strategic Advantage Through Superior Supplier Engagement](#)



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THE VIRTUOUS CYCLE OF ENGAGEMENT





The Virtuous Cycle of Engagement

Supply Chain Engagement Requires:*

CLARITY

- Expectations
- Communication Quality



** [Gallup Study \(2015 Revised\)- Creating Strategic Advantage Through Superior Supplier Engagement](#)*



The Virtuous Cycle of Engagement

Supply Chain Engagement Requires:*

SIMPLICITY

- Style of Working
- Ability to Deliver Excellence



** [Gallup Study \(2015 Revised\)- Creating Strategic Advantage Through Superior Supplier Engagement](#)*



The Virtuous Cycle of Engagement

Supply Chain Engagement Requires*:

- Trust
- Overcome barriers to reach mutual agreement



* [Gallup Study \(2015 Revised\)- Creating Strategic Advantage Through Superior Supplier Engagement](#)



The Virtuous Cycle of Engagement

Supply Chain Engagement Requires*:

RECIPROCITY

- Reflects value placed on relationship
- “Do Unto Others...”



* [Gallup Study \(2015 Revised\)- Creating Strategic Advantage Through Superior Supplier Engagement](#)

Supply Chain Engagement Requires:*



CONNECTIVITY

- Interdependence
- Shared Outcomes

** [Gallup Study \(2015 Revised\)- Creating Strategic Advantage Through Superior Supplier Engagement](#)*

UN Global Compact Model*

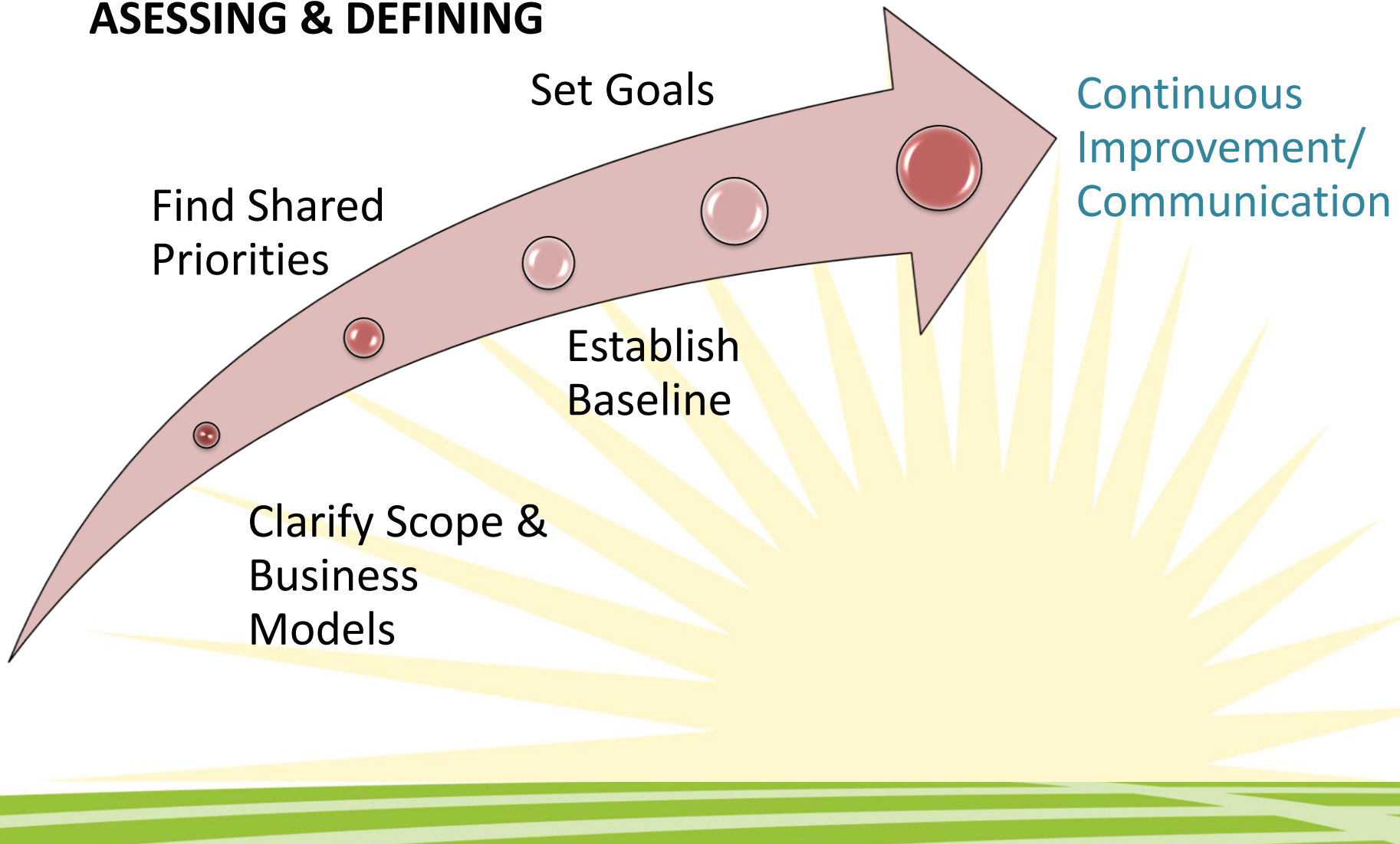
“Supply chain sustainability” is the management of environmental, social and economic impacts, and the encouragement of good governance practices, throughout the lifecycles of goods and services.



* [Supply Chain Sustainability: A Practical Guide for Continuous Improvement](#)

- BSR & UN Global Compact

Digging Into Details ASSESSING & DEFINING





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ENGAGEMENT IN PRACTICE





Assessment Tools

- Supplier Assessment
 - Software Tools
 - [B Lab Quick Impact Assessment](#)
 - Codes of Conduct
- Emissions Calculators
 - [Cool Farm Tool](#)
 - [COMET](#)
 - [EPA Simplified GHG Emissions](#) calculator
 - [GHG Protocol](#) calculators
 - [Compass](#) (packaging)

Assessment Tools

SFTA Reporting Framework

Organic Practices



Climate & Emissions




Education



Solid Waste



Energy



Packaging



Distribution & Sourcing



Water Use & Quality



Community



Labor



Animal Practices





Climate Collaborative Commitment Areas



Integrate carbon farming into the agricultural supply chains



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Engagement in Practice: Some Collaboration Ideas



- Energy audits or utility partnerships to identify reduction opportunities
- Use of LED lights/improving other lighting source efficiency
- Reusing waste gases



- 100% renewable electricity
- Power Partnership Agreements
- On-site renewables



- Waste Audits
- On-site composting
- Coordinate supplier production planning



- Packaging reduction opportunities
- Increase recycled or recyclable content
- Perform LCA
- Use of Reusable Containers



- Increasing the efficiency of crop inputs
- Incorporation of no-till farming practices
- Use of cover-crops in crop rotation
- Plant vegetative habitat

Possible Metrics to Track

(applicable to most commitments)

Tactical Metrics

For Example

- ❖ Pounds of food waste reduced
- ❖ kWh used
- ❖ % organic matter in soil
- ❖ % renewable energy generated on-site

TOTAL EMISSIONS

- ❖ Total GHG Emissions
 - Scope 1
 - Scope 2
 - Scope 3
- ❖ % Increase/Decrease vs. prior year
- ❖ Carbon Offsets/RECs

Intensity Metrics

For Example

- ❖ Pounds Produced per Ton of GHG
- ❖ Dollars of Revenue per Ton of GHG
- ❖ Tons of GHG per Sq. Foot of facility



Commitment – Specific Metrics

Short-short list

Category	Potential Tactical Metrics
Agriculture	<ol style="list-style-type: none"> 1. Total energy used (fuel, electricity, etc.) for annual farming practices 2. Total carbon content in soil organic matter; % increase/decrease vs. last year 3. Emissions reduction associated with
Energy Efficiency	<ol style="list-style-type: none"> 1. Total BTUs of energy used (electric, propane, gas, etc.) -- % renewable? REC's? 2. % increase or decrease of use compared to prior year 3. Normalized figure per unit of measure (i.e. 100 BTUs per dollar sold)
Food Waste	<ol style="list-style-type: none"> 1. Total tons of solid waste year– and separate by type (landfill, recycle, compost, etc.) 2. % diverted from landfill 3. % increase/decrease compared to last year
Forests	<ol style="list-style-type: none"> 1. Absolute or % increase in deforestation-free commodities/products 2. % of products or # of acres/hectares certified to deforestation-free standards (i.s. RSPO) 3. # of Trainings and/or hours/\$ invested in educating supply chain partners on forest conservation practices
Policy	<ol style="list-style-type: none"> 1. # of hours dedicated to policy-driven activities 2. Total dollars contributed to climate policy organizations or initiatives
Packaging	<ol style="list-style-type: none"> 1. % of post-consumer recycled materials across all product categories 2. % of recyclable and/or compostable materials for all product categories 3. % or pounds of packaging materials eliminated from packaging design (packaging efficiency)
Renewable Energy	<ol style="list-style-type: none"> 1. % or total kWh consumed from renewables; indicate what % of that is generated on site, by type (i.e. solar, wind) if applicable 2. # or % of supply chain partners that are participating in a 100% renewable energy challenge, and # of GHG emissions avoided
Short-Lived Climate Pollutants	<ol style="list-style-type: none"> 1. % or absolute quantity of methane reduction due to modifications of crop (i.e. rice) cultivation methods 2. Pounds of refrigerants saved through managing leakage and recovery; related GHG emissions avoided
Transportation	<ol style="list-style-type: none"> 1. <i>Alternative Commuting Program</i>: \$ investment in alternative vehicles or employee alternative commuting reimbursement/reward program; # employees participating 2. <i>Renewable Fuels/Vehicles</i>: gallons or % of biofuels used by company owned/leased vehicles;



**organic for
everybunny**

Annie's



Engaging the Supply Chain in
Climate Change Initiatives:
Co-Packer Engagement

Agenda



- 1 **Brief Annie's Story**
- 2 **Farm to Yum: Priority Setting**
- 3 **Deeper Dive on Manufacturing Programs**





Founded with a Purpose



Real and authentic roots

Great tasting products with broad appeal

Natural and organic ingredients

Socially and environmentally responsible



Our Mission: To cultivate a **healthier**, **happier** world by spreading **goodness** through **nourishing** foods, honest words and conduct that is **considerate** and forever **kind** to the planet.

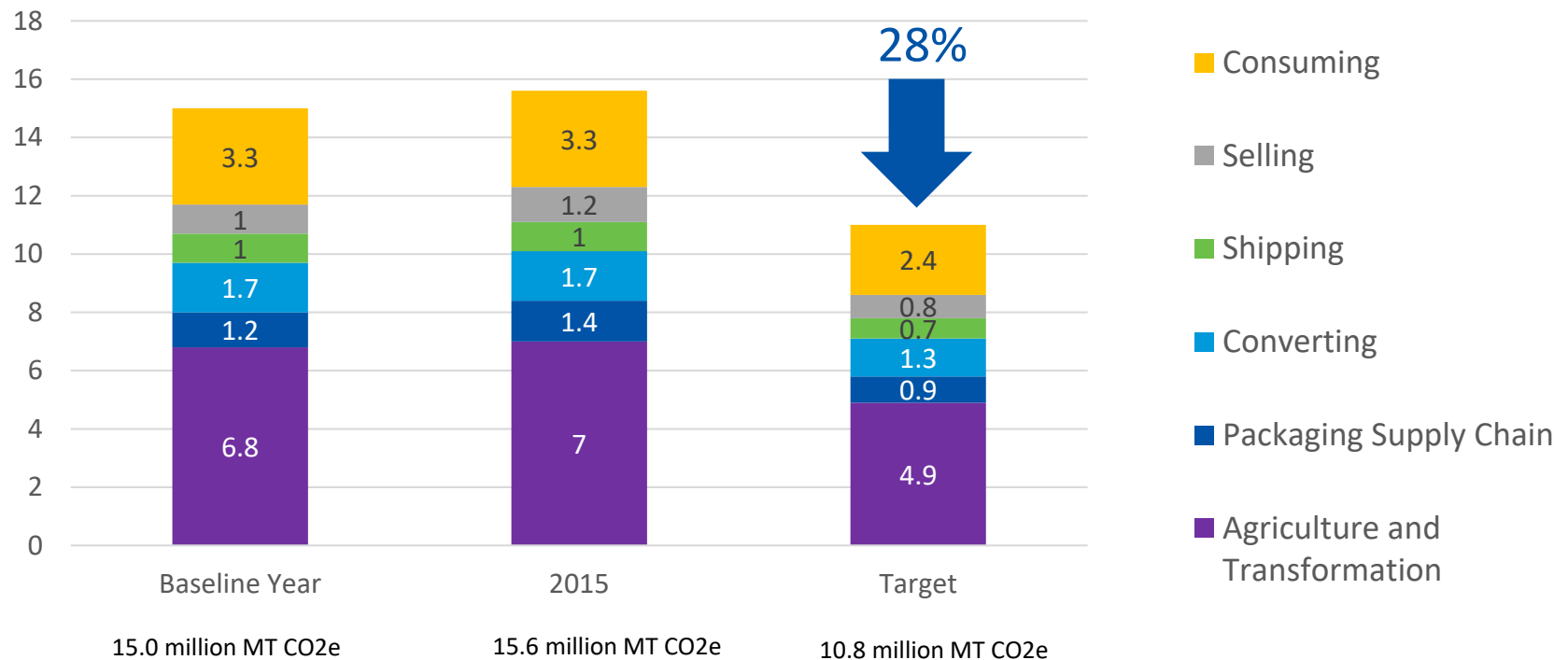


Building Capacity with General Mills



General Mills has committed to reducing absolute GHG emissions by 28% by 2025, compared to 2010, across the full supply chain.

CO2 Emissions – Million MT CO2e





Farm To Yum



What we stand for:

At Annie's, we strive to understand our decisions in context of the larger food system. We seek to make decisions based on our impacts on the planet, on people, and on profits. We measure and manage our performance through this triple bottom line lens.

What we care about:



How we go about our work:

Design better food - Our biggest opportunity to make a difference is through the products we make. We strive to source from more sustainable ingredient, packaging, and manufacturing partners who align with our values.

Inspire change and educate - We aspire to be a force for good, learning from and collaborating with others to achieve positive change in the food system.

Lead by example - We seek to create a workplace that reflects our company values to ensure that we walk the talk at home.



Longstanding Commitment to the Climate

Partnership with NativeEnergy to support renewable energy projects (2006-15)



Published our first public sustainability report

Awarded our first Green Bernie to supplier



Signed onto the @BICEP Climate Declaration

Certified as a Bay Area Green Business



Won the Bay Area Acterra Award



Declared 5 climate change commitments through Climate Collaborative

Signed the "We Are Still In" letter in support of the Paris Climate Accord

1998

2006

2009

2011

2012

2013

2014

2015

2016

2017



Annie's 1st certified organic mac & cheese in 1998 marked our early commitment to healthy soil and climate change

Joined the Sustainable Food Trade Association and committed to tracking progress



New office certified LEED Gold

Conducted our first LCA

Funded the Climate and Sustainable Corn-Based Crop Systems Project (CSCAP)

Joined BICEP (Business for Innovative Climate and Energy Policy)



Conducted a waste characterization study for the Berkeley office.

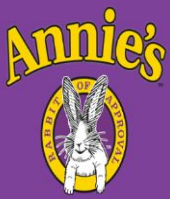
Annie's Joins How2Recycle and Sustainable Packaging Coalition



Received the "Climate Disruptor" award for our efforts to reduce our environmental footprint

Partnered with BICEP to advocate for 40% fuel use reductions for trucks

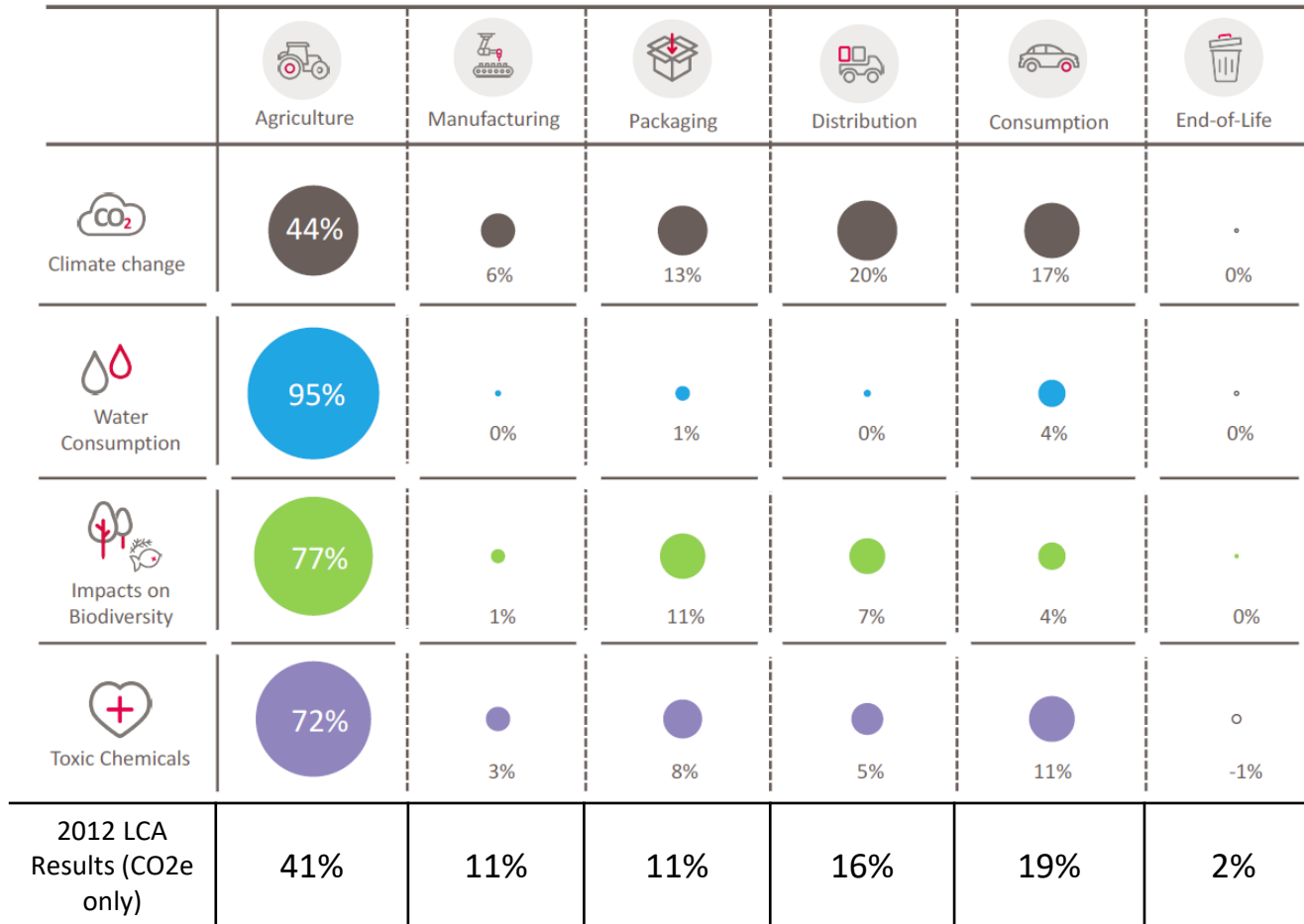




2017 Life Cycle Assessment

Where are our greatest environmental impacts?

Based on an environmental life cycle assessment of 12 Annie's products



Design Better Food



We prioritize our work in the **supply chain** because this is where our greatest impacts occur and where we have greatest opportunity to effect positive change.

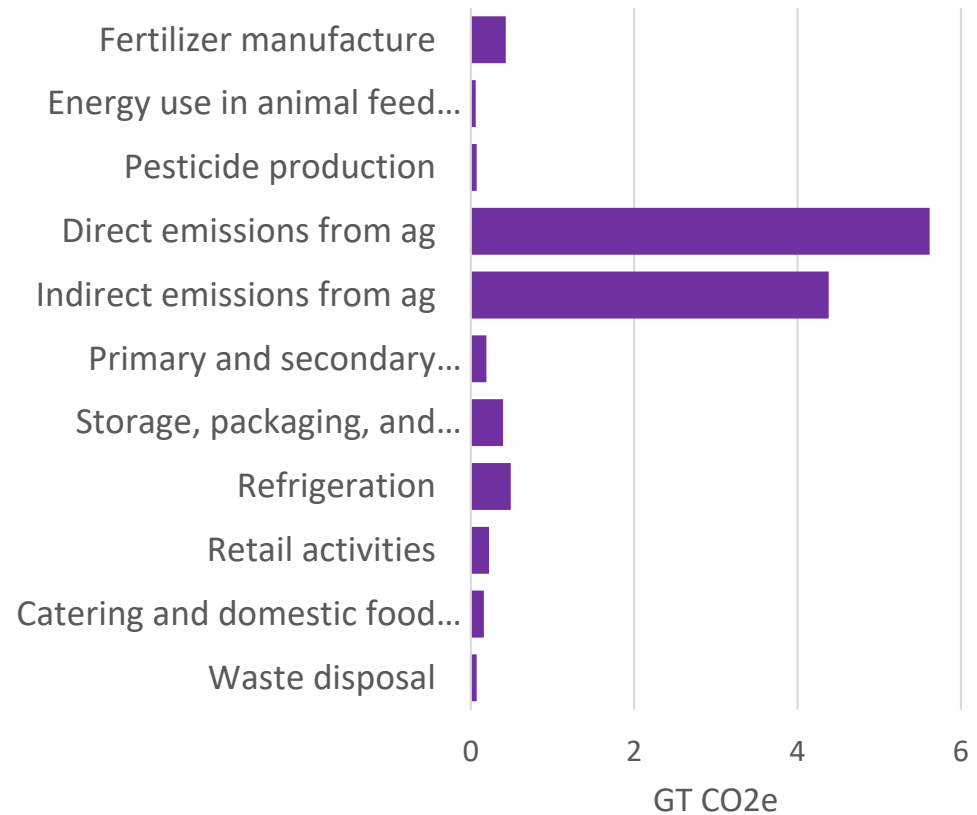




Global Impact of the Food System

- Food systems contribute 19-29% of global anthropogenic GHG emissions
- 8 of the top 20 solutions presented by Project Drawdown are in the food sector

Global Emissions from the Food System

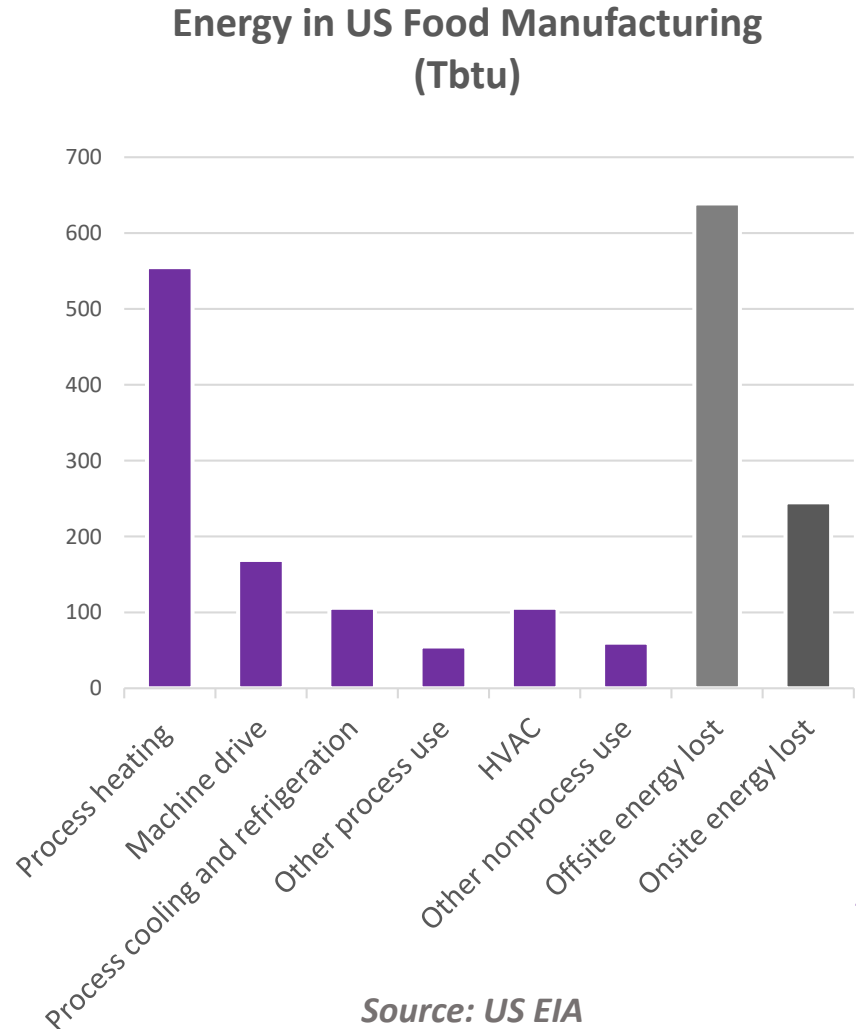


Source: Vermeulen, et al., 2012



Food Manufacturing Impact in the US

- Industrial energy use accounts for 31% of U.S. energy consumption (US EIA)
- Food manufacturing is the fifth largest industrial energy user in the U.S. (US EIA)
- Meat, poultry, fruit, and vegetables account for 79% of total emissions from industrial wastewater treatment in the U.S. (EPA, 2015)





History of Manufacturing Supplier Sustainability Program

- Initiated Manufacturing Supplier Engagement in 2010 → evolutions over time.
- Focus on our ability to understand and influence our co-manufacturing supply chain from a sustainability perspective.

Quantitative Data Collection

2010 - assessed suppliers on sustainability parameters to gather a baseline (food/planet/people).
2012 - expanded to request specifics on energy, waste, and water consumption associated with Annie's products.
2016 - Ended quantitative data collection; merged into Supplier Practices Survey

Supplier Code of Conduct

2012 - created a Supplier Code of Conduct for Manufactured Goods to address labor issues and ensure suppliers uphold a minimum standard
2014 - began audits against the code.
2016 - integrated with General Mills' Responsible Sourcing program.

Annual Supplier Practices Survey

2013 - created qualitative survey to understand supplier policies and commitment around sustainability, to expand on quant data. It's a multiple choice survey intended to be simple, but also quantifiable so that suppliers (and Annie's) can track progress.
2017 - merged into single Supplier Practices Survey; move toward capacity building.

Green Bernie

2012 - Launched annual Green Bernie award for leading supplier. Winner is selected based on overall score, substantiation, and engagement.

Supplier Code of Conduct



- Minimum requirement – contract language
- Subject to audits
- Integrated with General Mills' Responsible Sourcing efforts



Human Rights

Health & Safety

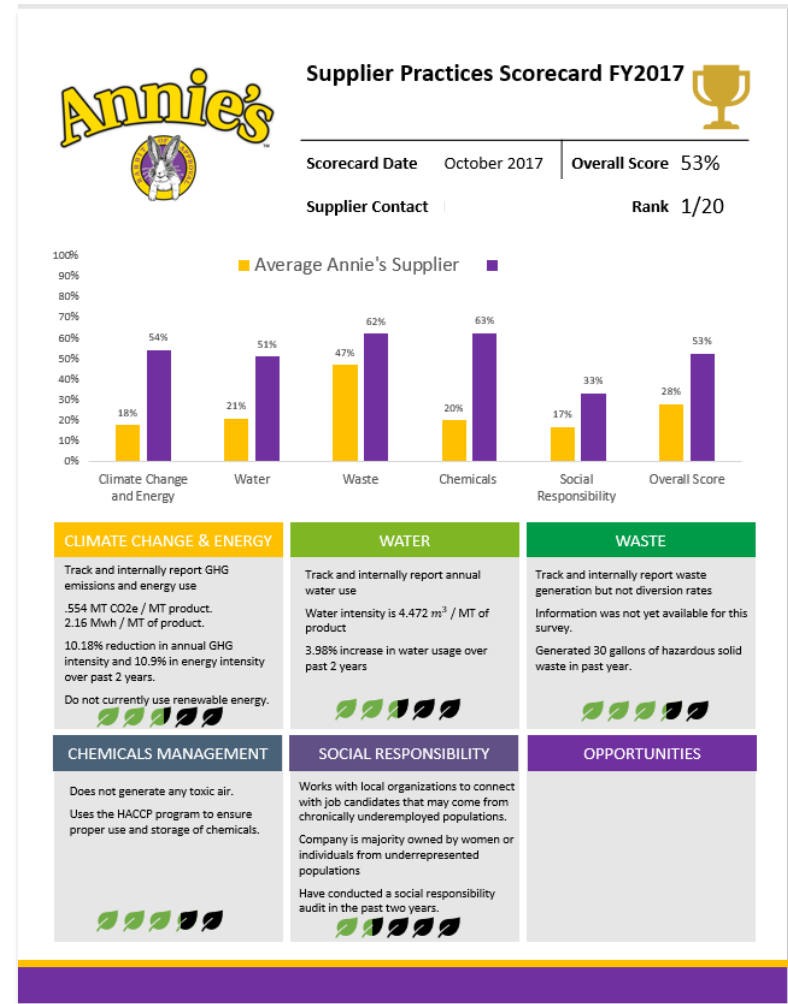
Environment

Business Integrity



Annual Supplier Practices Survey

- Survey sent to Finished Goods Supplier, Re-packers, and Distribution Centers
- Categories include Greenhouse Gas Emissions, Energy, Water, Waste, Priority Chemicals, Social Responsibility, Transparency
- In FY17, 83% of suppliers provided data, demonstrating their commitment to sustainable business practices



Green Bernie Award



- **Green Bernie Award** given to supplier demonstrating best practices
- Motivates suppliers to achieve consistent improvement in efficiency and innovation





Increasing engagement

- One on one engagement
- Quarterly webinars with resources and benchmarking information
- On the horizon: a monthly newsletter to engage additional employees at the plants



Key Takeaways



1. Invest resources into the core operation of your business model.
2. Be willing to iterate and adapt programs.
3. Focus on relationship building.
4. Embrace the journey.





Questions?



Supply Chain Sustainability Engagement

SFTA Climate Collaborative Webinar: Nov 1 2017



Supply Chain Community Engagement

- **1980:** Launched domestic organic herbal products
- **1982:** Tea cartons from 100% recycled paperboard
- **1998:** Began to label Fair Trade Certified™ ingredients
- **2009:** 1st herbal manufacturer to label FairWild® ingredients
- **2000-10:** Goal of 100% organic ingredients
- **2016:** 99% organic volume and
100% Non-GMO teabags, strings, and tags

TM Mission and CSR Themes



**Socioeconomic Justice
(Living/Fair Wage,
Health, Education,
Empowerment)**

**Environmental
Stewardship & Climate
Leadership
(Organic, FairWild)**

**Quality & Risk
Management
(Pharmacopoeial, GACPs)**

Responsibility

Organic, Ecosocial, and Quality Standards

TMF

Mind The Gap!

Supplier

TM SCG

TM's Supply Chain Context

Medicinal + Organic + other quality filters limit both supply flexibility and leverage to affect field practice

We choose partners who share our values

- * Clearly articulate shared priorities
- * Observe & listen to how they evolve
- * **Getting into the weeds...**



Building Engagement Expertise

Clearly articulated priorities: we ask suppliers to build to sustainable supply practices and commit resources together

* Partnership: SWOT & Leverage

Experience and Cooperation:

- * Herbalists and Plant Scientists
- * Production & Manufacturing
- * Ecosocial Standards



Traditional Medicinals Foundation: methodology for design & implementation of social development work

Revive! Farmer Sustainability

Partnership with

- * Supplier-Processor
- * First Purchaser
- * Local NGO
- * Farmer Groups

TM Resources

- * Company Founder
- * Supply Chain Project Manager
- * Plant Geneticist
- * Local Ag Scientists
- * Program Evaluator → Director



Partnership Growth

Engagement with our main supplier facilitated partnership with **Soil & More International** our carbon services provider

Collaboration to access producer data

+ TM Corporate Carbon Footprint reporting

= Footprints from field to TM production

* Supplier now developing advanced reporting platform with Cool Farm Tool





Ingredient Footprints

- * Prioritized program of annual reporting
- * Patience as partners develop their own reporting and strategy in their larger context

Ingredient	Product (e.g.)	Primary Production	TM Emissions	Total (kgCO ₂ e)
Licorice Root	Throat Coat	2.02	0.52	4.29
Senna Leaf	Smooth Move	0.92		2.94
Chamomile	Nighty Night	1.69		3.38
Green Tea	Green Tea Line	-0.45		0.41

Carbon Insetting

As a perennial plant, tea (*Camellia sinensis*) builds soil carbon.

- * Organic and Biodynamic practices further contribute to sequestration (own-farm composting)
- * TM's Green Tea raw material is carbon-negative until we blend, bag, and box it. We run on 100% local renewable power.



As a CA Green Business we offset Scope 1 & 2 emissions with our Green Tea partner – within our supply chain
2016: Inset Scope 1 & 2 and single-serve product plastic
2017: Added Corporate Business Travel emissions insetting

Traditional Medicinals Foundation



Purpose: bridge the gap between social business, good will and philanthropy.

“To accomplish this purpose, together with a lot of help, we combine community led development strategies, equitable trade and compassionate capitalism. The results are measurable, sustainable & meaningful.”



Traditional Medicinals Foundation



- * A methodological approach to how partners collaborate on the design and implementation of social development work in source communities
- * Establishment of systems to facilitate honest, and ongoing, learning between stakeholders
- * Utilization of development strategies customized for the realities of working within a global botanical supply chain

Sustainability Continuous Improvement Loop



Filter Paper Evolution



Supplier came to TM with their RA/SAN project

- * We were a good fit on Values, Product Quality, Technical Expertise, and Volume
- * Shared value: Verified Sustainable Practices
- * History of sustainability engagement
- * Experts in supply may need experts in engagement & development
 - * Community Needs Assessment
- * Going beyond the requirements to build robust tools/projects that target specific issues and outcomes



Conclusion/Many miles to go...



Thanks – bcouch@tradmed.com



Extra: Emissions Areas & Options

Emission Area	Emission Amount	TM Ability to Affect	Partner Ability to Affect
Herb Cultivation	Very High	Low-Medium	Medium-High
Packaging	Very High	Low-Medium	Medium
Business Travel	Very High	Low	Low
TM Customers/Consumers	High	Low	Low
Process - Transport	Medium	Low	Medium
TM Facility Ops	Low	High	Medium

Our largest area of impact for emissions management is in:

- **purchasing** (herbs, cardboard, papers, string, plastic)
- and **traveling** (source & supplier site visits, sales trips)





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THANK YOU!

Lisa Spicka

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