

Western New York Sustainable Business Roundtable

Creating an environmentally and economically resilient Buffalo-Niagara

Developing Sustainability Plans that deliver business value

2.25.15

Developing a Sustainability Plan



1. Start with your organization's sustainability story **(WHO)**
2. Describe key drivers of sustainability in your industry **(WHY)**
3. Define sustainability and what it means to your firm **(WHAT)**
Conduct materiality exercise
People, Planet, Profit → Risk, Reputation, Revenue
4. Create the plan **(HOW, WHEN, WHERE)**
 - Areas of focus
 - Reduce waste and pollution
 - Protect our waterways
 - Optimize use of energy and materials
 - Invest in our communities
 - Priorities / Sequencing
 - Scope / Metrics / Transparency
 - Collaboration with NGOs, suppliers, customers, and other stakeholders
5. Tools and templates

Storytelling Exercise



The story of your company's sustainability journey is important in helping create buy-in and engaging others in your strategy and action plan.

1. Start with company's vision (what does company strive to be?)
2. Describe how sustainability is a tactic which supports the company's vision by meeting customer expectations, improving profitability, reducing waste, etc.
3. Include examples of what your company is currently doing and where it's headed.

The specific parts of the "base" story you present, will change depending upon your audience.

Story Outline

- Your "base" story should fit on one page. Use this outline as a guide, and be sure to cover the past, present and future or your sustainability journey.
- Briefly describe what your company does (industry, years in business, products / services, corporate vision/mission, culture)
- Identify sustainability-related issues specific to your industry (environmental impact of raw materials, etc.)
- Market trends
- Customer expectations
- Current sustainability initiatives. Be sure to address areas where your company has the greatest environmental impact, as these often present the greatest opportunities for improvement. You can include all efforts in your write-up, but when you talk about it, pick one or two areas of focus.
- Identify challenges / What we've learned (and continue to learn)
- Where is your company headed in its sustainability journey?

WHO?

Overview / Story of your journey



Rich Products is one of the world's largest family-owned food companies and a leading supplier to the foodservice, in-store bakery, and retail marketplaces. We manufacture and sell an expansive array of delicious products in more than 100 countries. Annual sales of our desserts, appetizers, seafood, pizza and bakery products top \$3 billion. Our world headquarters office remains in Buffalo, NY. As we celebrate 70 years in business, we also continue our sustainability journey. Our global workforce is 9,000 associates strong and they **drive continuous improvements which are good for business and good for the environment – focusing on long term efficient use of resources, reducing waste, and creating products that delight our customers while minimizing our environmental footprint.** Rich's "*Do What's Right*" corporate value aligns with our sustainability philosophy.

Sustainability isn't new to Rich's; it's been part of our business since the company was founded in 1945. Recently, some important trends created a heightened sense of urgency for our company, including the **impact of global climate change on agriculture** and **rising expectations from customers and regulatory agencies.** So in 2008, we began taking a more formal approach by developing a long-term sustainability strategy to raise awareness and prioritize actions across the company. As a result, we've implemented new practices in the areas of energy efficiency, water conservation, and waste reduction at more than 20 facilities.

As a frozen food manufacturer, electricity represents a significant part of our environmental footprint, and our utility bill, so that's where we started. Formal energy efficiency programs have been developed for all Rich Products facilities in US and Canada, and programs are being established in our international markets as well. We started by gathering fact-based information to establish baselines for energy use at each plant. Then we collaborated on what was working well and what could be improved. By estimating costs, ROI, and resources to implement the ideas and including this as part of our strategic business planning process, we were in a better position to prioritize, fund, and sequence projects across the business. As a result, **more than 200 energy, water, and wastewater projects have been completed since 2010.** Energy & Water Champions at each plant allow us to continually share best practices, collaborate on new initiatives, and establish improvement targets.

Sustainably-sourcing ingredients is another key initiative, particularly for seafood and palm oil. **Rich's Environmentally Preferred Purchasing Guidelines** help us systematically balance price, performance and environmental considerations in our purchasing decisions. **Waste reduction** is our next area of opportunity -- reducing waste at its source and continually looking for new ways to reuse and recycle. Water (quality and quantity) is a growing concern, especially in some of our international locations, so that will receive increased attention in the future.

In addition to our corporate sustainability initiatives, Rich's associates volunteer to serve on local "**Green Teams**" to implement grass roots efforts to reduce pollution and better our communities. These cross-functional groups of sustainability advocates use their creativity, influence, and passion for the environment to raise awareness and inspire others.

Examples from other organizations

<http://www.wnysustainablebusiness.org/>

<http://www.epa.gov/greenpower/awards/winners.htm>

WNY-SBR Template for sustainability plan

Sample sustainability reports from SBR members

WHY Should We Care About Sustainability?



- **7 billion people need to eat (9 billion by 2050)**
 - Feeding the world without destroying the planet is one of the most important environmental and social issues of the 21st century
 - Currently, 1 billion people are malnourished and millions are obese
- **Global climate change impacts agriculture**
 - Extreme weather and strain on natural resources are already having a material impact
 - Drought and rising intensity of storms
- **Agriculture has significant impact on environment**
 - Uses 60-70% of world's fresh water and 40% of the land
 - Responsible for 70% of deforestation
 - Generates 35-40% of world's greenhouse gas (GHG) emissions
 - Global supply chains and production systems impact natural resources
- **Potential Cost Savings**
 - As a frozen food manufacturer, energy is a significant part of our environmental footprint
 - Reducing GHG emissions while saving millions of dollars annually = good for business & good for environment
- **Rising Expectations for Improvements**
 - Increased level of transparency
 - Sustainably-sourced ingredients (Palm oil, Seafood)
 - Links between sustainability and health & wellness



CLIMATE SUMMIT

WHAT IF IT'S
A BIG HOAX AND
WE CREATE A BETTER
WORLD FOR NOTHING?

- ENERGY INDEPENDENCE
- PRESERVE RAINFORESTS
- SUSTAINABILITY
- GREEN JOBS
- LIVABLE CITIES
- RENEWABLES
- CLEAN WATER, AIR
- HEALTHY CHILDREN
- ETC. ETC.



11/19 USA TODAY
DEL PITT

Supplier Sustainability Assessments

- 1. Reducing Energy Costs & GHG Emissions**
- 2. Material Efficiency: Reducing Waste & Enhancing Quality**
- 3. High Quality, Responsibly Sourced Raw Materials**
- 4. People & Community:
Ensuring Responsible & Ethical Production**

Types of Questions Customers Are Asking



1. Do you measured your corporate greenhouse gas emissions?
2. Have you opted to report your greenhouse gas emissions to the Carbon Disclosure Project (CDP)?
4. Have you set publicly available greenhouse gas reduction targets? If yes, what are those targets?
5. What is the total amount of solid waste generated from the facilities that produce your products?
6. What is the total water use at your manufacturing facilities?
7. Have you established publicly available sustainability purchasing guidelines for your direct suppliers?
8. Have you obtained 3rd party certifications for any of your products?

WHAT is Sustainability?



- Finding new ways of doing things to maintain the long-term health of natural and social systems, while providing sound economic returns
- We drive continuous improvements that are good for business and good for the environment, focusing on long term efficient use of resources, reducing waste, and creating products that delight our customers.



- We commit to becoming a thriving and resilient business by establishing and implementing a sustainability plan that:
 - reduces waste and pollution
 - protects our waterways
 - optimizes use of energy and materials
 - invests in our communities



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We will accomplish this in a transparent and measurable way that, collectively, with the efforts of other WNY organizations, reduces the severity of global climate change.



RICH'S[®]

GO GREEN

Do what's good for
business and good
for the environment.

Materiality:

Where can we make the greatest impact?



Embed sustainability into planning, decision making & culture

- **Entity specific**
 - What do your stakeholders care most about?
 - Based on quantitative and qualitative factors
- **Frame of reference**
 - Where do we stand relative to our competitors?
 - Look at competitors, customers and similar companies (size, revenue, location, industry)
 - Benchmark data becoming easier to collect thanks to the internet and growing trend towards corporate reporting
- **Start with baseline and set improvement targets**
 - What levels can we achieve while growing our business?
 - What will the projects involved cost us?
 - How quickly can we achieve the goals?
 - How will others perceive the goals?
- **Awareness of emerging metrics to consider**
 - Absolute
 - Intensity

Materiality Exercise



- CO₂ emissions in the US have doubled since 1950.
- **As a frozen food manufacturer, we suspected energy was a significant part of Rich's environmental footprint.**
- Energy audit of Rich's US manufacturing network revealed that 81% of Rich's energy costs were from electricity.
- **How can we improve Energy Efficiency?**
 - Gathered fact-based information to establish baselines for each facility
 - Collaborated with plant associates on opportunities for improvement
 - Estimated costs, ROI, and resources to implement the ideas
 - Included this as part of our strategic business planning process
- This put us in a better position to prioritize, fund, and sequence projects across the business.
- As a result, 100+ energy projects have been completed since 2010!

Corporate Initiatives



- **Energy and water conservation programs for USC facilities**
We are in the process of expanding those to select international plants
- **Spoilage Transformation Team**
Aggressively seek ways to reduce the amount of food waste generated by our business
- **Environmentally Preferred Purchasing Guidelines**
Help us systematically balance price, performance & environmental considerations in our purchasing decisions
- **Packaging Innovation Strategy**
Meet rising customer expectations for performance and safety, while also reducing waste, costs, and environmental footprint

HOW, WHEN (timing) and WHERE (scope)

2015 Strategic Building Blocks



Identify sustainability drivers that create business value through portfolio growth, risk management and cost savings; prioritize initiatives that support Rich's business model and expectations of stakeholders; accelerate sustainability opportunities to drive them further and faster throughout the organization, allowing us to remain our customers' first choice.

Customer Intimacy

- **Stakeholder Engagement**
Build network of customers and suppliers to enable collaboration, share best practices, and measure the total impact of our efforts
- **Rich Experience**
Incorporate sustainability as an element of our value proposition, global building blocks, metrics, and customer tiers
- **Leadership**
Enhance Rich's reputation through solutions and services that advance sustainability in key product lines, procurement practices and markets

Profitable Growth & Innovation

- Determine the potential for sustainability as a competitive advantage for key products in each Division

Improved Performance & Productivity

- Energy Efficiency
- Water & Waste Water improvements
- Waste Reduction
- Risk Management

Organizational Excellence

- Build capabilities and capacity to effectively execute sustainability initiatives and strategies
- Integrate sustainability into short-and long-term decision making and reporting
- Leverage sustainability as an element of associate engagement
- Expand scope globally

Key Enablers

- Knowledge sharing with sustainability experts, suppliers, customers and internal functional groups
 - Senior Management Support
 - The Rich Promise & The Rich Experience

Company Values Enable A Sustainability Mindset



The Rich Promise



We will treat our customers, our associates and our communities the same way. Like Family.

Our family values...

Cherish Our Culture

Work, learn and celebrate together.

Innovate

Imagine what's possible and create what's valued.

Be the Trusted First Choice

Listen, understand and deliver for customers like no other company.

Better Our Communities

Devote time and talent where we live and work.

Do What's Right

No matter what.



Tools and Resources

- **Water Risk Monetizer:** Developed by Ecolab and Trucost, this tool provides actionable information to help businesses understand water-related risks and quantify risks in financial terms to inform responsible decisions. It is available to the public at no cost. www.WaterRiskMonetizer.com
- **Greenhouse Gas Equivalencies Calculator:** Uses the Emissions & Generation Resource Integrated Database (eGRID) U.S. annual non-baseload CO₂ output emission rate to convert reductions of kilowatt-hours into avoided units of carbon dioxide emissions. <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>
- **The Sustainability Consortium® (TSC):** An organization of diverse global participants that work collaboratively to build a scientific foundation that drives innovation and improves consumer product sustainability. They are developing transparent methodologies, tools, and strategies to drive a new generation of products and supply networks that address environmental, social, and economic imperatives. <http://www.sustainabilityconsortium.org/who-we-are/#sthash.Q810JSFz.dpuf>
- **Corporate Renewable Energy Buyers' Principles:** Launched by WWF and the World Resources Institute (WRI) in 2014 with 12 major companies to increase access to renewable energy. <http://www.worldwildlife.org/pages/powering-businesses-on-renewable-energy>
- **Global Reporting Initiative (GRI):** Sustainability reporting framework that enables companies and organizations to measure, understand and communicate their performance on economic, environmental, social, and governance. Goal is to make sustainability reporting standard practice and promote change towards a sustainable global economy. <https://www.globalreporting.org/information/about-gri/Pages/default.aspx>

- **Specific**
- **Measurable**
 - Compare progress against baseline by plant, by project
 - Helpful to measure total usage by plant and intensity, so that progress can be accurately tracked even as capacity changes
- **Actionable**
- **Relevant**
 - Cost Savings (ROCS / internal audience)
 - Convert kWh saved to GHG emission reduction (internal & external audiences)
- **Timely**
- **Transparent**
 - Document calculations: EPA standard GHG conversion
 - Credibility (third party audits, etc.)
 - Balance transparency with confidentiality

Metrics - Examples

- ☐ **Baseline @ each facility**
- ☐ **Energy Metrics: Total Usage**
 - ☐ Electricity
 - ☐ Natural Gas
- ☐ **Energy Metrics: Intensity**
 - ☐ KWH per lb of product manufactured
 - ☐ KWH per case of product manufactured
- ☐ **Cost Savings Targets**
- ☐ **Convert to GHG emission reduction**

Enablers:

- ✓ Automated Energy Management System
- ✓ Targets & reporting built into business planning process (ROCS)



Completed
first plant
wide lighting
retrofit at
Murfreesboro
in 2010

Reduced lighting load by
an estimated 42%

AND

Lowered emissions by over
1,000 tons (**761 metric tons
carbon equivalent**)

(sulfur dioxide, nitrous oxide
and carbon dioxide)

Equivalencies



Estimated annual
savings of
approximately
\$95,000 per year

>>
New Lighting
System in
Murfreesboro

"The new T8 lighting was initially a cost savings
project. However, we've realized other positive
benefits, such as a brighter working environment and
improved safety for our associates."

— Plant Manager
Rick Davis

>>
Hilliard's
Pretreatment
Wastewater
System



Reduced surcharge
payments to local
municipality with
an estimated
\$350,000 savings
per year

"The addition of our
wastewater pre-treatment
system will not only allow
us to reduce costs, but it
will also help our
community by discharging
cleaner water to the city
system. This is truly a
win-win situation for all
groups."

— Plant Manager
Michael Callaway



Doing what's good for business
and good for the environment.

In addition to Rich's corporate sustainability strategy, associates with a passion for the environment volunteer to Serve on "Green Teams" to help implement local initiatives.

Green Team Vision

We are a cross- functional team of sustainability advocates planting seeds of continuous improvement with contagious enthusiasm for actions leading to a healthier planet, company, communities & associates.

- *Doing What's Right to reduce waste and wasteful practices*
- *Using our creativity, influence, sense of humor, and passion for the environment to raise awareness and inspire others*
- *Taking risks and moving out of our comfort zone*
- *Celebrating our successes and paying it forward*
- *Building recognition for Rich's in our communities and the industry*

2014 Earth Month Awareness Campaign



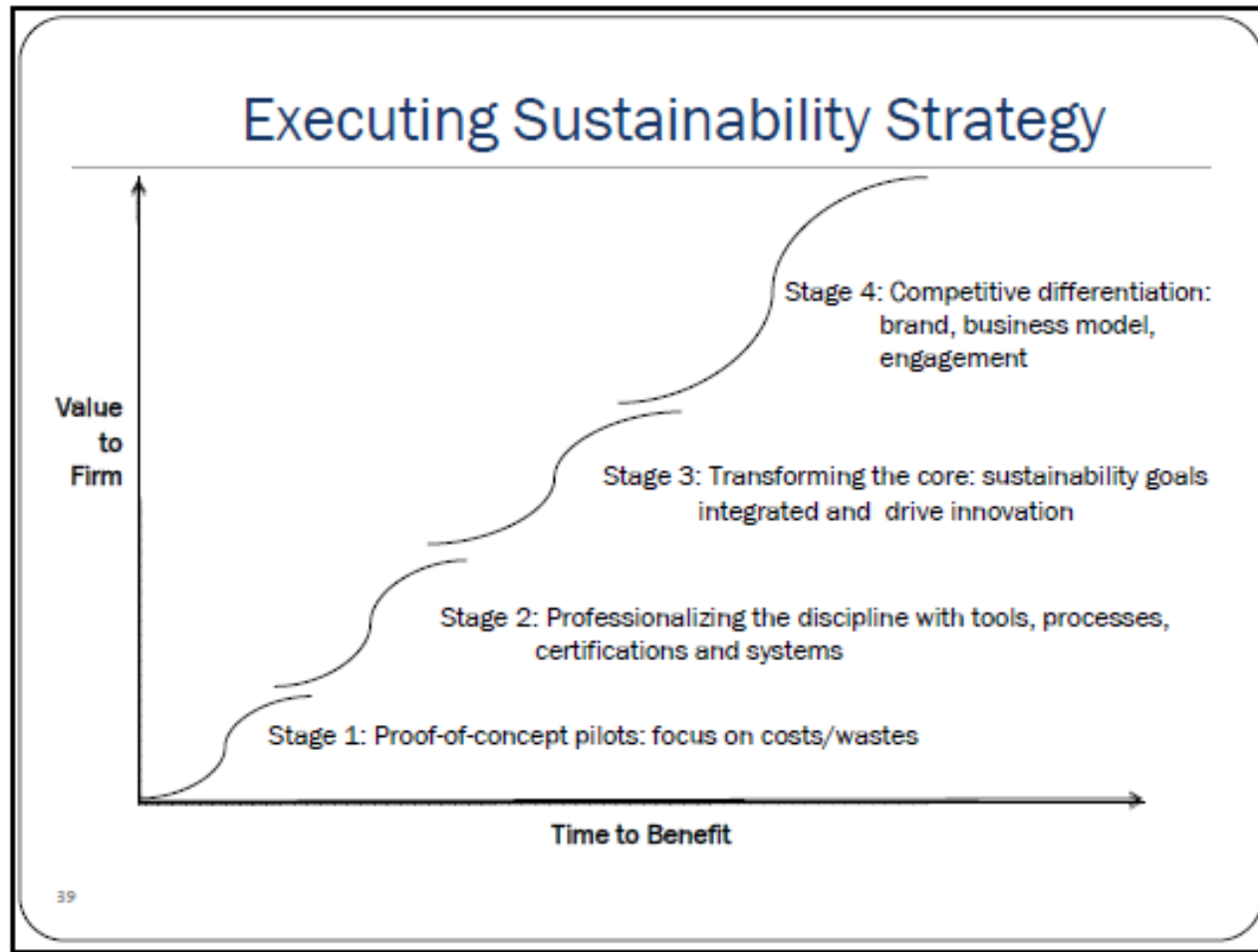
Earth Month kicks off at WHQ next week with a variety of ways you can reduce your environmental footprint at work, at home and in the community!

- **Electronics Recycling** (April 1 – 30)
- **The Sustainable Chef — Cooking with Jake Brach and the Farmers of New York State** April 22 at Noon
 - **Readying the Next Generation @ EduKids** April 24 (9:30 – 11 a.m.)
 - **Paper Shredding & Recycling** April 30 (7– 9 a.m.)
 - **Lunch 'n Learn with Buffalo Niagara Riverkeeper** April 30 at Noon
 - Pre-screening of “If Our Water Could Talk” documentary with WNED
 - Overview of projects slated for Niagara Street -- green infrastructure, porous asphalt, stormwater planters, bike lanes and more!
 - **Enhanced Recycling @ WHQ** as part of Dolly's grand re-opening
- **Green Rangers** -- Catching associates doing what's right, with on-the-spot rewards for reducing, reusing or recycling.

Watch your email and check out the Rich's Intranet for more details!

Earth Month is brought to you by the **Rich's Green Team** -- a cross-functional group of sustainability advocates planting seeds of continuous improvement with contagious enthusiasm for actions leading to a healthier planet, company, communities & associates.

Stages of Sustainability Journey



(Source: Harvard Business Review)

http://krm.usinternet.com/materials/The_Sustainability_Imperative_HBR_Webinar_Report.pdf

“One of the things you have to remember about Sustainability is that it will take us all forever to accomplish.”

William McDonough
Author of *Cradle to Cradle*