

Selected Highlights of Presentations

This report highlights key messages, lessons, and discussions at the Second National Summit for Retailers, hosted by the Green Chemistry and Commerce Council and Lowell Center for Sustainable Production on May 7, 2013. More than 30 retail, supply chain, academic, government and non-profit experts attended the meeting designed to engage retailers and their suppliers in a conversation about challenges and opportunities for advancing safer chemistry along supply chains.

Panel One: Drivers for Safer Chemicals and Products in the Retail Sector and Key Leverage Points for Change

Mark Buckley, Staples

Staples generates 47% of its revenue from its retail business and the rest from E-commerce and business-to-business activities. It has 150,000 individual SKUs and aspires to having 1 million. Its vision for the future is the “new normal” in which all products will be better for the environment, rather than having only a subset of products that are considered green. This commitment would fundamentally change the way products are brought to market.

Sustainability is a core business strategy. Staples’ vision for a sustainable business approach is to move from just complying with regulations to increased transparency and social responsibility. The highest level is sustainability leadership in which top management sees sustainability as an essential core business strategy. The business generates new sources of value by having a smaller footprint and solving global challenges. Staples is in the process of identifying the environmental impacts of its major product categories throughout its supply chains and developing plans to address them. It is creating scorecards for all major product categories and is committed to removing chemicals of concern and reducing life cycle impacts of all Staples branded products.

Barriers and opportunities for retailers. Retailers have many reasons to promote safer chemical alternatives. Large corporate consumers, more than individual consumers, are asking for greener products. However, retailers are often “the last hair on the tail of a dog” and lack the expertise to influence formulators. Harmonization in language, standards, tools, and data collection is needed. Unconventional collaborations are important. NGOs and consumers need to be engaged to create comprehensive solutions. With safer chemicals, there are “no problems if problems are designed out.” Through increased transparency, retailers will remove waste and inefficiency, build long term trust, and build new markets and sources of value.

John Frazier, Nike

Collaborations are essential. Brands often share manufacturing facilities and need common standards to meet customers’ needs for safer chemicals. Every brand has ways to lead, but collaboration is essential for

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enabling the entire industry to reduce toxic chemicals in manufacturing processes. When consumer and supplier health and safety are concerned, collaboration makes more sense than competition.

We have to get better at telling the story to consumers. The chemical industry tends to be very analytical, but we need “bright and shiny people” who like to tell the story in a way that is accessible.

Barriers and opportunities for retailers. Transparency is important but difficult. Confidential Business Information (CBI) is a huge issue. Understanding all of the chemicals in just one facility is complex. To help gain this understanding, it is important to collaborate with people who can evaluate chemistries, work with chemical suppliers and see what is in formulations, and deliver lists of bad, better, and best chemicals. Companies need to “create the pull” for change. We need better communication with suppliers so we know what the choices are and can make good decisions. We need to understand what motivates suppliers and focus on innovation. We can attract more suppliers by saying what chemicals we want. More chemical suppliers will then realize that they need to change.

Panel Two: Educating Consumers and Building Demand for Safer Products

Margaret Morey-Reuner, Timberland

Interest in green doesn't translate to buying green. The Earthkeepers product line is now Timberland's fastest growing collection but that is because the products are stylish. A boot designed for disassembly was previously offered but was unattractive and did not sell well. Timberland's Green Level Working Group decided to raise the bar every year so the first year of Earthkeepers is now the minimum standard for that product line. The lesson is that style and performance first attract the customer before they pay attention to green.

Storytelling at retail is critical for consumers to care. Millennials expect corporations to care about social issues and reward companies associated with the right causes. VF Brands bought Timberland but is not changing the company's identity. In every country but the US, Timberland has more retail than wholesale business. It is easier to tell stories about its environmental efforts in its own retail stores.

Provide more information as the consumer comes closer to the specific product. “Nutrition labels” with information about the corporate footprint are on every box and garment. Customers can input a specific SKU on the Timberland web site and find its environmental impact information.

Martin Wolf, Seventh Generation

Retailers have tremendous leverage. Retail accounts for less than 5% of environmental impacts over a product's life cycle. Seventh Generation is trying to make change and retailers are levers for change. This can work in two ways. Retailers can push Seventh Generation and Seventh Generation can help change retailers. The way commerce is structured needs to change and the voice of retailers can help. Consumers trust retailers. Retailers should talk with manufacturers about green chemistry, ingredient transparency, renewable feedstocks made with sustainable agricultural methods, and recycled or recyclable packaging. Talking with consumers about these issues increases trust.

Certification concerns. Third party certification can cost \$3,000-\$6,000 per product or small product group. There are many types of certification and uniform standards would be useful. Certifications are more useful when they enable comparison of attributes among products. For example, the USDA biobased label shows the specific percentage of biobased content for each product. Percent of biobased content can then

be used to differentiate among products with that label. For Seventh Generation, its brand logo is the most important. It has greater visibility than many certification logos, is trusted, and differentiates Seventh Generation products from other brands. Seventh Generation uses certification mainly for its internal use; third party logos are not included on their product packaging.

Sarah Beatty, Green Depot

She founded Green Depot in 2005 as a one-stop shop for green building materials and solutions. Now, 80% of the business is to the trade but there are also 10 retail locations.

Consumers increasingly have significant knowledge and high expectations. Global consumers expect companies to consider societal interests as important as business interests. Over 50% of millennials use four or more information sources to make purchasing decisions.

The role of the retailer is to be aspirational. Retailers can use their physical space to show that they are committed to important values. The more consumers know, the more the retailer is empowered. Green Depot uses a proprietary filter to assess all of its products. Criteria include product performance, composition, chemical screen, embodied energy, and manufacturer profile.

Focus on design. This drives innovation and performance at the same time.

Panel Three: Addressing Supply Chain challenges to Encourage the Manufacture and Sale of Safer Products

Greg Montello, New Balance

AFIRM (Apparel and Footwear International RSL Management Group) was created by leading apparel and footwear companies to reduce the use and impact of harmful substances in their supply chains.

The AFIRM Toolkit provides resources to guide global apparel/footwear supply chains in understanding and reducing their use of harmful substances. Geared to Tier 2 suppliers, it defines a restricted substance list (RSL), explains why chemicals are restricted, and discusses how to create an RSL program, protocols for testing, corrective actions, case studies, where suppliers can get more information, MSDS examples, and frequently asked questions. It also identifies potential risks and where restricted substances are likely to be found. It helps supply chains raise their standards and is available in Vietnamese and Chinese as well as English.

Brittni Furrow, Walmart

Walmart has 200 million customers, 100,000 Tier 1 suppliers, 2.1 million employees, and 10,000 stores. It has three sustainability goals: 1.) be supplied 100% by renewable energy; 2.) create zero waste; and 3.) sell products that sustain people and the environment.

Customers shouldn't have to choose between products they can afford and products that are good for the environment. Walmart's goal is to integrate sustainability into core business that drives a productivity loop of reducing costs, increasing product quality, and increasing supply chain efficiency. Leading in transparency will increase customers' trust in Walmart and the brands it carries.

The Sustainability Index will help buyers compare the sustainability of products. It provides a consistent approach across all categories and issues with specific criteria for product categories.

Key Performance Indicators (KPIs) gather information about critical issues for each product category.

Category Sustainability Profiles (CSPs) outline the biggest sustainability issues for each product category and identify opportunities for improvement. Suppliers answer questions twice a year about chemicals, energy, ecosystems, and materials. This helps Walmart understand how a supply chain is performing. Buyers ask suppliers about whether they are meeting the KPIs. The KPIs are used to develop Buyer Index Scorecards and to rank suppliers

Walmart buyers are key. Buyers use the Buyer Index Scorecard in business planning, category strategy, and line reviews. Every buyer will have sustainability goals as part of their objectives. The Buyer Index Scorecard measures progress against those goals. Buyers and suppliers who are doing well will be recognized and rewarded. Walmart is currently using this scorecard to influence the design of its private brand products in the US. The goal is that by 2017, Walmart will buy 70% of its goods only from suppliers who respond to its scorecards

Roger McFadden, Staples

Staples has created a Race to the Top for product manufacture, packaging, and distribution that calls on suppliers to compete on innovative solutions. The company is committed to offering customers products that are inherently safer for human and environmental health and consider environmental impacts throughout their life cycles.

An effective policy for chemicals in products helps safeguard brands. It eliminates or reduces risks to brands, creates shared value for consumers, communities, and the company, rewards suppliers for innovating solutions, and helps protect human health as well as natural and built environments.

Staples is starting to implement a “Chemicals in Products” policy for Tier 1 and 2 suppliers. The policy: 1.) Requests product chemistry and hazard endpoint data from suppliers. 2.) Prioritizes chemicals of high concern for elimination. 3.) Collaborates with suppliers to a) avoid chemicals of concern and b) substitute safer alternatives. 4.) Develops a scorecard with suppliers to measure progress and evaluate results. Staples has also endorsed the BizNGO Principles for Safer Chemicals.

Staples challenges suppliers to: 1) Take a precautionary approach. Eliminate a chemical of concern and replace it with a quality, affordable, safer, and more sustainable alternative. 2) Consider chemicals of high concern in products to be pollutants, contaminants, and defects. 3) Consider direct and indirect chemical exposures to vulnerable subpopulations including children, women of child bearing age, and workers. 4) Consider life cycle impacts of chemicals including harmful byproducts of degradation and combustion. 5) Consider life-cycle costs of a product containing chemicals of concern including initial cost of producing the product, costs of handling and use, and costs of recycling or disposal.

The biggest demand for safer chemicals, materials, and products is now coming from business customers. However, the demand will come from retail customers eventually.

Lessons learned about managing chemical risks: 1) Knowing is better than not knowing. 2) Action is better than inaction. 3) Eliminating chemical hazard is better than managing exposure. 4) Transparency/disclosure is better than vagueness or obscurity. 5) An orderly proactive transition is better than abrupt action.

Panel Four: New Tools to Assist Retailers in the Transition to Safer Chemicals and Products

Mark Rossi, Clean Production Action

Clean Production Action designs and delivers strategic solutions for green chemicals, sustainable materials and environmentally preferable products. It facilitates the BizNGO Working group, an organization that advocates for the development of safer chemicals, materials and products and has developed several useful tools to assist businesses in assessing, managing, and reducing the use of toxic chemicals. Members of BizNGO include both businesses and NGOs.

The BizNGO Guide to Safer Chemicals is a reference document of best practices and helps measure progress. It is based on four principles: 1) Know and disclose product chemistry. 2) Assess and avoid hazards. 3) Commit to continuous improvement. 4) Support public policies and industry standards that advance the implementation of the above three principles. Using a mountain climbing analogy, it provides practices and tools to implement each principle. As an example, for “Know and Disclose”: At Base Camp, “know some chemicals of high concern.” At Summit, “know all chemicals in supply chains and feedstock sources.” Whole Foods and the Outdoor Industry Association have created their own tools that are consistent with the Guide to Safer Chemicals.

GreenScreen, a benchmarking tool designed to evaluate the inherent hazards of a chemical and compare it to other substances, provides a clear system for articulating materials goals to suppliers. Rather than specifying substances to avoid, its criteria can be used to identify a benchmark that a substance must meet. Companies and organizations, including HP, are using Green Screen to help in decision making about chemicals.

Tools and systems are essential for getting to scale. What is needed to make chemicals management easier for a retailer: someone who knows the chemicals in the products, common criteria for identifying chemicals of concern, a list of chemicals of concern, and common criteria for safer alternatives.

Kevin Myette, REI

REI has \$2 billion in revenue, with 20% private brands, 80% wholesale (some 1,500 brands). It is a member of the Chemicals Management Working Group of the Sustainable Apparel Coalition (whose members represent 1/3 of the entire retail value of global apparel). The Chemicals Management Working Group developed the Chemicals Management Framework to improve chemicals management in the apparel supply chain.

The Chemicals Management Framework is based on the BizNGO Guide to Safer Chemicals. The Framework helps measure and improve performance, with foundational, progressive, and aspirational objectives. It includes tasks and indicators for retailers, brands, suppliers, and chemical suppliers, with extensive guidance for each objective as well as definitions, examples, and templates.

Benefits of the Chemicals Management Framework (CMFW) for REI. REI has found that the CMFW provides: 1.) a comprehensive view of chemicals management across the supply chain; 2) a place to start – it has fostered important internal conversations; 3.) an ability to conduct a gap analysis between where the company is and where it wants to be; 4.) a clear view of responsibilities, by specific role in the supply chain; 5.) a common language for chemicals management; and 6.) help for filling in the many data gaps in the supply chain.

Benefits of the Chemicals Management Framework for retailers. The CMFW provides a common language for discussions between buyers and sellers about chemicals management practices. It also gives a common yardstick for measuring progress towards better chemicals management practices.

Peter Syrett, rePlace Urban Studio and the Health Product Declaration (HPD) Collaborative

The HPD Collaborative is a group of architects, building owners, and others who created this tool for manufacturers to disclose chemical hazard information so that purchasers of building materials can make informed decisions. Why does this matter? North Americans spend 90% of their time indoors. Many indoor environments are 2 to 100 times more polluted than the outdoors. Half of American housing stock is unhealthy due to building materials and what is brought indoors.

HPD is an open standard format for systematic disclosure of building product content and associated health information. It defines the critical information that is needed by designers, specifiers, owners, and users. HPD provides a common language and communicates important data in a consistent manner so that customers can make fully informed decisions about the health profile of building products. It provides information on a wide spectrum of exterior and interior building products. **The HPD was designed for the building materials sector, but it could be applicable to other product types.**

Wrap up and Next Steps

When participants were asked about “aha” moments from the day, retailers reported:

- How far retailers have come. Many structures and tools are already developed.
- How many business opportunities are already identified without REACH.
- Great to hear companies talking about how to drive supply chains towards green chemistry.
- We’re not alone in trying to do this work.
- There is debate over how much consumers care about green issues, but even if a strong demand isn’t evident from individual customers, retailers should still act. Demand is coming from within the supply chain.
- Buyers are driving change more than individual consumers. Efforts like Walmart’s that are creating incentives for buyers/merchants will help suppliers understand the importance of making changes.
- We all share supply chains. There is much overlap in chemicals of concern.

What can the GC3 do to support company efforts?

- Could play role in driving harmonization, hold “roll up your sleeves” workshops.
 - Identify and evaluate hazard criteria currently in use.
 - Work on harmonization of criteria. The Interstate Chemicals Clearinghouse (IC2), a coalition of state environmental agencies, is working to harmonize hazard criteria. The goal is to improve consistency in state and private sector requirements.
- There is overlap concerning textiles and fabrics among retail, apparel, building products, and outdoor industries. The intersection is untapped space that could be mapped.
- Form a Retail Leadership Group to prioritize ideas from the meeting and start tackling issues and lend additional legitimacy to the discussion.
- Keep convening people to explore challenges and opportunities.
- Need dollar metrics about how much companies are spending and earning from green chemistry actions. Make the business case. Think more holistically. It’s not “what is the business case for sustainability?” but “what is the case for business in a sustainable environment?”

- Develop narratives that are meaningful to a spectrum of industries, not just early adopters.
- Use full cost accounting to compare the costs of conventional and greener materials.
- Create a green chemistry collaborator/incubator to bring products to market sooner. Identify one product that many companies buy. Bring together stakeholders to share costs to fund product development.
- Make GC3 a vehicle for bringing ideas to traditional networks, such as existing retail groups.
- Develop common language and nomenclature.
- Deal with demand for radical transparency. Agree within retail community on what a legitimate definition of CBI is.
- Expand the case study approach that GC3 piloted with plasticizers to other industries.
- For communicating with consumers, supply chain, merchants, buyers, etc.:
 - Define metrics that can be used to evaluate buyers. (Recommended book: *Capitalism at a Crossroads*.)
 - Hold a webinar on Walmart's incentive program for buyers.
 - How do we incent people to make change? How to promote people who are really making progress? SC Johnson's Greenlist™ is an example of creating internal incentives for choosing preferred ingredients.

How can we engage more retailers?

- Bring buyers to next meeting.
- RILA and members of other retail associations should tell their associations of the importance of the retailer's role in moving towards safer products; retailers will listen to other members more than to the GC3. The business case is there. How do we magnify the message through more traditional networks?
- GC3 should attend the RILA sustainability conference.
- Retailers need to talk to retailers.
- Include online retail. Example: Amazon's work with manufacturers to create frustration-free packaging.
- The American Chemical Society should send out information about the GC3.

Key Next Steps Identified at the Retailer Summit

These ideas from the final discussion were summarized and presented at the 8th Annual GC3 Innovators Roundtable held the next day:

- Form a Retailer Leadership Council to determine collective strategy and propel retailer efforts forward
- Work on standardization and common framework re: hazard criteria, chemical use disclosure, prioritization, etc.
- Engage more actively with retailer associations.
- Help retailers evaluate and assess tools that are available for a variety of purposes.
- Identify and map common supply chain opportunities.
- Link retailers with suppliers of safer chemistry.
- Identify how to evaluate and reward merchants for purchasing safer products. Pilot tools for chemical and product tracking, evaluation and substitution of problem chemicals.
- Determine ways to increase transparency of chemical information.