



THE ALLIANCE FOR
BEVERAGE CARTONS
AND THE ENVIRONMENT



100% SUSTAINABLY SOURCED

HOW TO MAKE
IT HAPPEN?

POST EVENT REPORT
GREEN WEEK

5 June 2014



SPEAKERS QUOTES

WILLEM JAN LAAN Director Global External Affairs, Communications, Unilever: "There is a strong business case for 100% sustainable sourcing. Unilever knows how to work towards this goal. Sustainably sourced materials can and should become the market standard. But adequate legislation, in support of sustainable production and consumption, is essential to make this possible."



RICHARD HOLLAND Chief Conservation Officer, WWF Market Transformation Initiative, WWF-Netherlands: "Sustainable sourcing is entering the mainstream. Now, the time is right to scale up. No more excuses! Businesses are waking up to the reality that they can and must drive sustainable sourcing. But the EU needs to create the conditions to make this happen."



JOHN BAZILL Policy Officer, Trade and Sustainable Development, Directorate-General for Trade, European Commission: "The EU is committed to integrating the concept of sustainability in EU trade agreements. Given the proliferation of sustainability schemes in different sectors an overarching framework for sustainable sourcing should be considered. At the same time, there are still substantial difficulties regarding the question of how to put in operation and enforce such a framework."



MARIO ABREU Global Director Environmental Performance, Tetra Pak: "We need a circular economy to make sure that the world's growing consumption remains within its ecological limits. Otherwise, we will run out of resources. In that respect, everyone needs to be an environmentalist. We must move from unsustainably sourced resources to a secure supply of sustainable resources. Tetra Pak is committed to this effort and to its customers, who demand high profile companies like Tetra Pak to take the lead in this endeavour."



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This report is a summary of the debate "100% Sustainably sourced – how to make it happen?" organised at Green Week 2014 by ACE, Unilever and WWF. The event took place on 5 June 2014 in Brussels.



100% SUSTAINABLY SOURCED

HOW TO MAKE
IT HAPPEN?

This publication focuses on one of the most challenging questions in the coming decennia: how can we feed, house, clothe and transport two billion more people in the 20 - 30 years ahead within the ecological limits of our planet? Today, in Europe, we are consuming the equivalent of 2.8 planets' worth of natural resources, yet we only have one planet. Business as usual is not an option. Innovative solutions and adequate measures to mitigate the impact of a growing demand for natural resources are more needed than ever.

This sense of urgency has brought ACE, the Alliance for Beverage Cartons and the Environment; Unilever, one of the world's most important suppliers of Food, Home and Personal Care products; and WWF, the Global Conservation organisation, together for a debate

during this year's edition of the Green Week dedicated to *Circular Economy, Resource Efficiency & Waste* that took place in June in Brussels. The core question: how to make sustainable sourcing happen.

Cathy Smith, the event moderator, welcomed around 100 people representing industry, NGOs, the European Institutions and the wider environmental community. The high number of participants confirmed the importance of the issue and the timeliness of the debate. On stage Willem-Jan Laan, Unilever; Richard Holland, WWF; Mario Abreu, Tetra Pak; and John Bazill, European Commission (Directorate-General Trade). What brought these people and organisations together was Cathy Smith's first question. One of the organisers answered: "we all came, individually and collectively, to real-

ise that none of us, on our own, can make a decisive impact on achieving sustainable sourcing. While we share a common sense of responsibility towards the environment, we also realised that we need to use our different channels, forms of expertise, approaches and tools to promote sustainable sourcing, from awareness building to policy measures and legislation, creating a viable business case".

TOWARDS SUSTAINABLE RESOURCING

However, among the general public, the notion still exists that economic considerations and environmental measures are not always compatible. Is this then no longer the case?

Willem-Jan Laan (Unilever)

"For us sustainable products make perfect business sense. But there are certain conditions to be fulfilled. To be able to produce sustainable products, we need a reliable supply of sustainably sourced raw materials of a constant quality. The transformational change in the supply chain, which is essential for achieving sustainable sourcing, will only happen if there is

sufficient critical mass. If and when that critical mass is achieved, sustainable sourcing makes perfect business sense. Sourcing sustainable products at an acceptable price then becomes feasible."

So how to get to this transformational change was the next logical question.

"Green procurement by public bodies", **Richard Holland (WWF)**, argued.

Public institutions consume goods and services on a very large scale. Therefore, they can contribute to creating sufficient demand to give sustainable sourcing critical mass. Governments must develop green procurement policies. If public authorities buy green, from food to transport, from tropical wood to cleaning services, they help create the necessary demand to ensure sufficient supply at a reasonable price.

If public authorities buy green, they help create the necessary demand to ensure sufficient supply at a reasonable price.

Add to that - as participants in the audience reminded the panel - other market forces, pulling in the same direction and forcing businesses and suppliers to go green: institutional investors for example, and shareholders who demand sustainable strategies and products; the Dow Jones

Sustainability Index, which enables investors to look at the environmental performance of companies and guide investments towards sustainable responsible businesses.

CONSUMERS: READY TO BUY GREEN?

But what about consumers: do they also care? Are they ready to pay for sustainable products? Or do they just go for the lowest price?

One participant argued that sustainable products and reasonable prices are not necessarily in contradiction. Take the example of locally-produced vegetables. They usually have lower transport, cooling and storage costs. But even if prices for some types of sustainable products were slightly higher, in quite a few cases consumers are ready to pay the higher price. Consumers are ready to buy sustainable products if they trust the product and the producer. They may rely more on the values they associate with a strong, high-quality brand than on product labelling. And what's more, increasingly customers require from their trusted companies that these companies act responsibly and offer sustainable choices.

CERTIFICATION AND TRANSPARENCY AS TOOLS

The trust of the consumer. But how

to create that trust? **Mario Abreu (Tetra Pak)** gave part of the answer. He underlined the need for clear and understandable standards. However, at present consumers get easily lost in the current jungle of schemes, logos and labels, and are unable to make informed decisions.

John Bazill (European Commission) confirmed the usefulness of credible and tailored certification schemes and noted that while most are non-governmental, there are some examples of schemes regulated at EU level, such as those for biofuels and organic agriculture.

However, in order to arrive at such a credible set of certification schemes, some work remains to be done. **Richard Holland (WWF)** expected a round of mergers of certification bodies in the coming years. A positive development, as a smaller number of clear and consistent certification schemes are an essential step towards better and more functional information for consumers.

The panellists noted that in the last five years, certification has become more and more mainstream, with well-known certification schemes like Forest Stewardship Council wood (FSC) growing 6% annually and new schemes being developed. Tetra Pak is involved in the Aluminium Stewardship Initiative (ASI), which defines principles and performance criteria in the areas of governance, environ-

mental and social practices across the entire value chain of aluminium; from bauxite mining to recycling. This standard will be ready by the end of the year.

More and more sustainable palm oil is also certified under the Roundtable on Sustainable Palm Oil (RSPO) standards. These are encouraging developments.

THE EU, TRADE & THE NEED TO CREATE A LEVEL PLAYING FIELD

But aren't these certification schemes creating problems for the EU and for Europe-based industries in the trade arena? In a globalised market, sustainability criteria can easily be misused for protectionism or their content can be questioned. And higher costs created by higher standards will undermine the competitiveness of European companies.

In response, all panellists agreed that an international approach would be crucial and that sustainability standards will only achieve results if they are supported internationally and are included in glob-

al trade agreements. The European Commission too seems well aware of the risks, knowing that protectionist motives always lurk on both sides.

John Bazill (European Commission) confirmed that the sustainability provisions in EU bilateral trade agreements are legally binding, even if they are subject to a different form of dispute settlement than other provisions. The most recent EU trade agreements include requirements that trading partners comply with Multilateral Environmental Agreements. This alone would be a big step forward in the sustainable sourcing.

He noted however that sustainability standards can put a relatively larger burden on small producers and might be seen as discriminatory by developing countries. Therefore, a joint objective should be to develop intelligent provisions in trade agreements to help address these concerns.

Another panellist felt that the EU should use the millions of Euros of farm subsidies to promote the delivery of high-quality products that meet the highest sustainability criteria.

In this way, the EU can help develop the necessary level of supply of sustainably sourced raw materials. Not using these financial means would be a lost opportunity.

Sustainability standards will only achieve results if they are supported internationally.

CREATING THE NECESSARY CONDITIONS FOR SUSTAINABLE SOURCING

The panellists revisited the point of departure: 'How to create the necessary conditions for sustainable sourcing?' There was general agreement that in any sustainable sourcing strategy there must be a balance between environmental and economic elements, with increased awareness and promotion of sustainability but in economically viable ways as a point of departure. But market incentives - at supply as well as demand side - combined with a level playing field have a role here. Fair competition to prevent distortion between industries, countries or producers is a different issue.

All this requires important action from policymakers. Besides making certification schemes better and more trustworthy, creating sustainability standards and including enforceable sustainability paragraphs in international trade agreements, green public procurement can help create the transformational change we aim for.

The 'take-make-use discard' model of production and consumption is over.

Companies can and should take the lead here as scarcity of raw materials will create ever higher prices. This will increasingly hurt their bottom line if no sustainable alternatives are available. But both governments and the European Commission need to take their part of the responsibility by creating schemes and legislation that support these sustainable sourcing goals. And NGOs such as WWF have an important role to play in raising awareness among the wider public and acting as a watchdog towards public authorities and policymakers.

When **Cathy Smith** gave the panelists the chance for a final round, they agreed that the time of the 'take-make-use-discard' model of production and consumption was over and that sustainable sourcing is the future. However to make that happen and

to move towards a real circular economy, we need to:

- ensure sufficient supply and demand;
- establish ambitious standards to encourage transparency of sourcing practices; and
- strive for a level playing field;
- supported by adequate and realistic policies and legislation from the EU.

Cooperation such as the coalition of ACE, WWF and Unilever can contribute to making that happen.



KEY TWEETS #SUSTSOURCING

CONCLUSIONS BY THE PANELLISTS

JOINT
ASK

WILLEM JAN LAAN (Unilever) "The industry can make sustainable sourcing possible, if we create the critical mass and the transformational change in the supply chain we have been discussing here. **The EU needs to make sustainably sourced materials the market standard rather than the niche they currently are.** With adequate EU policies and legislation, we can bring sustainable sourcing to the next level by 2020. This coalition of Unilever, WWF and ACE today demonstrates that innovative approaches have great potential to achieve the scale of change we need."

RICHARD HOLLAND (WWF) "No more excuses. Sustainable sourcing can be done. **Public authorities have substantial budgets to -via green procurement- create the necessary demand.** Today we have heard both the environmental reasons and the business case for sustainable sourcing. Let's go out there to raise awareness of the urgency of this issue."

JOHN BAZILL (European Commission) "Sustainable sourcing is a key part of the EU's resource efficiency initiative, together with other measures such as reduction of waste. The companies on the podium see sustainability of supply as a source of long term competitive advantage rather than extra cost. Experience to date shows that **to be effective sustainable sourcing needs a collaborative approach throughout the supply chain – it's not simply about setting standards in isolation in the EU.** Governments as well as industry and civil society all have a role to play in moving this agenda forward."

MARIO ABREU ACE (Tetra Pak) "Existing voluntary schemes with high environmental and social standards prove that sustainable sourcing is possible. **Integrating economic and ecological interests will bring the progress we need.** Tetra Pak is committed to continue using sustainably sourced products, finding and developing alternatives to less sustainable materials, and to rigorous recycling efforts to promote a truly circular economy. But to do that, we need fair conditions and a level playing field, where our sustainably sourced products can compete on equal terms."

ACE, Unilever and WWF expect the European Commission to take the lead in building a resource-efficient Europe, an important priority within the context of the Resource Efficiency pillar of the EU 2020 Strategy and a central tenet in the thinking about a Circular Economy.



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the videos and photos of the
debate and additional materials
are available on:

ACE: www.beveragecartons.eu

Unilever: www.unilever.eu

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