

Trust me doesn't cut it anymore
Why NFACC's distinctive approach works as a model for success

NFACC Conference

David Smith, Sobey's Inc.
October 5, 2011
Ottawa



About Sobey's Inc.



- One of two national supermarkets in Canada
- >\$15 billion in sales;
- >1,300 stores
- >100 years old
- Owned by Empire Ltd; Sobey's family majority shareholder



Markers of Time: 25 Years



Carbon Dioxide in the atmosphere has risen by over 30% due to human activities



PRESENTED BY:



Markers of Change: 8 Years



Sustainability: Increasing Retailer / Foodservice Accountability for Products Sold



- Direct operations only ~ 10-20% of “footprint”
- Products sold ~ 80-90% of footprint
- Becoming a baseline need: **pre-competitive**
 - Collaborative vs. proprietary
 - Drive reduction in verification costs across supply chain



Supply Chain Transparency: Beyond Voluntary Best Practices



“Trust but Verify.”

“Without documentation it’s just a rumour.”

“Without measurability it’s just checking a box.”

Sustainability @Sobeys

Products in Supply Chain: Sustainability Evolution



From....	...To
Food Safety	Plus Social and Environmental Characteristic
Best Practices	Performance Metrics
Producer Defined Standards	3 rd Party / Stakeholder
Auditing	Capacity Building & Improvements
Proprietary	Collaborative
Differing definitions, metrics	Standardized

Sustainability @Sobeys

Indicators of the Need for Supply Chain Collaboration



- >1,000 different ethical and labor codes/criteria/standards globally (Global Social Compliance Program)
- No environmental standard, numerous competing to fill void
- Pioneering companies built up large in-house teams & overhead
- “**audit fatigue**” among suppliers: 20-30 or more differing audits per year
- Are “sustainable” supply chain systems to-date only creating expertise in passing audits?
- Companies embarking now: face this and the escalation in these challenges with each new program added

Sustainability © Sobey's

“Radical” Sustainability



1) Supply Side:

“Radical Collaboration”

2) Demand Side:

“Radical Transparency”

Sustainability © Sobey's

Supply Chain Sustainability Issues



Reactive

- Seafood
- Packaging

Proactive

- Animal Welfare
- Sustainable Agriculture

Sustainability @Sobeys

Retailer / Foodservice Perspective: Endorsement of NFACC Approach



NFACC works to:

Uphold a credible, science-based approach...

Promote a standard approach...

Facilitate information sharing and communication...

Provide a link between government and other partners...

Benefits to Buyers:

- **Diverse stakeholder engagement (not avoidance) is critical** (academics, veterinarians, humane society)
- **Not just producer-defined**
- **Science-based rather than emotion**

Sustainability @Sobeys

Retailer / Foodservice Perspective: Endorsement of NFACC Approach



NFACC works to:

Uphold a credible, science-based approach...

Promote a standard approach...

Facilitate information sharing and communication...

Provide a link between government and other partners...

Benefits to Buyers:

- **We don't have dedicated experts; saves time**
- **NFACC "brand" confers credibility on commodity groups using it**

Sustainability @Sobeys

Retailer / Foodservice Perspective: Endorsement of NFACC Approach



NFACC works to:

Uphold a credible, science-based approach...

Promote a standard approach...

Facilitate information sharing and communication...

Provide a link between government and other partners...

Benefits to Buyers:

- **Fosters more rapid industry adoption of leading insights/ practices / tools**
- **Facilitates connections when retailers needing to be reactive**

Sustainability @Sobeys

Retailer / Foodservice Perspective: Endorsement of NFACC Approach



NFACC works to:

Uphold a credible, science-based approach...

Promote a standard approach...

Facilitate information sharing and communication...

Provide a link between government and other partners...

Benefits to Buyers:

- **Government alignment important**
- **Provides effective / efficient mechanism to encourage supply chain action**
- **Awareness among buyers pre-empts proprietary buyer programs**

Sustainability @Sobeys



Thank You.

Sustainability @Sobeys