



**Commonsense Organics Sustainability Report**  
**2008-9**

## Strategy and Analysis

1.1 As the leading brand in New Zealand for organics, sustainability in retailing and fair trade in commodities, Commonsense Organics sees sustainability as a key part of the business' identity. The consumption of organic produce continues to grow in mainstream markets, and this leads to increased opportunity for Commonsense Organics to grow. This growth complements our respect for humanity's interdependence on the land and its resources. We remain convinced that the organic movement is the way of the future

Strategic priorities are:

- To continue to influence and promote the consumption of organic goods and produce
- To promote fair trade goods and commodities, and investigate opportunities for further growth of markets in these areas
- To identify, investigate and implement more opportunities to improve the sustainability of the business
- To adopt a viable international standard for reporting progress on sustainability targets to ensure consistency and meaningful opportunities for improvement

On the immediate horizon is the prospect of a new global carbon dioxide emissions target, which is likely to create new opportunities for the marketing of Commonsense Organics as a sustainable business to consumers.

A key change to future sustainability performance is the move to a report that is aligned with global reporting standards, as defined in the Global Reporting Initiative (GRI) documents. Although this is the third sustainability report that Commonsense Organics has delivered, it is the first that is congruent with the standard (class C) and forms a benchmark for future performance. The metrics included with this report are composed of hard, measurable data, which can be re-measured in future periods to demonstrate improved performance in the relevant areas.

In May 2007, Commonsense Organics became a founding member of the group to promote Wellington as New Zealand's first "Fair Trade" city and this commitment has increased in the reporting period.

Commonsense Organics initiated the Organic Traders Association of New Zealand, a voluntary organisation bringing together small and large retailers and wholesalers. Jim Kebbell is the founding chair.

Commonsense Organics is also a member of the Sustainable Business Network, with co-owner Marion Wood serving as Chair of the Wellington Region for the last two years, and holding the current position of Deputy Chair of the national organisation.

The medium term future for the business is positive, particularly with a prospect of new binding carbon dioxide emissions global targets that will drive improved

sustainability behaviours with consumers. Commonsense Organics intends to be a leader in retail, a role model, for other businesses to emulate in this field.

Commonsense Organics' aspirations are:

1. To continue to be the leading one-stop shop in New Zealand for organic products and other goods that are safe for people and the environment
2. To be a role model of a business that internalizes social and environmental costs. This means that Commonsense Organics recognises that these costs are part of how business happens, and works to ensure that these costs are mitigated by the business.
3. To be the leading retailer of food, health and cleaning products for people with allergies and special needs.

Our trading philosophy is:

Our business exists to provide our customers with delicious, nutritious and safe food and other products based on business principles that enhance the environment and everyone in our wider community.

We are committed to:

- Organically grown food which promotes good health and the long term care of our environment
- Environmental sustainability which preserves the earth's resources for future generations and other species
- Fair trade and social responsibility acknowledging that our business is interdependent with our customers, our staff, our local community, Aotearoa-New Zealand and the rest of the world

It's just common sense.

## Organizational Profile

- 2.1 Name of organization:** Commonsense Organics
- 2.2 Primary Products and services:** Commonsense Organics stores specialize in seasonal top quality fresh organic produce, fair trade goods and local products. The stores stock dried goods, meat, dairy and health care products. The Wellington and Kilbirnie stores offer a naturopath and/or medical herbalist in-store. The stores carry environmentally friendly household products, books and magazines, pet foods and organic gardening supplies, including seedlings. Commonsense Organics specializes in food for people with allergies, especially gluten free, and provides product guides for different needs.

Commonsense Organics continues to source produce from Common Property, the Bio-Gro certified market garden in Te Horo, owned by Jim Kebbell and Marion Wood, the major shareholders in Commonsense Organics. The company deals direct with many other New Zealand growers to ensure that organic produce is fresh from the paddock to your plate.

- 2.3 Operational structure:** Commonsense Organics operates four retail stores in Wellington, Lower Hutt, Kilbirnie and Kapiti.
- 2.4 Location of headquarters:** Commonsense Organics' headquarters is at the Wakefield Street branch.
- 2.5 Number of countries in which company operates:** Commonsense Organics operates solely in New Zealand.
- 2.6 Nature of ownership:** Commonsense Organics is a privately held limited liability company. The current owners are Jim Kebbell, Marion Wood, Bhupinder Singh, Derek and Roz Broadmore and Elizabeth Hird
- 2.7 Markets served:** Commonsense Organics is a retailer of organic food, and other environmentally sound products in the Wellington region. There are four current stores located in Wellington CBD, Kilbirnie, Lower Hutt and Paraparamu. Customers include householders and businesses. Commonsense Organics is a regular sponsor/supporter of aligned projects and events.
- 2.8 Scale of the organisation**  
Number of employees: 78 full time equivalents  
Net sales: \$ Not disclosed.  
Total capitalisation: Debt to equity \$ Not disclosed.  
Services provided: Retail of organic and fair trade goods, naturopath, delivery of organic produce.

Additional information: Total assets, beneficial ownership (identity and percentage of ownership of largest shareholders. Not disclosed.

**2.9 Significant changes:** There are no significant changes of size, structure or ownership to report during this period.

**2.10 Award received:** No awards were received or entered in the reporting period.

## Report Profile

- 3.1 **Reporting period:** The standard reporting period will be one fiscal year from April 2008 – March 2009.
- 3.2 **Date of most recent report:** The previous sustainability report 2008 – but this new report contains different information and will be the new baseline.
- 3.3 **Reporting cycle:** The reporting cycle is annual.
- 3.4 **Contact point:** Please contact Marion Wood for information about this report.

## Report Scope and Boundary

- 3.5 **Process for defining report:** It was agreed that Commonsense Organics should change the nature of its sustainability report to conform with the guidelines of the Global Reporting Initiative. This provides a report that is congruent with international standards of sustainability reporting. It was also agreed that for the initial report, an Application Level of C would be appropriate. This level includes:
- A statement from the organisation about the relevance of sustainability
  - A profile of the organisation
  - Information about how the report was compiled
  - Relevant governance information
  - 10 key performance indicators including at least one from each of economic, social and environmental.

A review considered the available indicators, and which would be:

- Material and
- Relevant to the performance of Commonsense Organics
- Practical to provide measurement on

This review also considered additional indicators that could be added if provision were made to collect the relevant data over a future reporting period.

The review made recommendations for the adoption of particular indicators, and after a discussion with the management team, these were largely adopted for this initial report.

Topics have been presented in the order that they appear in the Guidelines for each section of the report.

- 3.6 **Boundary of report:** The boundary for this report is the Commonsense Organics operation, including deliveries, and indirect impacts (such as employee travel), and involvement in other organisations (such as the Sustainable Business Network).

- 3.7 **Limitations on report:** The waste audit information that has been included in this report was actually completed in June/July 2009, rather than during the reporting period. Future reports will include audits that are completed during the reporting period, and it is intended to complete these every six months (winter and summer).
- 3.8 **Basis for reporting on joint ventures, subsidiaries.** Not applicable.
- 3.9 **Data measurement techniques and the basis of calculations.** Information not required for Application Level C compliance of Global Reporting Initiative.
- 3.10 **Explanation of the effect of any re-statement of information provided in earlier reports.** No information has been restated in this report.
- 3.11 **Significant changes from previous reporting:** This report creates a benchmark for Commonsense Organics – it is congruent with the Global Reporting Initiative for sustainability, and meets the requirements of Application Level C of the Guidelines. In so doing, the report moves from being aspirational to the inclusion of clearly identifiable metrics, which are meaningful to the operation of the business, and its impacts.

### **GRI Content Index**

Table identifying the location of the Standard Disclosures in the report.

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## Governance

- 4.1 Governance structure:** Commonsense Organics is a privately held organisation that operates under a Board of Directors.
- 4.2 Is the Chair an executive officer?** The Chair is not an executive officer of the organisation.
- 4.3 Number on Board:** There are five members of the Board. The Chair is Derek Broamore and the Directors are Jim Kebbell, Marion Wood, Roz Broadmore and Lucy Kebbell (3 x non-executive board members, 2 x executive board members).
- 4.4 Mechanisms for staff and shareholders to provide recommendations and direction:** A staff satisfaction survey is undertaken (at least) every year, and this feeds directly into managers' key performance indicators. Regular staff meetings are held in each store, and this presents other opportunities for employees to provide feedback to their managers and the business.

In the past, customer satisfaction surveys have been carried out intermittently, but Commonsense Organics is now putting in place processes to ensure that this is done at least annually. Customers continually provide ad hoc feedback, which is generally addressed rapidly.

The Companies Act (1993) provides a formal mechanism to get feedback from the minority shareholders that are not members of the Board. In addition, informal processes also exist.

## Commitments to External Initiatives

- 4.11 How is the precautionary approach addressed by the company?** Commonsense Organics has a number of structured processes that address risk management in terms of operation of the business. A business continuity plan exists, together with a document that encapsulates the disaster recovery plan. On a more day to day basis, the company has a health and safety strategy to ensure the health of the staff, the success of which is shown by the exemplary records in this area (zero accidents and zero time loss of work due to injury).

Where new products are introduced into stores, the managers always seek certified documentation that backs up the claims made by a supplier. For example, this might be a certificate of fair trade, or a document from an appropriate certifying organisation to confirm that produce has been sourced from an organic supplier.

**4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.**

- Fair Trade licensed products and source materials
- Organic certifications (e.g. BioGro)

**4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:**

- Sustainable Business Network
- Fair Trade Association of Australia and New Zealand - licensee
- Fair Trade Wellington
- BioGro – the Wellington store is BioGro certified
- Biodynamic farming and gardening association in NZ Inc
- Organic Traders association of New Zealand (founding Chair)



**Stakeholder Engagement**

The following disclosure Items refer to general stakeholder engagement conducted by the organization over the course of the reporting period. These disclosures are not limited to stakeholder engagement implemented for the purposes of preparing a sustainability report.

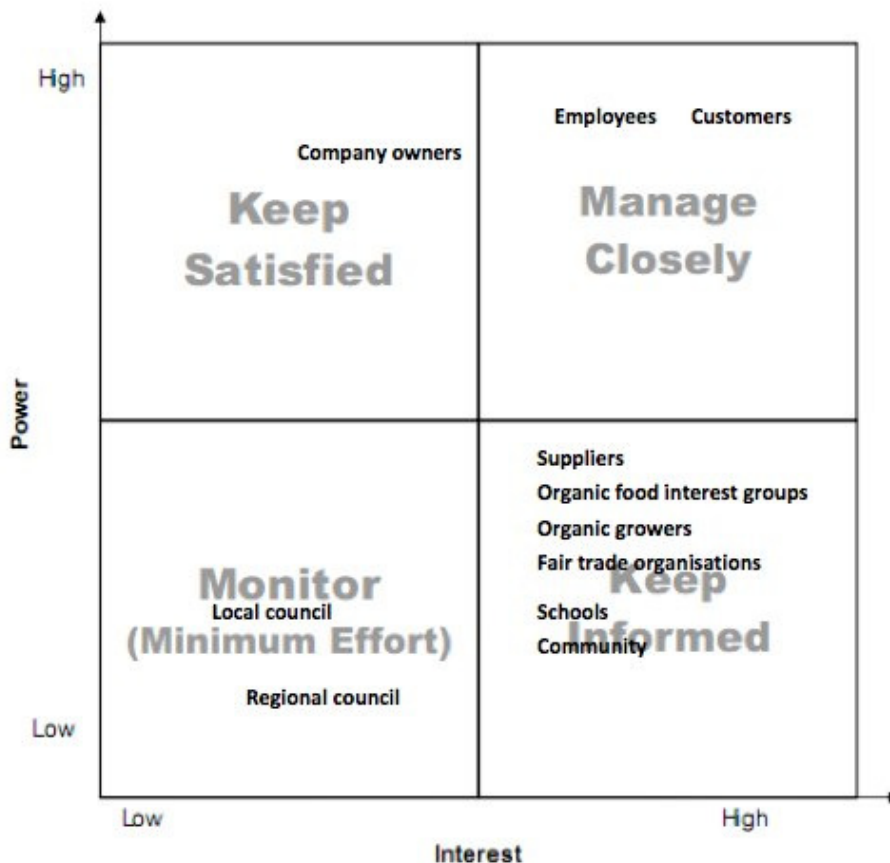
**4.14 List of stakeholder groups engaged by the organization, and approaches to engagement with each.**

Stakeholder groups:

- Employees
- Customers

- Suppliers
- Company owners
- Organic food interest groups
- Organic growers
- Fair trade organisations
- Community
- Local council
- Regional council
- Schools

4.15 **Basis for identification and selection of stakeholders with whom to engage.** A stakeholder map was constructed, and this map was used to determine which groups should be engaged and at what level.



**Figure 1: Stakeholder map**

4.16 **Approaches to stakeholder engagement**

Stakeholder groups:

- Employees – personal contact, staff meetings, staff satisfaction surveys.
- Customers – personal contact, newsletters, information sheets, website, customer surveys.

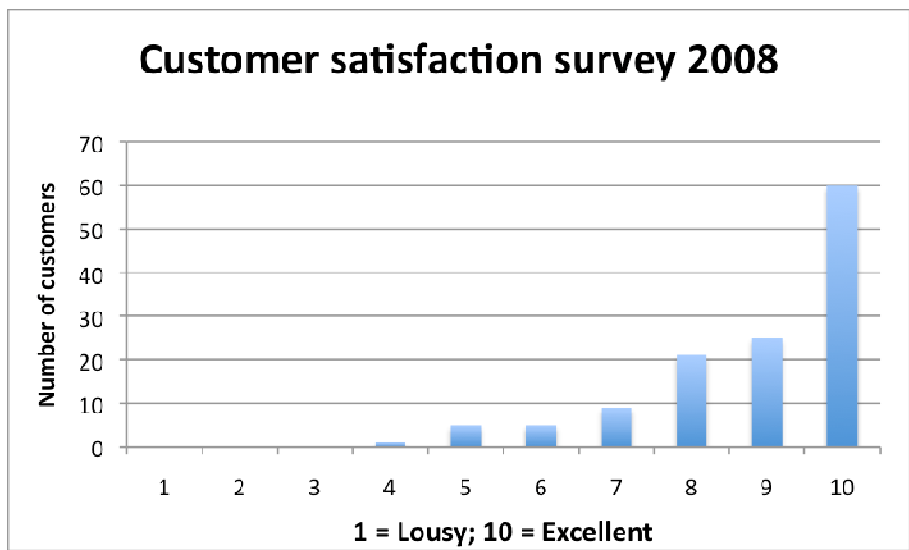
- Suppliers – personal contact.
- Company owners – personal contact, meetings, Annual General Meeting.
- Organic food interest groups – personal contact, talks, financial support, membership, leadership.
- Organic growers – personal contact, membership of organisation, purchase of their product.
- Fair trade organisations – personal contact, licensee, support in campaigns.
- Community – stalls, donations, sponsorship.
- Local council – advice, compliance
- Regional council – advice, compliance
- Schools – support for organic gardens in schools.

Media exposure:

- Article in NZ Business, September 08 about running a values driven business
- Sustainable Business Network video on pioneers of the sustainability movement
- Good magazine – recommendation of company in the first (launch) issue
- Article in Dominion Post on activists of yesteryear – featured Jim Kebbell and Commonsense Organics
- Lifestyle section of the Dominion Post – picture of Commonsense Organics on front page during Allergy Awareness week

It is planned to include suppliers in the distribution list for future newsletters.

**4.17 Key topics identified by stakeholder engagement and how the company has responded** The customer satisfaction survey was completed in June 2008. The results are summarised in the graph below:



- Customers describe service delivery as generally of a high standard.
- The food qualities were praised, particularly the taste of organic produce.
- The stores were described as having a great atmosphere, and being friendly.
- Providing a good choice and a variety of products were seen as definite positives.
- One concern was raised about level of staff turnover and consequent levels of knowledge of products and the store in general.
- Improvements – condition of premises, particularly parking facilities in Wellington
- Invoicing mistakes were mentioned on a couple of occasions.

The referenced employee surveys were completed in 2008, but were focussed on managerial performance. They do not provide useful information that could inform the improvement of Commonsense Organics as an entity.

**Environmental performance indicators**

**Aspect: Energy**

**EN4: Direct energy consumption by primary energy source**

	<b>Wellington CBD</b>	<b>Lower Hutt</b>	<b>Kilbirnie</b>	<b>Paraparamu</b>	<b>Total</b>
Electricity (kWh)	161,654	52,956	21,832	69,998	<b>306,440</b>

Note: The Wellington, Lower Hutt and Kilbirnie stores are supplied by Meridian, so there is no carbon accountability for this consumption.

**EN5: Indirect energy consumption by primary energy source**

	Wellington CBD	Lower Hutt	Kilbirnie	Paraparamu	Total
Petrol (l)	2,925	0	0		<b>2,925</b>
Diesel (l)	6,394	908	0	1,610	<b>8,912</b>
Distance flown (km)	9,970	0	0	0	<b>9,970</b>

**Aspect: Emissions, effluents, and waste**

**EN16: Total direct and indirect greenhouse gas emissions by weight**

Emission source	Consumption units	Amount	Tonnes CO <sub>2</sub> equivalent			
			Tonnes CO <sub>2</sub>	CH <sub>4</sub> - Tonnes CO <sub>2</sub> equivalent	N <sub>2</sub> O - Tonnes CO <sub>2</sub> equivalent	Tonnes CO <sub>2</sub> - equivalent
<b>Scope 1</b>						
Regular petrol	Litre	2924.72	6.697619	0.039776	0.045041	6.785361
Premium petrol	Litre	0.00	0.000000	0.000000	0.000000	0.000000
Diesel	Litre	8911.95	23.260181	0.026914	0.387670	23.616651
Natural gas	Litre	0.00	0.000000	0.000000	0.000000	0.000000
LPG - mobile use	Kg	0.00	0.000000	0.000000	0.000000	0.000000
Heavy Fuel Oil	Litre	0.00	0.000000	0.000000	0.000000	0.000000
Light Fuel Oil	Litre	0.00	0.000000	0.000000	0.000000	0.000000
Coal	Kg	0.00	0.000000	0.000000	0.000000	0.000000
Wood	Kg	0.00	0.000000	0.000000	0.000000	0.000000
<b>Scope 2</b>						
Purchased electricity	kWh	69998.00				14.629581
<b>Scope 3</b>						
Transmission and distribution losses for all purchased electricity	kWh	69998.00				1.378961
Domestic air travel	Km	4850				0.843901
International air travel	Km	5120				0.593921
Taxi travel	Km					0.000001
Rental car	Km					0.000001
Travel in employee cars	Km					0.000001
Waste to landfill	Tonne	7.83				0.006841
<b>Total Tonnes</b>			<b>29.96</b>	<b>0.07</b>	<b>0.43</b>	<b>47.81</b>

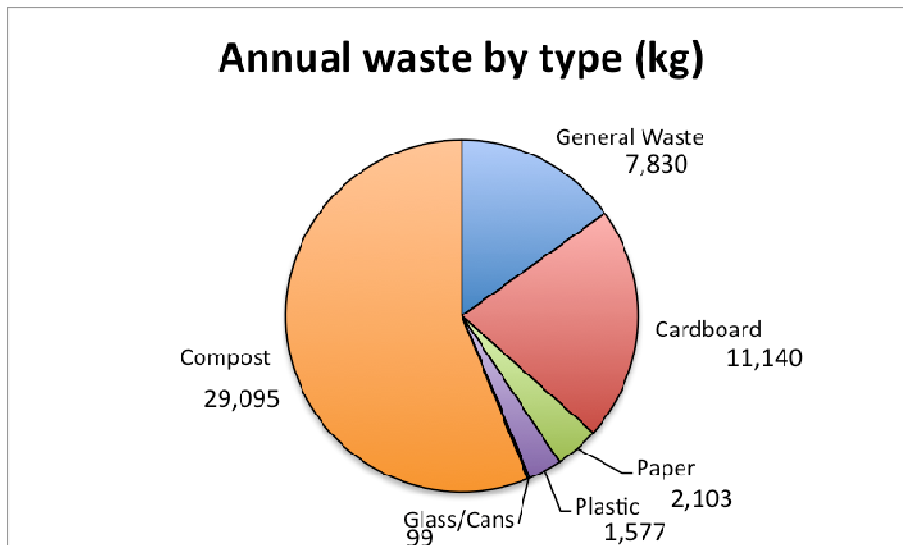
**EN22: Total weight of waste by type and disposal method**

Shown for all stores below

	<b>Annual weight (kg)</b>
General Waste	7,830
Cardboard	11,140
Paper	2,103
Plastic	1,577
Glass/Cans	99
Compost	29,095

**Note:**

General waste is taken to the tip and all other waste is recycled.



**Economic performance indicators**

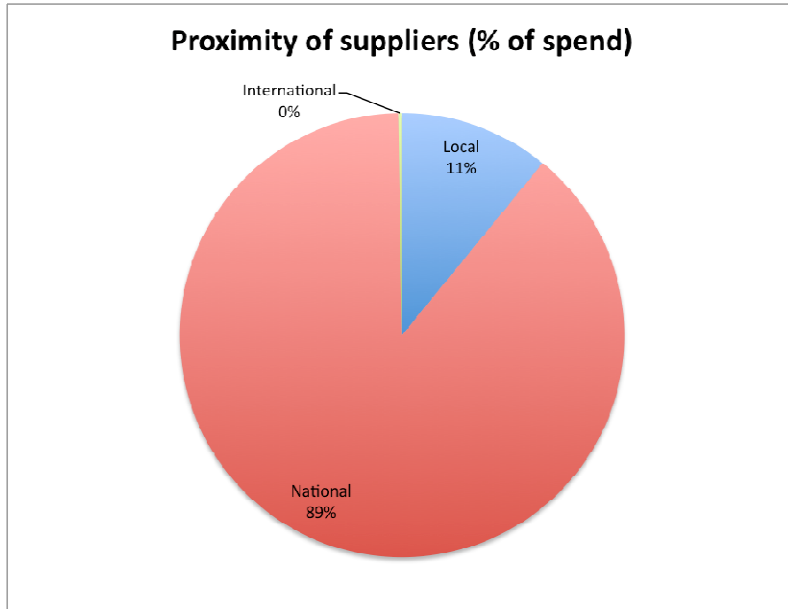
**Aspect: Economic performance**

**EC1: Direct economic value generated and distributed** Expressed as net profit before tax as a percentage of sales.

**2.38%**

**Aspect: Market presence**

**EC6: Policy, practices and proportion of spending on locally based suppliers at significant locations of operation**



Supplier spend by proximity to Wellington.  
Local is defined here as within 150km (100 miles) of Wellington's CBD.

## Social performance indicators

### Aspect: Employment

#### LA1: Total workforce by employment type, employment contract and region

Count of Rate	Unit		Gender		Hutt		Kapiti		Kilbirnie		Wellingt
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Account coordinator	2										
Accountant		1									
Admin assistant	1										
Assistant manager											
Casual Chef						1					
Cleaner			2		1	1		1			
Cleaner/shop worker						2			1		
Contract display											
Driver											
Grocery manager											
Manager	1		1		1					1	
Marketing/legal	1										
Medical herbalist						1		1			
Naturopath											
Packer	3										
Produce manager											
Senior shop worker			1		2					1	
Shop worker			6	3	3	1		6		1	
Trainer	1										
Weekend manager											
<b>Grand Total</b>	<b>9</b>	<b>1</b>	<b>10</b>	<b>3</b>	<b>11</b>	<b>2</b>		<b>9</b>	<b>3</b>		

#### LA2: Total number and rate of employee turnover

Total employees 2008-9 = 138

Total leavers 2008-9 = 40

Turnover = 29%

**Aspect: Labour/Management relations**

**LA4: Percentage of employees covered by collective bargaining agreements.**

0% covered by collective bargaining agreements, although all employees are entitled to join a union and participate in collective bargaining (a clause that states this explicitly is included in every employee's employment contract).

**Aspect: Occupational Health and safety**

**LA7: Rates of injury etc**

Rate of injury: 0% across all stores.

No lost time to work due to injuries.

**Aspect: Diversity and Equal opportunity**

**LA14: Ratio of basic salary of men to women by employee category**

Proportionate rate Role	Gender	
	Female	Male
Account coordinator	1	0.000
Accountant		1.000
Admin assistant	1	0.000
Assistant manager	1	0.000
Casual	1	0.938
Chef	1	0.000
Cleaner	1	0.992
Cleaner/shop worker	1	0.000
Contract display	1	0.000
Driver		1.000
Grocery manager		1.000
Manager	1	0.991
Marketing/legal	1	0.000
Medical herbalist	1	0.000
Naturopath	1	0.000
Packer	1	0.971
Produce manager	1	0.000

<b>Senior shop worker</b>	1	0.910
<b>Shop worker</b>	1	1.016
<b>Trainer</b>	1	0.000
<b>Weekend manager</b>	0	1.000