

# COMMONSENSE ORGANICS

## WALKING THE TALK SUSTAINABILITY REPORT 2008

Commonsense Organics is now the leading brand in New Zealand for organics, sustainability in retailing and fair trade in commodities. We have continued our journey towards sustainability and have discovered in this period that the process, particularly in regard to environmental sustainability, gets harder and our achievements to date represented the 'low hanging fruit'. We remain convinced that the organic movement is the way of the future and we are excited by the knowledge that our industry is a sunrise industry, based on a respect for our interdependence on the land and its resources.

Our 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 safe for the environment;
2. to be a leading example of a business that internalizes social and environmental costs;
3. to be the leading retailer of food, health and cleaning products for people with allergies and special needs

Our trading philosophy is as follows:

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*

### **Walking the talk - Performance summary**

#### Financial Viability Targets

1. 11% increase in turnover  
**Achieved**
2. to meet our budget for net profit  
**Not achieved**

#### Environmental Sustainability Targets

##### *Organics*

1. to increase the number of people buying from our stores by 5%  
**Achieved**
2. to support organic producers by increasing amount bought from them by 5%  
**Not achieved**

3. to obtain BioGro certification for all stores  
**Not achieved**
4. to ensure that all staff have received training by visiting an organic farm  
**Partly achieved**
5. to promote organics by achieving at least 6 stories in the media  
**Achieved**

#### *Other aspects of environmental sustainability*

Our goals are to achieve zero waste, to minimize energy use and to be carbon neutral. In 2007-08 our goals were to put in place policies and systems in every shop to work towards these goals in the following areas:

1. Products – to maintain our standards from 2005 - 06  
**Achieved**
2. Materials – to maintain our standards from 2005-06 and:
  - a. to reduce use of plastic for packaging by 25%  
**Not achieved**
  - b. To buy only recycled paper for use in shops  
**Achieved**
3. Energy
  - a. To measure energy used  
**Achieved**
  - b. To reduce electricity use as a percentage of turnover  
**Achieved**
4. Waste
  - a. To measure and benchmark the waste we use  
**Achieved**
5. Transport
  - a. To measure the carbon dioxide emissions of our vans, private cars, hire cars;  
**Partly achieved**
  - b. To measure the carbon dioxide emissions of staff commuting to and from work  
**Not achieved**
6. Training
  - a. To ensure that all staff understand and support the company commitment to sustainability  
**Partly achieved**
7. Promotion
  - a. To replace 70% of our current marketing with sustainable marketing images  
**Achieved**
  - b. To promote environmental environmental sustainability by achieving 3 media stories  
**Achieved**

#### Fair trade and social responsibility targets

- 1 to continue to provide as many certified organic fair trade commodities for sale as are available in Aotearoa-New Zealand;  
**Achieved**
- 2 to become a member and licensee of the Fair Trade Association of Australia and New Zealand  
**Achieved**
- 3 to promote fair trade by:
  - a) ensuring that staff understand and support the company commitment to fair trade  
**Partly achieved**
  - b) achieving 2 media stories about fair trade;  
**Not achieved**
  - c) speaking to at least 3 groups about organics and fair trade;  
**Not achieved**
  - d) by mentioning fair trade in every newsletter;

**Achieved**

- 4 to achieve an 80% job satisfaction rate among staff;

**Achieved**

- 5 to achieve an 80% satisfaction rate among customers;

**Achieved**

- 6 to provide donations and support to the communities we live in of 1% of turnover within our trading philosophy

**Not achieved****Walking the talk – financial viability**

Our goal was to achieve an ongoing 11% increase in turnover and a net profit that will provide a return on investment to our shareholders and sufficient funds to finance growth.

Between April 2007 and March 2008<sup>1</sup> the combined turnover of our shops increased by 11.65%

This was achieved by continuing steady growth in the Wellington City, Lower Hutt and Kapiti stores and accelerated growth in the Kilbirnie store.

**Walking the talk – environmental sustainability**

Our goals are divided into our commitment to organics and our commitment to other aspects of environmental sustainability

Organics

Organic food is grown without the use of chemicals that can harm humans, animals and the soil. Organic growers build up and maintain the fertility of their soil and this helps to absorb carbon back into the soil. They control weeds, disease and pests using modern tools and practices which organic agricultural researchers are constantly developing. Acceptable conditions for animals and respect for their behavioural needs are important components of organic farming. Our goal is to provide as much organic food as we can source to the widest possible range of people in the Wellington region.

In 2007 - 08 our targets were

- (i) to increase the number of people buying from our stores by 5%
- (ii) to support organic producers by increasing the amount bought from them by 5%
- (iii) to obtain BioGro certification for all stores
- (iv) to ensure that all staff have received training by visiting an organic farm
- (v) to promote organics by achieving at least 6 stories in the media

(i) *increasing the number of people buying organic food*

Between April 2006 and March 2008<sup>2</sup> the combined turnover of our shops increased by 11.65% and the number of sales increased by 12%.

(ii) *supporting organic producers and processors*

Commonsense Organics was started because we were growers who were unable to find a satisfactory retail outlet for our produce. Our commitment to support organic growers comes from our ongoing knowledge of how hard their task is and how great their commitment.

Our buying policy for fresh produce is to stock only local organic produce with the exception of the following:

<sup>1</sup> Our financial year ends 31<sup>st</sup> March

<sup>2</sup> Our financial year ends 31<sup>st</sup> March

- (i) bananas, which are organic but sourced from overseas and often sprayed on entry to the country. This negates their organic certification;
- (ii) mushrooms, which are spray-free. We are unable to source organic mushrooms and hope that the current supplier will become certified, if supported by organic stores;
- (iii) ginger, because it is not currently possible to source a regular stock of organic ginger. When it is available we stock it.

All other produce throughout the year is organic, seasonal and grown in New Zealand. By organic we mean certified, organic produce; where this is unavailable we accept non-certified produce, which would meet the standards for certification, if put to the test. In addition, we accept the growers' price, except where this leads in practice to our being unable to sell their produce. In this case, we go back to them and negotiate with them – at times they are able to sell to others at the higher price, which we accept; at times they lower their price.



The demand for organic produce in New Zealand exceeds supply in many areas and between 2007 - 2008 we continued to work with growers to increase the supply and sold .04% more than in 2006 - 07

*Jon and Tania Wickers, Dubalar Orchard, Wairoa*

(iii) *obtaining BioGro certification*  
Our policy is to obtain organic certification for all our stores. We currently have BioGro certification for our Wellington City store. This provides our customers with a clear audit trail to ensure the veracity and accuracy of our processes. Although we use the same

processes in all stores, we have not yet obtained certification for our other stores. We are currently working with BioGro to develop a more relevant system for retailers.

(iv) *staff training*

Our policy is to select staff who have an interest and involvement in organics and environmental issues, as well as retail skills. In addition we train staff on the importance of organic certification. Part of the training consists of a visit to Common Property, the organic market garden belonging to Jim and Marion. We organized a one day training workshop at Common Property in each of the last two years.

We also support managers and other staff to visit organic growers around the country.

(v) *promoting organics*

We provide a 5% discount for sales to parents/caregivers in schools with organic gardens to support the development of the garden. We also provide gifts of organic produce for community groups and community fundraising initiatives. During the last year we have provided support for the organic gardens in the following schools:

Brooklyn School, Otari School, Paraparaumu Playcentre, Raphael House School, Tawa Montessori, Te Ra School, Steiner Kindergartens, Te Kainganui Childcare Centre.

In 2007 Jim Kebell, Executive Director of Commonsense Organics, was one of the founders of the Organic Traders Association of New Zealand and this group has worked to standardize the labeling of organic produce throughout the country.

Other aspects of environmental sustainability

Our commitment to environmental sustainability means running our business in a way that meets the needs of our customers, staff and stakeholders and preserves the earth's resources for future generations.

Our goals are to achieve zero waste, to minimize energy use and to be carbon neutral. In 2006 – 08 our goals were to put in place policies and systems in every shop to work towards these goals in the following areas:

## 1. Products

Our policy is to retail products that are safe for people and safe for the environment. In practice this means sourcing products that are:

- certified organic
- organic, but not certified

When it is not possible to source organic products, we provide:

Food products that are

- GE free
- Free from artificial additives, preservatives;

Health products that are

- GE free
- free from parabens and artificial sodium laurel sulphate
- sourced from natural materials

Cleaning products that are

- genuinely biodegradable
- free from petrochemical ingredients
- phosphate free
- free from toxic chemicals

Baby products that are

- reusable eg cloth nappies
- non leaching eg bottles and teats
- chemical free eg creams

Gardening products that are

- consistent with growing to organic standards

In 2007 – 2008 we continued to meet these standards.

## 2. Materials – our goal was to maintain our standards from 2005-06. Our policy is to use sustainable materials wherever possible. In practice this means:

- we use no native New Zealand timbers or other hard woods. Our counters are made of plantation eucalyptus and our shelving is pine
- we specify sustainable materials for all our electrical, building and painting requirements.
- we are actively seeking to minimize our use of plastic as a packaging material. Currently we have replaced all our plastic shopping bags and plastic pottles with corn starch bags and pottles. The shopping bags are 4 times the price of the plastic bags and we charge customers for their use, but also subsidise them.
- All our printing is done on recycled paper or card using vegetable based inks
- we reuse any paper that is only printed on one side
- we turn off all lights and all computers (except the server and back up computer) at night
- where possible we buy furniture for the shops second hand. Where this is not possible eg counters we use FSC timbers
- our materials for rodent control are approved by BioGro
- we take responsibility for any containers bought from us if customers choose to return them

We have continued to achieve this standard.

- 2a) To reduce use of plastic for packaging by 25%.

This goal has been achieved indirectly. The price of cornstarch doubled during this period, because of the introduction of corn for biofuel. We have, however, sourced a certified compostable plastic for use in shopping bags, and we now use this material for our own packaging of produce. This is an advance on our previous position, as we used to use cornstarch bags only for customer shopping bags. We now use the compostable bags for produce that we bag up as well. We discussed the use of cellophane bags for packing dry goods and came to the conclusion that this is the most environmentally friendly option at present.

2b) To buy only recycled paper for use in shops

We achieved the second goal. All our stores buy only recycled paper

3. Energy

a) To measure energy used

Over the last year we have introduced a system of measuring use of energy, waste and transport. Currently we have measured energy use as a % of sales. In order to compare our use with international benchmarks<sup>3</sup> we need to translate this to kilowatt hours per square metre per year.

April 2007 – March 2008	Wellington City	Hutt	Kapiti	Kilbirnie	Total
Energy as % of sales	.5%	.6%	1.1%	.8%	.76%

b) To reduce electricity use as a percentage of turnover

This was achieved. Not only did we reduce energy use as a percentage of turnover; we reduced the overall figure for energy consumption.

4. Waste



We have developed a system of measuring the waste that we create in our stores, but this is not well implemented because it relies on store managers and tends to get left in the do-when-I-have-time basket. In order to overcome this we intend to contract this task out.

Dave Treadwell, Eco-seeds, who composts our organic waste

5. Transport

a) To measure the carbon dioxide emissions of our vans, private cars, hire cars;

b) To measure the carbon dioxide emissions of staff commuting to and from work

We are members of Greenfleet, which is a project of the Sustainable Business Network. This programme, however, relies on internal measurement of emissions and our transport measurements are not yet reliable. So we offset a certain amount of our carbon emissions, but an insufficient amount.

6. Training

During 2007 staff meetings were held regularly in the Wellington store on issues such as sustainability and fair trade and the company commitment to these. These sessions were very well received by staff.

7. Promotion

a) To replace 70% of our current marketing with sustainable marketing images

b) To promote environmental sustainability by achieving 3 media stories

<sup>3</sup> BMI retail sector energy benchmarking report 7/99

We have a sustainable marketing policy. By this we mean that all our information including images will reflect the truth. In the past 2 years we have replaced all our images with genuine photos of organic produce and goods and real people who are our customers, suppliers and/or staff and all of whom genuinely eat organic food. Our policy is to answer any question about our products, and if we do not know the answer, to find out. The information we provide is now an integral part of our brand.

Internal promotion We provide education materials about organic agriculture, how to eat in season and the type of products we sell. Our newsletters include information on sustainability issues and we use them as a platform to engage with our customers on these issues.

Media Our target for 2006 - 08 was to promote organics by achieving at least 5 stories in media. This was achieved.

We encourage the media to use us as a resource for stories about organics and the environment, as the store provides a colourful backdrop and we are happy to be interviewed. In 2006 - 08 we were featured in stories on TV1 and TV3, Radio New Zealand, 2ZB, Dominion Post, the Listener, community magazines, Pink magazine and NZ Business.

### **Walking the talk – fair trade and social responsibility**

Our commitment to fair trade means acknowledging that our business is interdependent with our customers, our staff, our suppliers, our local community, Aotearoa-New Zealand and the rest of the world. To have a healthy sustainable business we need to respect each link of that chain.

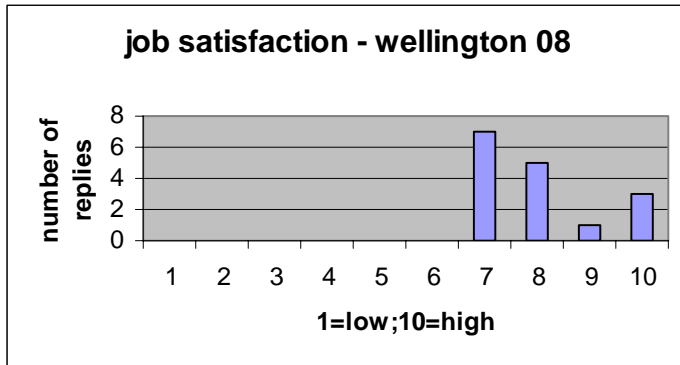
Fair trade and social responsibility are different terms for the same process. Whether we are dealing with staff and suppliers in this country or overseas, we have a responsibility to deal fairly with everyone in each part of the trading process.

Our goals for 2006 – 08 were:

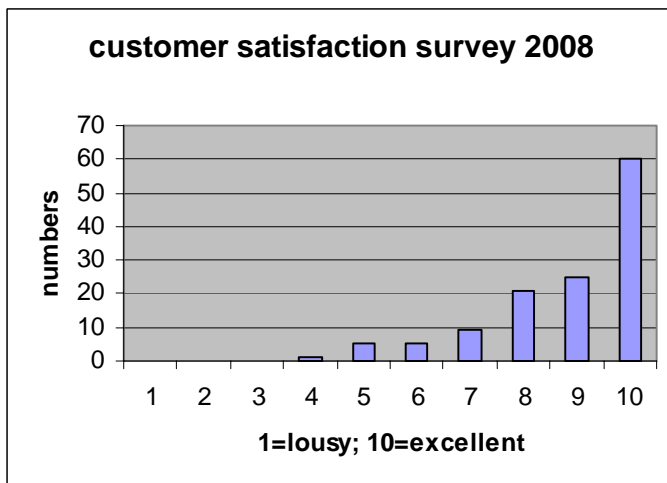
1. to continue to provide as many certified organic fair trade commodities for sale as are available in New Zealand;  
Commonsense Organics sells the widest variety of fair trade commodities of any store in New Zealand. During Fair Trade fortnight our fair trade products are show-cased in each store with educational information about fair trade.
2. to become a member and licensee of the Fair Trade Association of Australia and New Zealand  
Commonsense Organics is a member of the Fair Trade Association of Australia and New Zealand (FTAANZ) and we are licensed for our bulk coffee from Timor. In addition the Managing Director served on the Executive Committee of the organisation from 2006 - 2008.
3. to promote fair trade by:
  - (i) ensuring that staff understand and support the company commitment to fair trade  
Staff meetings were held in the Wellington store on issues such as sustainability and fair trade and the company commitment to these.
  - (ii) achieving 2 media stories about fair trade  
This was not achieved. There is undoubtedly a groundswell of support for fair trade among Wellingtonians, but the media perspective on this is that it is an issue for the not-for-profit sector and it has not been picked up as a business story
  - (iii) speaking to at least 3 groups about organics and fair trade  
Not achieved. We spoke at one public meeting during Fair Trade Fortnight in 2006 and in 2007
  - (iv) by mentioning fair trade in every newsletter;  
This was achieved.

4. to achieve an 80% job satisfaction rate among staff.

Our staff survey in 2008 was conducted in the Wellington store in November 2008. All staff indicated a job satisfaction rate of 70% or more, but the survey was only conducted in the Wellington store and this was a small sample of staff.



6. to achieve an 80% satisfaction rate among customers



The customers' satisfaction survey in 2008 indicated a high level of satisfaction. 84% of customers were very satisfied with our service and 48% gave us 10 out of 10!

6. to provide donations and support to the communities we live in of 1% of turnover within our trading philosophy

We have continued to support local schools and pre-schools which have organic gardens by providing a 5% donation to the school/pre-school on any purchases made by parents at any of our stores.

We have now established a 5% on the 5<sup>th</sup> scheme. On the 5<sup>th</sup> of every quarter we donate 5% of our net takings to a group that is working to implement our values. This system was initiated in 2007 and we have supported groups including:

- Innermost Garden – an organic garden for migrant women
- Wellington Marine Reserve
- Fair Trade Association of Australia and New Zealand – Wellington group
- Transition Towns
- Kohanga Reo

## **Walking the talk – performance targets for 2009 -12**

### Financial Viability Targets

1. 4% increase in turnover
2. to meet our budget for net profit

### Environmental Sustainability Targets

#### *Organics*

1. to increase the number of people buying from our stores by 5%
2. to support organic producers by increasing amount bought from them by 5%
3. to obtain BioGro certification for all stores

#### *Other aspects of environmental sustainability*

1. Products
  - to maintain our standards
  - to increase the number of products bought locally
2. Materials
  - to maintain our standards
3. Energy
  - to reduce electricity use as a percentage of turnover
4. Waste
  - to measure and benchmark the waste we use
5. Transport
  - to measure the carbon dioxide emissions of our vans, private cars, hire cars;
  - to measure the carbon dioxide emissions of staff commuting to and from work
6. Training
  - to ensure that all staff have received training by visiting an organic farm
  - to ensure that all staff understand and support the company commitment to sustainability
7. Promotion
  - to maintain our standards of sustainable marketing images
  - to promote organics and sustainability by:
    - (i) producing at least 2 position papers
    - (ii) speaking to at least 6 groups
    - (iii) achieving at least 6 stories in the media

### Fair trade and social responsibility targets

#### *Fair Trade*

1. to continue to provide as many certified organic fair trade commodities for sale as are available in New Zealand;
2. to promote fair trade by:
  - a. ensuring that staff understand and support the company commitment to fair trade
  - b. supporting Fair Trade fortnight
  - c. speaking to at least 3 groups about organics and fair trade;

#### *Social Responsibility*

1. to achieve an 80% job satisfaction rate among staff;
2. to achieve an 80% satisfaction rate among customers;
3. to provide donations and support to the communities we live in of 5% of net profits.