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Sustainability Is A Business Tool

by Jackie Schultz

When Wal-Mart introduces a new vendor program, there is bound to be skepticism. Look at RFID. That mandate didn't exactly meet the retailer's expectations.

Sustainability, however, is an entirely different animal, according to Mark Mathes, CEO, Vanguard Packaging and AICC Sustainability Committee Chairman. Mathes presented an Eye Opener session on "Getting Started in Sustainability" at the AICC 2007 Annual Meeting earlier this month in Minneapolis. The session started at 7 a.m., and there was barely an empty seat in the room.

Sustainability is big business for Wal-Mart and, according to Mathes, will be the retailer's largest source of growth. While there is no standardized definition, Wal-Mart knows what it wants, and that is the elimination of waste. According to Wal-Mart President and CEO Lee Scott, anything not absolutely essential to the product is waste.

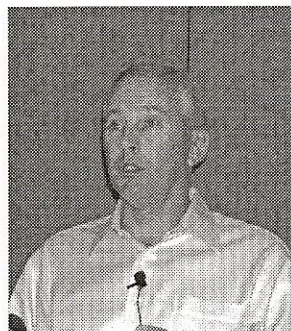
"Sustainability is all about eliminating waste. That ought to scare all of us," Mathes said.

Corrugated Only, Please

The term "Remove" leads off Wal-Mart's list of "Seven R's — Remove, Reduce, Reuse, Renew, Recycle, Revenue and Read. One of the ways corrugated converters can comply with Wal-Mart's sustainability initiative is to remove any non-corrugated pieces,

such as plastic hooks and metal bars, from a display or package.

During his presentation, Mathes passed around a stack of 8½ by 11-inch sheets from other companies detailing how they are implementing the "Seven R's."



Vanguard is one of those companies. Vanguard uses new lightweight liners and singleface lamination to Reduce paper content. Corrugated can be designed for Reuse, and 100 percent of linerboard and the starch adhesive is made

from Renewable resources. Also, everything Vanguard makes is 100 percent Recyclable.

"One of the early steps that I encourage you to do is to start developing your own Seven R's of sustainability," Mathes said.

Keeping Score

To grade company's sustainability achievements, Wal-Mart has developed a computer program called the Packaging Scorecard. Wal-Mart's 65,000 First Tier vendors are expected to be graded by this Scorecard by Feb. 2008. Only 4 percent of these companies had done this as of June 2007. "I've heard it has probably doubled, but it's still not up to 10 percent," Mathes said.

Until 2010, the Scorecard deals only with cradle to gate, affecting raw materials up to, but not including the converting process. After 2010, the Scorecard in-

cludes cradle to grave, which would include corrugated converters.

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"So what do you do? Become a consultant to your customers," Mathes said. "Learn which of your customers are going to be impacted by this, because I guarantee your competition is already thinking about this."

Marketing Sustainability

Mathes urged his fellow converters to evaluate their sustainability initiatives. "Guys, you've got to be honest about where you're at. Start from an honest assessment of where you stand today and what you're doing. Most plants aren't doing anything."

If Vanguard achieves all of its sustainability goals, the company could save about \$300,000 this year. Goals include:

- Average 100,000 square foot per truckload leaving Vanguard.
- Only work 26 Saturdays in 2007.
- Change over two more sales vehicles to Hybrids, increasing fuel mileage by 33 percent.
- Reduce the amount of pallets used by 33 percent or 7500.
- Reduce internal office paper use by 25 percent or two tons.

- Recycle office paper, plastic bands and wood pallets.
- Become SFI certified and/or ISO 14000 certified.
- Create a certification process for our vendors.
- Reduce plant waste at the laminators by insisting upon press setup sheets.
- Improve the loss ratio that customers experience by using more waste sheets for dunnage.
- Design using a cradle to cradle concept.
- Reduce the total amount of temps used by 20 percent.
- Complete an energy and utility audit.

"Sustainability will not function, flow or survive unless it is economically viable," Mathes said. "You don't know if you're improving if you don't know where you start."

Mathes views sustainability as a marketing tool. He recommended converters add their companies to the web site www.packaging.marketgate.com. ECRM (Efficient Collaborative Retail Marketing) MarketGate is dedicated to providing a forum for spotlighting a company's sustainability efforts. Retailers visit the web site to qualify potential vendors.

"We have not put Vanguard on here yet," Mathes said. "All the things we have done, and we're still not ready to do that yet."

AICC is conducting a survey to learn how sustainability is affecting its Associate members. The association is also creating a clearinghouse of best practices for the web site.