Upstream Innovation – Packaging Solutions
The Retail Compliance Center has a number of resources related to environmental compliance and sustainability that apply in retail including introductory information as well as detailed reviews of regulations and variations in state requirements.

www.rila.org/rcc
HOUSEKEEPING

Everyone is muted upon entry
• This reduces background noise during the webinar.

Recording
• The webinar is being recorded and will be housed on the RCC site for future views. The slide deck will also be posted to the RCC site.

Posing a question/commenting
• Please use the Q&A box to pose questions or comments.
• Questions and comments posed will go directly to the speakers and moderators.
• Questions will be answered after the conclusion of the speakers’ presentation.

Webinar Feedback Survey
• Survey launched during Q&A as live poll
ANTITRUST STATEMENT

RILA believes strongly in competition. Our antitrust laws are the rules under which our competitive system operates. It is RILA’s policy to comply with both the letter and the spirit of antitrust laws. This Antitrust Statement has been adopted to avoid even the appearance of impropriety under the antitrust laws.

At any association meeting, participants must avoid any discussion of the following subjects in order to avoid even an appearance of impropriety:

• **Do not** discuss current or future prices, price quotations or bids, pricing policies, discounts, rebates, or credit terms.
• **Do not** discuss cost information such as production costs, operating costs, or wage and labor rates.
• **Do not** discuss profits or profit margins, including what is a “fair” profit margin.
• **Do not** discuss allocating markets, territories, or customers.
• **Do not** discuss current or future production or purchasing plans, including plans to take facility downtime, production quotas, or limits on output.
• **Do not** discuss refusing to deal with any suppliers, customers, or competitors (or any class or type of suppliers or customers).
• **Do not** require or pressure any supplier, customer, or competitor to adopt any particular actions or policies.
• Never agree on any aspect of future pricing or output.

Do not engage in prohibited discussions before a meeting or after a meeting is over. These antitrust guidelines apply not only in formal RILA meetings, but also in hallways, casual conversations, phone calls, emails, text messages, cocktail parties, golf outings, or any other setting that is related in any way to the RILA. If you have questions or concerns, or if you are uncertain about the propriety of any subject of discussion or proposed activity, you should stop the discussion immediately and bring the issue to the attention of RILA staff or consult your company’s general counsel.
TODAY’S SPEAKERS

Josephine Christoffersen
Research Analyst, New Plastics Economy Initiative
Ellen MacArthur Foundation

John Kotlarczyk
Senior Director, CSR & Waste Reduction
Walgreens

Dan Leskovec
Senior Manager, Environmental Sustainability & Waste Reduction
Walgreens

Laura Beres
Senior Director, Strategic Portfolio Delivery
Ulta Beauty

Kate Worley
Senior Manager II, Sustainability-Zero Waste Strategy
Walmart
UPSTREAM INNOVATION

Practical solutions to achieve a circular economy for plastics packaging

Josephine Christoffersen
Research Analyst, New Plastics Economy Initiative
Upstream Innovation
A guide to packaging solutions

100+ best practice case studies

‘Where to start’ & ‘What good looks like’ guidance

3 steps for upstream decision making
OBJECTIVES OF THIS SESSION

Introduction to upstream innovation strategies for plastic packaging

Reuse deep dive: typical hurdles and opportunities

Get familiar with the Upstream Innovation Assets
USE THE “RAISE A HAND” FUNCTION

By the raise of hand, who has heard of upstream innovation?
If you came home to find that your apartment was flooding, would you immediately start mopping up the water?
If you came home to find that your apartment was flooding, would you immediately start mopping up the water?
WHY EXPLORE
UPSTREAM INNOVATION?
Tackle plastic pollution
WHY EXPLORE UPSTREAM INNOVATION?

1. Tackle plastic pollution
2. Provide the solutions customers want

In 2018, Unilever’s Sustainable Living Brands that communicate a strong social or environmental purpose had 69% faster growth than the rest of the business.
WHY EXPLORE UPSTREAM INNOVATION?

1. Tackle plastic pollution
2. Provide the solutions customers want
3. Capture untapped business opportunities
WHY EXPLORE UPSTREAM INNOVATION?

1. Tackle plastic pollution
2. Provide the solutions customers want
3. Capture untapped business opportunities
4. Reduce carbon emissions

Using Sodastream to make sparkling water at home creates 87% LESS CARBON EMISSIONS compared to sparkling water sold in single-use plastic bottles.
WHY EXPLORE UPSTREAM INNOVATION?

1. Tackle plastic pollution
2. Provide the solutions customers want
3. Capture untapped business opportunities
4. Reduce carbon emissions
5. Get ahead of changing regulation
WHY EXPLORE UPSTREAM INNOVATION?

1. Tackle plastic pollution
2. Provide the solutions customers want
3. Capture untapped business opportunities
4. Reduce carbon emissions
5. Get ahead of changing regulation
6. Join the new normal

+1,000 ORGANISATIONS
20% OF INDUSTRY
united behind a common vision and targets for a circular economy for plastic packaging.
HOW DO I APPROACH UPSTREAM INNOVATION?
Rethink the product
Product formulation, concept, shape, size.

Rethink the business model
Delivery model, supply chain, location of production, revenue streams

Rethink the packaging
Packaging concept, format, components, material choice.
1. **Elimination**
Packaging is eliminated while user experience is maintained or enhanced.

2. **Reuse**
Packaging is reused, rather than discarded after one use, creating value for both users and businesses.

3. **Material Circulation**
Packaging is designed so that the materials it is made from can be recycled or composted.
1. **Elimination**
Packaging is eliminated while user experience is maintained or enhanced.

2. **Reuse**
Packaging is reused, rather than discarded after one use, creating value for both users and businesses.

3. **Material Circulation**
Packaging is designed so that the materials it is made from can be recycled or composted.
There are two approaches to Elimination

**STRATEGY 1**

ELIMINATION

- **DIRECT ELIMINATION**
  - Packaging that **does not** serve an essential function

- **INNOVATIVE ELIMINATION**
  - Packaging that **does** serve an essential function
Tesco
Multi-pack films
ASDA
Greeting card packaging
Apeel
Edible coatings

Oxygen stays outside

Moisture stays inside
Aqua Life from Danone
Label-free bottles
LUSH Lens App
Communicating without a label
1. **Elimination**
   Packaging is eliminated while user experience is maintained or enhanced.

2. **Reuse**
   Packaging is reused, rather than discarded after one use, creating value for both users and businesses.

3. **Material Circulation**
   Packaging is designed so that the materials it is made from can be recycled or composted.
Global Commitment signatories are currently engaged in testing and piloting reuse business models across different markets and product types. By 2025, Mars Incorporated aims to have launched 10 reuse pilots in different geographies and with different brands.

Bio D, which offers its products in large sizes to allow retailers to set up refill stations, saw an increase of 52% in its refill sales in 2018.

Unilever has committed to reduce virgin plastic packaging by 50% by 2025, with one third coming from an absolute plastic reduction.

The Coca-Cola Company aspire to scale up reusable packaging to 50% by 2030 in Brazil, up from the current 20%.

37 Global Commitment signatories are currently engaged in testing and piloting reuse business models across different markets and product types.

The time for reuse is now.
There are four consumer facing reuse models
There are four consumer facing reuse models.
SodaStream from PepsiCo
Instant sparkling water
Replenish
Shared design for concentrates

Photo: Replenish
TYPICAL BARRIERS
+ Selling and communicating the value of concentrates
+ User experience

TRENDS
+ Solid or concentrated products
+ Customised products or packaging
+ Auto-refill services

WHERE TO START
+ Products with high water content
+ Integration with e-commerce

WHAT GOOD LOOKS LIKE
+ Product formulation
+ Refill packaging
+ Industry alignment
There are four consumer facing reuse models.
PepsiCo's Pepsi Spire
Customised drink dispensing
MIWA & Nestlé
High-tech bulk dispensing
Algramõ
Turning packaging into a wallet
What do you experience to be, or think might be, the key hurdles for your organisation in terms of implementing a refill on the go system?

- Difficulties of managing hygiene
- Costs related to dispensing systems and hygiene management
- Lack of interest from consumers to engage in this way of shopping
- The required alterations to store set-up (i.e. accommodating for dispensing systems)
- Getting my suppliers to deliver products in bulk
- Other - please share in chat
TYPICAL BARRIERS
- Managing hygiene
- Making the shopping experience convenient
- Getting products supplied in bulk

TRENDS
- Customised dispensing systems
- Smart dispensers
- Distributed sale points

WHERE TO START
- Dried food products
- Beverages

WHAT GOOD LOOKS LIKE
- Product formulation
- Packaging hygiene
- Customer engagement
- Dispensing equipment
There are four consumer facing reuse models.
Loop
Popular brands, reusable packaging

Photo: Loop and TerraCycle
Abel & Cole
Club Zero: decanting at home
SUMMARY: RETURN FROM HOME

TYPICAL BARRIERS
- Reverse and cleaning logistics
- Limited to premium products

TRENDS
- Auto-replenishment services
- Superior packaging design
- Shared infrastructure

WHERE TO START
- E-commerce products
- Urban areas

WHAT GOOD LOOKS LIKE
- Packaging hygiene
- Packaging design
- Customer engagement
There are four consumer facing reuse models.
The Coca-Cola Company
A shared design for multiple brands
MMP glass jars
Shared reuse system for jars

photos: Bananeira, Unverpackt für alle, Fairfood Freiburg
VYTAL
Reusable takeaway packaging

Photo: VYTAL Global GmbH
LimeLoop
Reusable e-commerce packaging
What do you experience to be, or think might be, the key hurdles for your organisation in terms of implementing a return on the go system?

- Costs and environmental impacts of cleaning
- Costs and environmental impacts of reverse transportation
- Lack of interest from consumers to engage in this way of shopping
- Implementing the right infrastructure
- Other - please share in chat
SUMMARY: RETURN ON THE GO

TYPICAL BARRIERS
+ Reverse and cleaning logistics
+ Convenience

TRENDS
+ Smart systems
+ Turn-key solutions
+ Shared infrastructure
+ Low footprint reusable packaging

WHERE TO START
+ Beverages
+ Products consumed on the go

WHAT GOOD LOOKS LIKE
+ Shared design
+ Customer engagement
A wide range of B2B reuse models exist

Reusable packaging moves between businesses only
Swedish Return System
Industry-wide shared packaging
CHEP, a Brambles company

Cross-industry packaging platform
WHERE TO START
+ Identify current single-use packaging use
+ Explore existing turn-key solutions

TRENDS
+ Standardisation
+ Turn-key solutions
+ Smart systems

SUMMARY: B2B

WHAT GOOD LOOKS LIKE
+ Shared design
Which case study inspired you the most?
AS RETAILERS YOU CAN

1. Engage your private labels and pilot with these

2. Partner with a brand and trial reuse for a particular product type with them

3. Join or tap into existing reuse platforms
Want to learn more about upstream innovation?

Download the Ellen MacArthur Foundation’s guide:
Upstream Innovation: A guide to packaging solutions
plastics.emf.org/upstream
KATE WORLEY

WALMART
BEYOND THE BAG INITIATIVE CONTINUES TO GROW

MANAGING PARTNER

CLOSED LOOP partners

FOUNDING PARTNERS

CVSHealth. Target Walmart

SECTOR LEADS

DICK'S Sporting Goods DOLLAR GENERAL Kroger TJX

SUPPORTING PARTNERS

Great Local Brands of Ahold Delhaize | USA Albertsons Companies HyVee meijer Wakefern Walgreens

ENVIRONMENTAL PARTNERS

CONSERVATION INTERNATIONAL Ocean Conservancy

INNOVATION PARTNER

IDEO
THE BTB INITIATIVE TAKES A HOLISTIC APPROACH

A holistic process that identifies solutions, engages stakeholders, invests in infrastructure, and aligns the value chain, ultimately creating a system that improves upon the retail bag.
455 TOTAL SUBMISSIONS LEADING TO 9 WINNING SOLUTIONS

**455**
Total Submissions
- Received submissions from **60 countries**
- **38K** page views of Challenge Website
- Connected with **2143** organizations and individuals

**255**
Submissions Reviewed
- Solutions reviewed by Founding Partners, Sector Lead Partners, and Environmental Advisory Partners
- Solutions scored across **11 dimensions**

**58**
Shortlisted Solutions
- Conducted **1:1 feedback sessions** with retailers, customers, and design experts
- Solutions reviewed by Founding Partners, Sector Lead Partners, Environmental Partners, and Judges

**9**
Winning Solutions
- Secondary reviews by Founding Partners, Sector Lead Partners, Environmental Advisory Partners, and SMEs
- Six-hour cross-discipline workshop
- Background check by third-party provider
**FINAL PORTFOLIO OF SOLUTIONS**

This suite of solutions provides ample opportunity to learn about new systems and solution capabilities to meet customers’ and retailers’ needs alike.

<table>
<thead>
<tr>
<th>Innovative Materials</th>
<th>Reusable Systems</th>
<th>Enabling Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOMTAR</strong> Stretchable Fiber Bag</td>
<td><strong>ChicoBag</strong> Bag Form &amp; Bag System</td>
<td><strong>Fill-it-Forward</strong> Tag-Based Customer Facing Application</td>
</tr>
<tr>
<td><strong>PlasticFri</strong> Starch-Based Compostable Bag</td>
<td><strong>GOATOTE</strong> Kiosk-Based Bag System</td>
<td><strong>Connected-USE</strong> Customer Facing App and IT Infrastructure</td>
</tr>
<tr>
<td><strong>Sway</strong> Seaweed-Based Bag</td>
<td><strong>Returnity</strong> Packaging System</td>
<td><strong>Circular ID</strong> Material Tracing and IT Infrastructure</td>
</tr>
</tbody>
</table>
REUSABLE SYSTEMS

Packaging and reusable bag systems that deliver value by encouraging reuse.

**ChicoBag**
- Deposit-based reusable bag and system, non-kiosk, return bag in-store or mail-in for washing and reuse, end-of-life, retailer POS integration
- Washable at home, collapses/attached carabiner, RFID tracking for rewards
- USA company, recognized for sustainability
- Non-Biodegradable, industrial recyclable, made from PET

**Goatote**
- Kiosk, subscription-based reusable bag and system. Users utilize app or touch screen
- Customer returns bags to kiosks, they are collected/washed, system could be bag agnostic, limited ops involvement
- Non-biodegradable, curbside recyclable, made from PET
- Testing at St. Paul Public School System
- USA company

**Returnity**
- Reusable packaging, used for .com or OPD delivery, returned in-store or picked up, cleaned and recirculated, manage inventory. Retailer can choose to clean as well
- Established USA company
- Non-Biodegradable, industrial recyclable, made from PET, rPET, silicon
JOHN KOTLARCYZK & DAN LESKOVEC

WALGREENS
Walgreens
Loop Partnership and
Buddy Bench Project
Walgreens and Loop
Integrating an innovative, and sustainable customer consumption model
Recyclability and Customer Delight

Manufacturers have reduced the weight of their packaging to save on costs and reduce environmental impact. In the process, recycling rates and consumer delight has deteriorated.
Loop is a circular shopping platform that transforms the packaging of your everyday essentials from single-use disposables to durable, feature-packed designs.

A FUNDAMENTAL CHANGE OF OWNERSHIP
Why should a consumer own a package that they don’t want to own?

COGS to Brand

<table>
<thead>
<tr>
<th>Packaging cost</th>
<th>Cost per use</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.10</td>
<td>$0.10</td>
</tr>
</tbody>
</table>

Increasing consumer delight

<table>
<thead>
<tr>
<th>Packaging cost</th>
<th>Cost per use</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.00</td>
<td>$0.03</td>
</tr>
</tbody>
</table>

Asset to Brand

1 use

100+ uses
CPG Partners

Loop operates within the Household Consumables, Personal Care, and Consumable categories. Below is a small sampling of the numerous vendors and brands partnering with Loop.
How it works

Loop is a subscription platform that has partnered with major brands to create durable, sustainable, and beautiful packaging for everyday products.

Consumers receive their products in a reusable tote (think “milkman” model) and return via the tote when product is finished. Their used packaging is cleaned, sterilized, refilled, and used again.

Initial Walgreens commitment and investment
- Host a link on Walgreens.com taking customers to a one page site giving static information on Loop and providing a link to the Loop Store
- Harmonize Communications and PR to promote Walgreens involvement with Loop
Sustainability

This graph compares the sustainability of the Loop model for shampoo vs the traditional eCommerce model (customer orders, uses shampoo, disposes of container).

It demonstrates that while the Loop model initially has a greater environmental impact, it breaks even between the second and third use, becomes 50% more sustainable at the fifth use, and 75% more sustainable at the 11th use.

The benefits level off at 75% more sustainable.
Buddy Bench Project
Red Nose Day

Thanks for being an Everyday Hero

Your support of Red Nose Day helps keep children in need safe, healthy and educated.

Red Nose Day is making a difference

Together, we've helped raise **more than $27 million** for kids who need it most.
Red Nose Recycling

Carpet Padding

Packaging Issues
In-Store Recycling Containers
Mixed Materials – Depackaging challenges
Buddy Bench
Buddy Bench In Schools
LAURA BERES

ULTA BEAUTY
CHOICES FOR YOU & FOR YOUR WORLD™

WILL COME TO LIFE ACROSS FIVE PILLARS

CLEAN INGREDIENTS
Excludes parabens, phthalates, and other ingredients on our Made Without List

CRUELTY FREE
Not tested on animals

VEGAN
Created without animal ingredients, by-products or derivatives

SUSTAINABLE PACKAGING
Reduced, recyclable, or refillable packaging to minimize waste

POSITIVE IMPACT
Highlighting brands that have giving back at their core
**Loop** is a circular platform designed to eliminate waste by transforming the packaging of everyday items from single-use disposables to durable, feature-packed designs. Owned by TerraCycle.

**Delivery Service**
Replaces single use disposable packaging

**Exclusivity**
Ulta Beauty is the exclusive U.S. beauty retail partner through Q3 2021
Loop x Ulta Beauty launched on March 3\textsuperscript{rd} with an assortment that is growing daily!

https://loopbyulta.com/

A new way to shop, without the waste.
QUESTIONS?

USE THE Q&A BOX TO SUBMIT YOUR QUESTIONS
Don’t miss future webinars, sign up for RCC Alerts

Join our mailing list by signing up at https://www.rila.org/retail-compliance-center/sign-up-for-alerts

For more information on retail environmental compliance and sustainability, visit the RCC website at https://www.rila.org/retail-compliance-center.
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THANK YOU