

# The Last Word: Taking Ownership of Sustainable and Ethical Practices

Art Schick on the true impact of sustainability on suppliers, brands and consumers

“I really want the industry to take ownership for materials and the businesses they operate,” says Art Schick, vice president, purchasing at PepsiCo Worldwide Flavours. “It’s not someone else’s responsibility. It’s theirs.”

Schick, who will speak as part of the 2012 International Federation of Essential Oils and Aroma Trades meeting in Singapore ([www.ifeat.org/Singapore-2012](http://www.ifeat.org/Singapore-2012)), notes that the suppliers of aromatic ingredients range from small cottage industries to large, sophisticated organizations. Yet, no matter the size, those companies’ materials will find their way into consumer products—how they operate directly impacts customers and consumers.

“I’m concerned that not all companies ... are looking at better agricultural and manufacturing processes, safe facilities, treating people fairly and [limiting] pollution,” Schick says. “Are people doing something to address these issues? This is something you have to begin to focus on. It’s important to us. We want it to be important to them.”

PepsiCo’s Performance with Purpose defines sustainability under a number of facets, including performance, human sustainability, environmental sustainability and talent sustainability ([www.pepsico.com/purpose.html](http://www.pepsico.com/purpose.html)). These elements have manifested in several ways, including a focus on strong financial performance, a diversification of products that allow consumers to make healthy food and beverage choices, mindful use of



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resources such as water and energy, employment in local communities, and diversity in the workforce.

“Consumers want to feel good about the products they select,” says Schick. In pursuing PepsiCo’s performance goals, he believes building brand reputations are critical to attracting consumers.

To enforce its sustainability goals, PepsiCo has established a written supplier code of conduct, featuring contractual terms and conditions. This includes mandatory compliance with local laws and regulations; diversity in the workforce; fair, honest and safe workplaces; environmental stewardship; accuracy in book-keeping and record keeping; and taking steps against adulteration.

“From a CPG (consumer packaged goods) perspective, sustainability is much more than making sure there is enough of the right material, with limited environmental impact,” Schick says. Today’s consumers, both in the developed and developing world, are focused on an ever-growing platform of sustainability and ethical metrics. Schick has noted that internal studies looking at various brands found that consumers are looking at limited preservatives,

artificial ingredients, efficient packaging and charitable support for local communities.

“When you think about a CPG company, our brands are like our children,” says Schick. “We want to grow those brands, we want them to thrive and survive in the marketplace.”

To protect these brands, quality of supply is paramount, he continues. Unadulterated materials must be continuously available even as all stakeholders adhere to broader sustainability and ethical benchmarks.

To be successful, Schick says, “Stakeholders across the supply chain need to be partners.”

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