Sustainable Business Solutions

The Corporate Appetite for Green Products

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Peter Johnson
Overview

• Setting the Context
• As an example – the Retail Sector and the Drive for Green
• Corporations – Learning the Drive for Green
• A Look into the Future and Concluding Thoughts
PwC’s Sustainable Business Solutions

Global Presence

- Service areas across many industries:
  - Assurance
  - Taxes
  - Advisory → Sustainable Business Solutions (SBS)
- The world’s largest, full-service provider of sustainability services
- Serving 50 of the Fortune 100 companies
- Created by business people for business people
- 500 practitioners in over 40 countries
- Specialists in a vast range of disciplines and sectors
- International: global base in Switzerland
- www.pwc.com/sustainability
The Corporate Appetite for *Green Products*

**Setting the Context**

The world around us is changing
The way companies do business is changing
Corporate Responsibility

The management (including reporting) of non-financial issues and activities is becoming a proxy for evaluating the overall performance and ability of a company.
“Every product, brand, company and service will soon be telling a story - and they all need to be good.”

Based on the Kingfisher, CSR Report
Issues of the Day - What are They?

**Profit**
- Revenue Growth
- Cost Management
- Profits
- Operational Efficiency
- Risk Management
- Reputation / Brand Value

**Planet**
- Environmental Footprint
- Climate Change and Carbon Management
- Power Supply, Demand and Conservation
- Alternative Energy Sources (e.g. Biofuels, Hydrogen)
- Supply Chain Transparency and Accountability
- Use of Resources (Renewables and Non-Renewables)
- Biodiversity and Conservation

**People**
- Social Footprint
- Diversity
- Outsourcing / Offshoring
- Labour Relations
Who Put These Issues on the Agenda?

Both external and internal stakeholders are applying pressure on companies to raise the profile of the Triple Bottom Line through Corporate Social responsibility.
Understanding how a Company can be viewed
Risks of not knowing or being prepared

Insert Bank Photo Here
Understanding how a Company can be viewed
Risks of not knowing or being prepared
In Pursuit of the Sustainable Business

Economic + Environmental + Social Sustainability =

The Sustainable Business

“…meeting the needs of present generations without compromising the ability of future generations to meet their needs”

Corporate Responsibility

- A mainstream management paradigm.
- Drives the integration of environmental and social aspects into traditional economic-based business management.
- Applicable to all sectors and all sizes of companies.
- Applicable to all stages of a company – start-up, growth, expansion, consolidation, acquisition, down-sizing, closure.
CR Example - The Retail Sector

CR and the Retail Sector: Leading the drive for Green
The Retail Sector - CR Has Arrived

• Retailers face increasing pressure from consumers and investors to be environmentally and socially responsible

• Must address all 3 CSR pillars (economic, environment and social) and for retailers these are the areas of focus:
  - ethical sourcing
  - environmental footprint
  - environmental partner / resource / provider
  - community contribution and involvement
  - employee engagement
  - accountability, transparency and reporting
CSR - The Retail Sector
Best Practices: Environmental Footprint

• Includes considerations such as packaging, transport/fleet, energy consumption, greenhouse gas emissions, waste generation and recycling activities, water consumption, ozone depleting substances, etc.

• Hot topic that will be here for the future

• Building strategic relationships with gov’t, ENGOs and like-minded businesses
• Includes considerations such as info on environmental products that help consumers and citizens do their part to help the environment.

• For example, energy efficient appliances, light bulbs, alternative energy sources such as wind turbines.

• Environmental brands and full product lines, info clinics, web-based info.

• Using the environment as a business opportunity
CR and Corporations:
Learning the drive for Green
CR – What Corporations are Learning

- Concern about CR issues is not new, what is new is the level of attention being paid to these issues by large organizations.
- CR has moved beyond the initial activities of managing reputation risk, publishing reports and making charitable donations to actively seeking competitive advantage through changes that genuinely differentiate their organization and products.
- CR today is about “how you generate your revenue”, not “how you spend your profit”. 
CR – What Corporations are Learning

RISKS

• Reputational risk
• Financial risk: remediation costs, fines, opportunity cost
• Environmental and social risk
• Pressure from interest groups: NGOs, gov’t, customers
• Pressure to disclosure non-financial information
• Voluntary commitments
• Loss of talented employees
• Other industry specific risks

OPPORTUNITIES

• Enhance reputation
• Improve competitiveness and market positioning
• Improve partnerships and relationships with stakeholders
• Enhance social license to operate
• Cost reduction, operational efficiency and innovation
• Improve access to capital (SRI Community, Banks)
• Create business value to achieve long term financial survival
CR – What Corporations are Doing

As part of an overall CR strategy Corporations are starting to do their part to become more Green:

- public statements and commitments – e.g. carbon neutral
- procurement policies for items like paper, copiers, printers, cleaners, coffee machines and cups, etc.
- office/workplace enhancements such as better waste management, energy efficiency, water consumption
- employee, customer, stakeholder awareness and buy-in
- partnerships with ENGOs, NGOs and governments
- business to business relationships and partnerships
- links to corporate branding, communication and reputation
CR – Why are Corporations Doing This?

- they are a part of the paradigm shift towards sustainability
- as a slice of society corporations feel they have an obligation to “do their part”
- investors, regulators, employees, stakeholders are asking (demanding ?)
- business advantage in some cases, business survival in other
- recruitment and retention for limited talent pool
- differentiate their brand, reputation, company
- leveraging a “green advantage” their products or services may offer
The Appetite for Green Products by Corporations

Some considerations looking forward:

• the further away from “the public” the less developed a sustainability direction may be (e.g. retail first)
• this is new and there are concerns and questions (e.g. the validity of carbon offsets)
• cost, quality and availability concerns around green products
• not all corporations are the same – resource extraction vs. retail
• tremendous amount of mis-information in the marketplace and a reasonable amount of skepticism from corporations
• influence of the media cannot be underestimated (good and bad implications)
The Appetite for *Green Products* by Corporations

Some considerations looking forward:

- tremendous thirst for “good, unbiased” information
- will always be balanced with economic performance
- partnerships will continue to be very powerful but they must be like-minded (will my partner embarrass me at some point?)
- a certain level of “sounds great but what happens when the economy takes a down turn?”
- the appetite for *Green Products* by corporations will continue to grow and be a significant part of their corporate responsibility initiatives, especially for those that are consumer facing
“Every product, brand, company and service will soon be telling a story - and they all need to be good.”

Based on the Kingfisher, CSR Report
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