



**PRICEWATERHOUSECOOPERS** 

**Sustainable Business Solutions**

# **The Corporate Appetite for *Green Products***

**UNEP FI  
September 27, 2007**

**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](http://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.*

## Corporate Responsibility

*“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

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

## Planet

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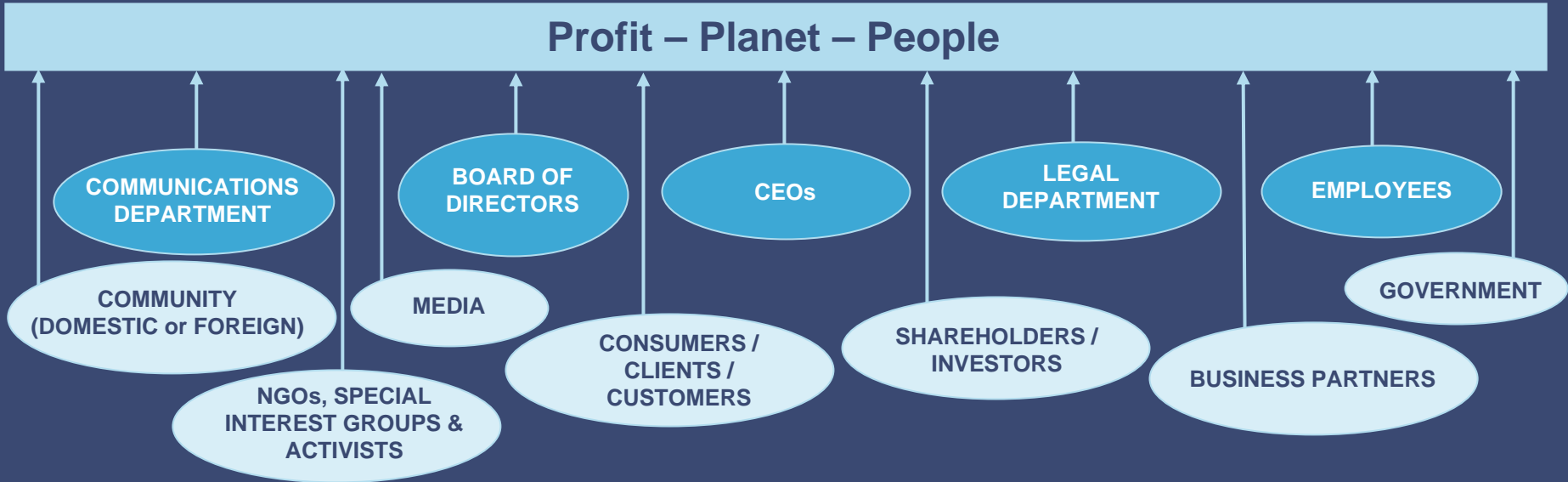
- Environmental Footprint
  - Climate Change and Carbon Management
  - Power Supply, Demand and Conservation
  - Alternative Energy Sources (e.g. Biofuels, Hydrogen)
  - Supply Chain Transparency and Accountability
  - Use of Resources (Renewables and Non-Renewables)
  - Biodiversity and Conservation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

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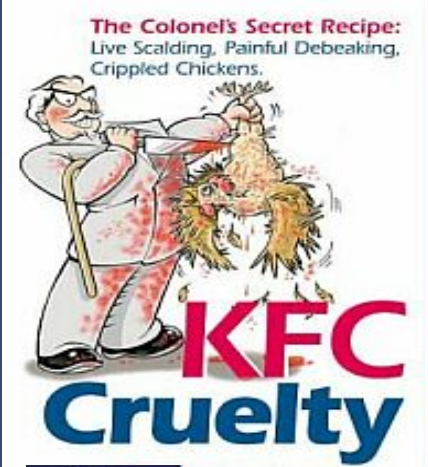
# Who Put These Issues on the Agenda?



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



# Change Agents are Well Funded and Organized

"The House of Commons has overwhelmingly rejected an NDP motion calling for an immediate end to Canada's combat mission in Afghanistan."  
- The Globe and Mail, April 2007

**Green plan's cost pegged at \$8-billion a year**  
Environment Minister defends price hikes on cars and appliances as necessary sacrifices.  
- The Globe and Mail, April 2007

**Al Gore says Tories' green plan a 'fraud'**  
Former U.S. vice-president blasts Conservative environmental platform as 'complete and total fraud designed to mislead the Canadian public.'  
- The Globe and Mail, April 2007

"...tax credit for companies that donate pharmaceuticals to developing countries."  
- McLean's, March 2007

## GOVERNMENT

**\$25 Million Offered In Climate Challenge – Tycoon Hopes to Spur Milestone Research**  
- The Washington Post, February 2007

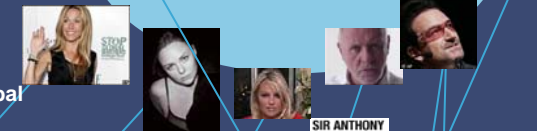


## CELEBRITY / ENTERTAINMENT

**Suzuki confronts environment minister over green plan**  
- CBC News, April 2007

**Canada to ban incandescent light bulbs by 2012**  
Canada will ban the sale of inefficient incandescent light bulbs by 2012 as part of a plan to cut down on emissions of greenhouse gases, Natural Resources Minister Gary Lunn said on Wednesday.  
- Reuters, April 2007

**Crow starts global warming tour**  
- BBC, 2007

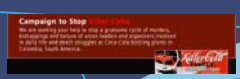


**SIR ANTHONY HOPKINS SPEAKS OUT FOR WHALES**  
For over 30 years Greenpeace has been on the front lines defending whales. Now it's your turn.

## ACTIVISTS



With a total of sixty delegates and 1,000 national staff, Afghanistan remains one of the ICRC's biggest operations worldwide.



COMPANIES SUPPORTING THE REGIME IN BURMA

THE DIRTY LIST



NGOs



MAKE POVERTY HISTORY



## REGULATORS

Canada Occupational Health and Safety Regulations (SOR/86-304)

Department of Justice Canada / Ministère de la Justice Canada



"Last month, Health Canada issued new recommendations for fish consumption, due to rising levels of mercury that has made its way into the food chain."  
CP, April 2007

**Concerns raised over mercury in energy-efficient light bulbs**  
"Along with a general policy to increase the use of compact fluorescent (light bulbs), which is a reasonably happy idea for the environment, it's also necessary to think about ways of promoting the capture and recycling of those," said Ron Pushchak, a professor with Ryerson University's School of Occupational Health and Safety."  
- CP, April 2007

**ICRC**  
"... 'global warming hysteria', physicist Richard Lindzen claims..."  
The National Post, ACADEMIA April 2007

## ACTIVIST SHAREHOLDERS

**Sisters on a Mission at Coke**  
"The Benedictine Sisters at a Texas monastery want more influence over executive compensation at the beverage giant."  
- Businessweek, April 2007

## CONSUMERS

**Class action suit filed against Menu foods**  
Pet owners say the company made and distributed dog and cat food that may have endangered their pets.  
- The Globe and Mail, March 2007

**(PRODUCT) RED™**

UNEP FI September 27, 2007

# 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”

1987, *Our Common Future*, World Commission for Environment and Development (WCED).

# 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 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

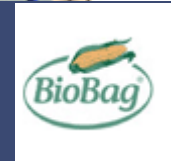
# CSR - The Retail Sector

## 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



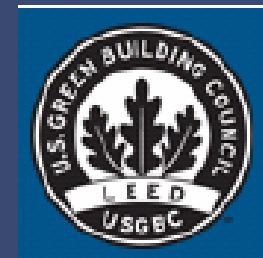
conservation coffee™ program



Wood Purchasing



Energy Conservation Strategy





# CSR - The Retail Sector

## Best Practices: Environmental Partner / Resource

- 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



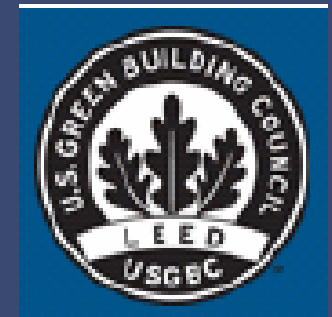
conservation coffee™ program



MECorganics



Energy Conservation Strategy



*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



# Understanding Corporate Responsibility

*“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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of excellence in Canada