Sustaining values

Driving the sustainability agenda in Retail and Consumer

2021
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Social consciousness for sustainability topics is growing amongst consumers and influencing their purchasing decisions

**Sustainability in purchasing decisions**

Sustainability is a growingly popular search term in the context of (online) shopping…

…and plays an increasingly influential role for the consumer in making purchasing decisions.

- **41%** of consumers avoid the use of plastic where possible
- **29%** buy brands that promote sustainable practices
- **66%** are willing to pay for locally produced products

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Source: Google; PwC Global Consumer Insights Survey 2019

1) Index 100 stands for the highest popularity of this search term
After Covid-19, social and governance aspects of ESG will be more relevant as public scrutiny is increasing.

**Implications of Covid-19**

<table>
<thead>
<tr>
<th>Before: ESG</th>
<th>After: ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon-footprint</td>
<td>Rent payments</td>
</tr>
<tr>
<td>Palmoil</td>
<td>Salary differences for staff</td>
</tr>
<tr>
<td>Greta Thunberg</td>
<td>Missing safety measures</td>
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</tbody>
</table>

ESG = Environmental, social, governance aspects of sustainability
We believe that the industry needs to work towards a joint sustainability vision...

“Our vision for the retail and consumer goods industry is to ensure environmental, social and governance principles that enable our clients to work towards the well-being of our planet and the entire society”
...by developing a sustainability strategy that addresses crucial topics offering the opportunity to create sustainable value

Creation of sustainable value

Sustainable strategy

- Identify the most relevant sustainability themes
- Set ambition levels and clear targets for the identified themes
- Develop a strategy centred around the organization’s capabilities

Circular economy

- Enable responsible product development, production and consumption (related to both products itself and packaging)
- Prioritize renewable raw materials and input
- Maximize product use and recovers by-products and waste

Climate change

- Reduce emissions of own activities as well as across the supply chain (scope 1-3, SBTI, net zero)
- Assess, quantify and monitor impact of climate change on the business (e.g. TCFD recommendations)
- Stay on par with (upcoming) regulations (e.g. single use plastics)

Working conditions and human rights (esp. in Supply Chain)

- Integrate high-standard working conditions and human rights at every level of the product life cycle (e.g. health and safety, child labor, fair wages, water access)
- Extend ownership beyond own business activities to ensure sustainability from ‘cradle to grave’

Impact valuation

- Integrate multi-capital accounting to holistically evaluate impact of sustainability efforts and risks on the business performance
- Extend performance measures and objectives beyond financial KPIs to build a transparent and holistic view on financial-, social- and environmental capital
Our research shows that companies are already embedding the SDGs into their strategies to secure long-term success

Deep dive: Sustainability strategy

- **72%** of companies mentioned the SDGs in their reporting
- **21%** of companies include reference to the SDGs in their CEO or Chair Statement
- **25%** of companies included the SDGs in their published business strategy

- Sustainable operations contribute to economic company goals and targets, e.g. superior shareholder return
- Pursuing sustainability targets contributes to creating value for society beyond shareholder value
- Sustainability ensures alignment between the companies and their stakeholders, e.g. rising consumer interest in reducing CO2 footprint
- Setting targets on sustainability delivers purpose to employees and staff – people come together to jointly drive the targets
- Sustainability drives innovation across the entire value chain evolving the business and strategy through sustainable projects
Our CDS approach supports in leveraging your products and services to develop a sustainability strategy

CDS approach

Way to play

How are you going to face the market?
Successful companies have a clear understanding of the way they create value for customers

Capabilities system

What gives you competitive advantage?
The engine of value creation is the system of 3-6 differentiating capabilities that allow companies to deliver their value proposition

Portfolio of products/services

What and to whom will you sell?
Companies with products and services that leverage a similar capabilities system have superior returns
We have defined ten strategies for resource optimization, product maximization and waste recovery in a circular economy.

Deep dive: Circular economy

Three principles of a circular economy:

1. Optimization of resources
2. Maximization of product use
3. Recovery of by-products and waste

10 strategies for the implementation of a circular economy:

1. Circular procurement
2. Circular design
3. Resource efficiency
4. Product as a service
5. Sharing
6. Optimization of utilization/maintenance
7. Reuse/redistribution
8. Restoration/up-cycling
9. Industrial symbiosis/recycling from production
10. Recycling after consumption
Our perspective on sustainable supply chains is a holistic view from risk identification via strategy definition to assurance.

Deep dive: Sustainable Supply Chain

1. Identify, assess and prioritize ESG risks and opportunities (geography, categories, issues)
2. Define sustainability requirements from suppliers (e.g. policies, CoC, disclosures, auditing rights)
3. Measure and monitor sustainability performance (e.g. via audits and assessments, industry initiatives, 3rd party sources)
4. Mitigate risks, reduce negative impacts and seize opportunities
   a) Enable suppliers to improve impacts
   b) (e.g. trainings, tool, collaboration)
   c) Enforce sustainability requirements and hold suppliers accountable (e.g. Corrective Action Plans, penalties and incentives)
   d) Other mitigation mechanisms (e.g. diversify sources, replacement, insurance)
5. Report on performance, and communicate to and engage with stakeholders
6. Receive assurance on disclosures
Achieving transparency on your ESG-footprint is vital to make your efforts tangible within and outside of your organization

**Deep dive: Impact valuation**

<table>
<thead>
<tr>
<th>Key actions</th>
<th>Illustrative example</th>
<th>Key benefits</th>
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<tbody>
<tr>
<td>1. Develop a detailed and comprehensive environmental footprint, using natural capital valuation approaches to place a monetary value on the scale of the consequences for society and the environment.</td>
<td><img src="image" alt="Illustrative example" /></td>
<td>Environmental footprint as the <strong>basis for setting future targets</strong> for the business.</td>
</tr>
<tr>
<td>2. Source data on the environmental impact for cradle to grave impacts including key materials, processes, logistics and consumer behaviors and adapted data to cover all geographical locations for the business.</td>
<td><img src="image" alt="Illustrative example" /></td>
<td>Ability to run the environment footprint on a regular basis to compare performance against target.</td>
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<tr>
<td>3. Design and build a transparent, fully customizable and interactive environmental footprint tool which is integrated into the IT infrastructure.</td>
<td><img src="image" alt="Illustrative example" /></td>
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We are a trusted and renowned partner in supporting organizations to create sustainable value

**USP**

**Make it real**

Our trusted position in the market brings your sustainability strategy to reality – we shape your sustainability agenda to make it work for you by employing our proven strategy through execution approach.

**End-to-end**

We are your trusted partner and expert bringing relevant industry, technical and functional expertise to the table.

**Delivery and engagement**

We collaborate closely with our clients as pragmatic strategists, always with our sleeves rolled up and a strong focus on delivering true impact in a joint team.

**Doing the right thing for society**

We bravely shape the future together with our colleagues, clients and society, always taking responsibility for our actions.
Contact our experts

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