

Planet Positive White Paper

Realising the Benefits of Environmental Sustainability in Business

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In a recent survey 88% of CEOs said that they felt that they should be “implementing sustainability through their supply chain” but only 54% believe they have achieved this within their organisation; and too often, even when achieved, such benefits are not truly quantified¹. At Planet Positive it is our view that it is far less than this.

As many companies have now begun to understand the environmental impacts of their own operations, they are taking a longer look at the impacts of the products and services that come into and go out of their businesses.



For businesses engaging with Government the benefits of this process are clear, to win business with Government it is now mandatory to demonstrate your sustainability credentials, those with them will win contracts, those without will not.

In the private sector it is less clear, there is however an increasing trend for large Corporations to mandate, or at least differentiate their suppliers on the grounds of sustainability.

“Wal-Mart has announced a goal to reduce 20 million metric tonnes of GHG emissions in its supply chain. Presumably, suppliers who do not or cannot assist with this goal are at risk of losing business.” Dean Foods²

Research at Planet Positive shows the maturity phases of sustainability adoption in Figure 1.

Fig. 1 Green Adoption in Supply Chain

No Position	Early Warning	Expectation	Endorsement	Mandatory
<ul style="list-style-type: none"> • No policy or aspiration. • Very few in this category 	<ul style="list-style-type: none"> • <i>Aspiration</i> for sustainable supply chain. • Timetable used 	<ul style="list-style-type: none"> • <i>Recommendation</i> to adopt sustainable practices 	<ul style="list-style-type: none"> • <i>Specific</i> sustainability policies suppliers should implement 	<ul style="list-style-type: none"> • <i>Requirements</i> stated and enforced
 Toxic waste in Africa 2006	 Held sustainability forum with suppliers in Jan 2009  Clear ethical stance but no sustainable supply chain policy yet	 All future suppliers to sign a sustainability agreement  Suppliers expected to comply with supplier standards of conduct  Ethical Trading Code of Conduct	 Key policy: helping clothing suppliers to pay a fair living wage by 2015  Support provided to suppliers to achieve set targets. Moving towards ‘mandatory standards’ level	 <i>“If a supplier cannot be compliant with requirements on the environment and sustainability, we’ll stop doing business with them.”</i> John Paterson, IBM Chief Procurement Officer, 2010   Stringent requirements for suppliers introduced

¹ Accenture, 2010: “A New Era of Sustainability – UN Global Compact – Accenture CEO Survey 2010”

² CDP, 2010: “Consumer Staples Sector Report”

At the basic level, sustainability is a differentiator that gives benefit through winning new business. There is a strong view across the industry that around 90% of all business will mandate sustainability certification by 2015. This means that the business benefit of sustainability extends from winning new business to retaining existing business as well.

If this argument were insufficient, then there is the business benefit of improving resource efficiencies across the business with associated resource reductions. For example, Planet Positive certified business Bowmer & Kirkland recently announced energy saving of £315,000 over 2 years.

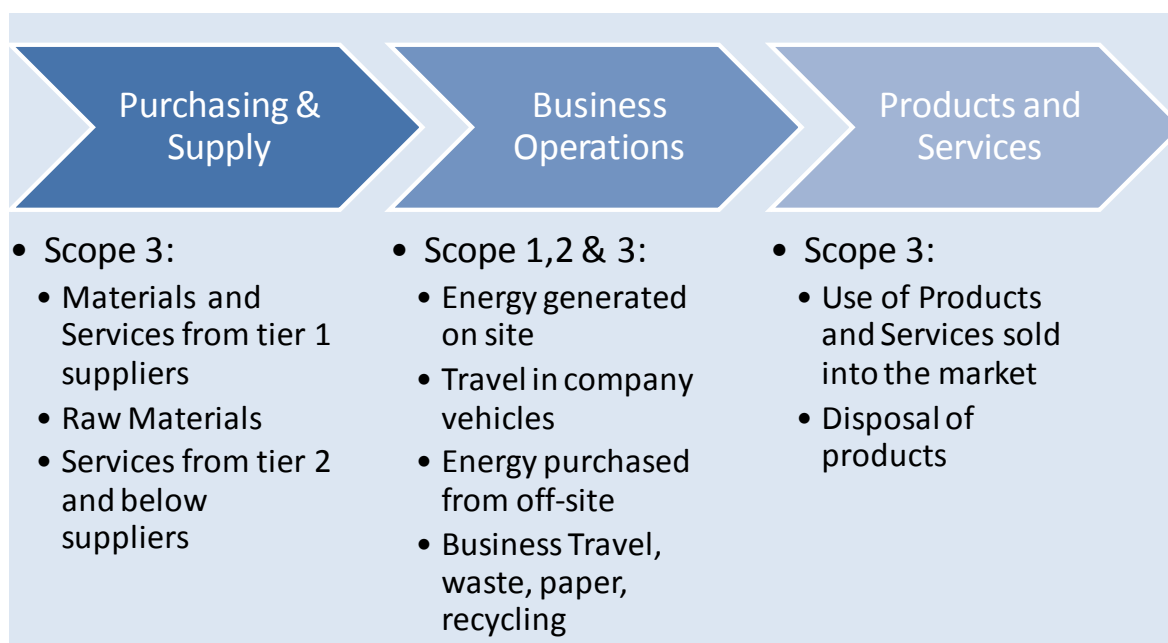
We live in a world of globalisation which often adds to the complexity of regulation. It is therefore vital that where possible, a business needs to ensure that its sustainability programme meets those global requirements and removes barriers to success.

It is easy to leave the benefits of corporate communications to last, since these can be most intangible. Our experience has shown that sustainability leadership in a business does position that enterprise favourably with its clients; moreover there is mounting evidence that people are more likely to want to work for a company that takes its sustainability role seriously.

Making it Happen

It is amazing how many businesses embark on sustainability without a clear roadmap. The world is full of consultants that provide such a service but often they introduce more complexity into what should be a straight forward operation. At Planet Positive we focus our roadmap on three business segments: business operations, purchasing/supply and products/services as shown in Figure 2

Fig. 2 Roadmap Segments



If we look at each of these segments in more detail:

Business Operation comprises all of the functions associated with the business excluding input purchasing/supply and output product/service development. It covers all functions of a business

such as finance, operations, manufacturing and sales. Businesses are in direct control of their operations and therefore have direct control of their sustainability footprint for their business operations. This is therefore the logical starting point for the roadmap and should provide the easiest yield to the business. Planet Positive provides a full Environmental Management Service to achieve business operations efficiencies.

Purchasing/supply is the second segment of the roadmap and is often regarded as a tough task since it may involve many hundreds of suppliers. We estimate that only 10-20% of all business has a supplier sustainability strategy, and yet there are some organisations where it may be the area of high yield. The Planet Positive Business Sustainability road map has produced some interesting results. It is based on an organisation analysing its overall carbon footprint across inputs (supplies), operations and outputs (the product supply chain).

“Our supply chain in the UK is responsible for approximately 26 million tonnes of CO2-e, which is about ten times our direct carbon footprint. In October 2009, we committed to achieving a 30% reduction in emissions from the products in our supply chain by 2020.” Tesco³

Figure 3 charts some industry examples:

Fig. 3 Carbon Footprint Distribution⁴

Industry	Inputs % (suppliers)	Operations %	Output % (product/services)
Government	40	50	10
Healthcare	70	30	0
Prof. Services	5	90	5
Manufacturing	30	40	30
Transport	20	80	0
Retail	45	10	45
Construction	55	10	35
Consumer Goods	45	10	45
Utilities	30	40	30
Telecommunications	40	45	15
Energy	30	20	50
Financial Services	15	80	5

³ CDP, 2010: “Consumer Staples Sector Report”

⁴ Data based on analysis of scope 3 returns included in CDP 2010 sector reports

This chart is not exhaustive of industry types and the percentages are only guidelines, nevertheless the analysis should give an organisation a good indication on the priorities of their sustainability roadmap. An accounting business for example, considered Professional Services above, is able to get maximum sustainability impact through control of its own operation, where a hospital has only about 30% of its footprint directly under its control.

The Planet Positive Supply Solution is an adapted version of the original accreditation process; it enables your business to request your suppliers to complete a simple, short, on-line input that aligns supplier business operation carbon reduction to your business. The result is a consolidated supplier footprint. It is unlikely that every supplier will participate initially but it starts the journey, large Corporations such as IBM, Walmart and BT are already embarking on similar programmes and will eventually exclude suppliers who do not wish to participate

Products/Services is the third segment of the roadmap. It is the most complex since it requires Life Cycle Analysis of the supply chain (cradle to cradle) for each product/service; it involves the carbon analysis of the components/ingredients/processes which make up the product or service together with a carbon reduction plan. New products should already include an LCA as part of their development; the large task is the retro-engineering work for existing products. Planet Positive provides an assisted LCA programme making the process less onerous and less costly.

Summary

Planet Positive has always taken a commercial and pragmatic approach to sustainability. We do not compromise on the goals of sustainability, but we do reflect the needs of business in making sustainability happen. We also strongly believe that the only way sustainability happens is from within the business and all of our supporting programmes and their call to action are geared accordingly. We know from our client research that the three main inhibitors to a business adopting sustainability are complexity, speed and cost. The Planet Positive process is web-based and certainly addresses the speed and cost inhibitors as well as being simple to use. This roadmap also helps our clients focus on a sustainability programme that is driven on good business reasons.

At Planet Positive we know that we can initiate the call to action within your organisation and your supplier network so if you would like to know more please get in touch.

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