

strategy&

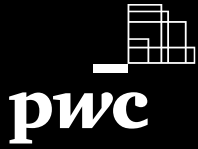
Part of the PwC network

Sustaining values

Driving the sustainability agenda
in Retail and Consumer

2021





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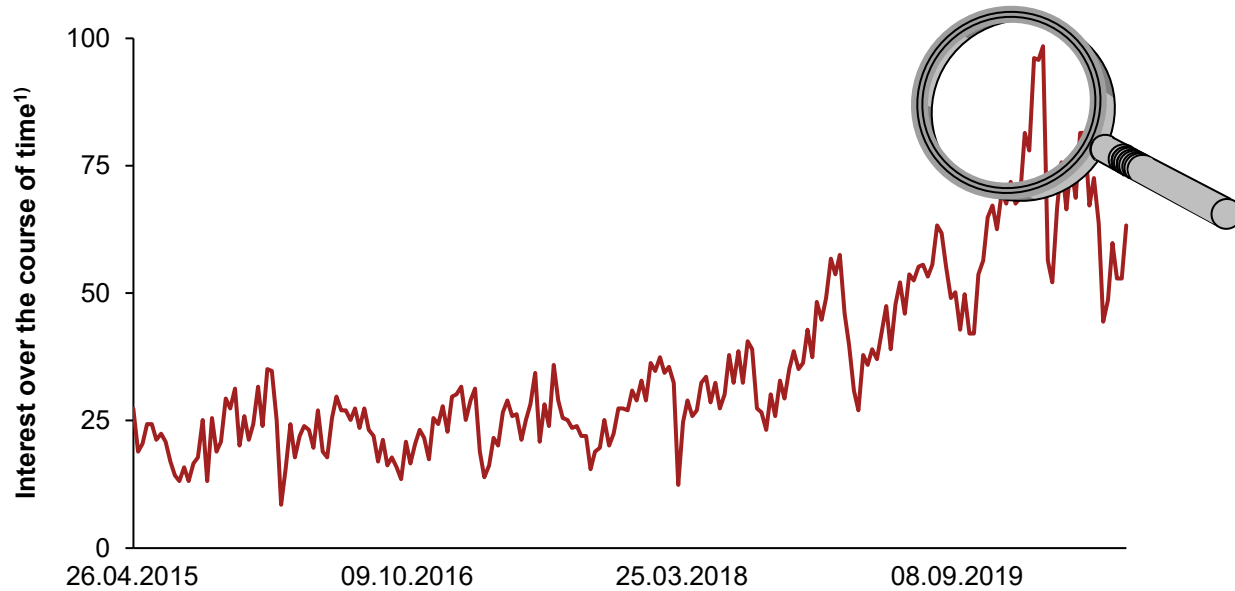
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Social consciousness for sustainability topics is growing amongst consumers and influencing their purchasing decisions

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**

After Covid-19, social and governance aspects of ESG will be more relevant as public scrutiny is increasing

Implications of Covid-19

Before: **ESG**



Carbon-footprint



Palmoil



Greta Thunberg



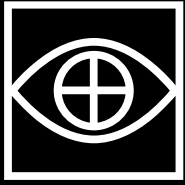
After:

ESG

Rent payments

Salary differences for staff

Missing safety measures



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



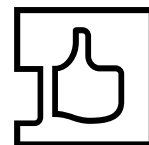
Sustainable operations contribute to **economic company goals and targets**, e.g. superior shareholder return



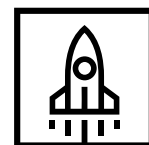
Pursuing sustainability targets contributes to **creating value for society** beyond shareholder value



Sustainability ensures **alignment between the companies and their stakeholders**, e.g. rising consumer interest in reducing CO2 footprint



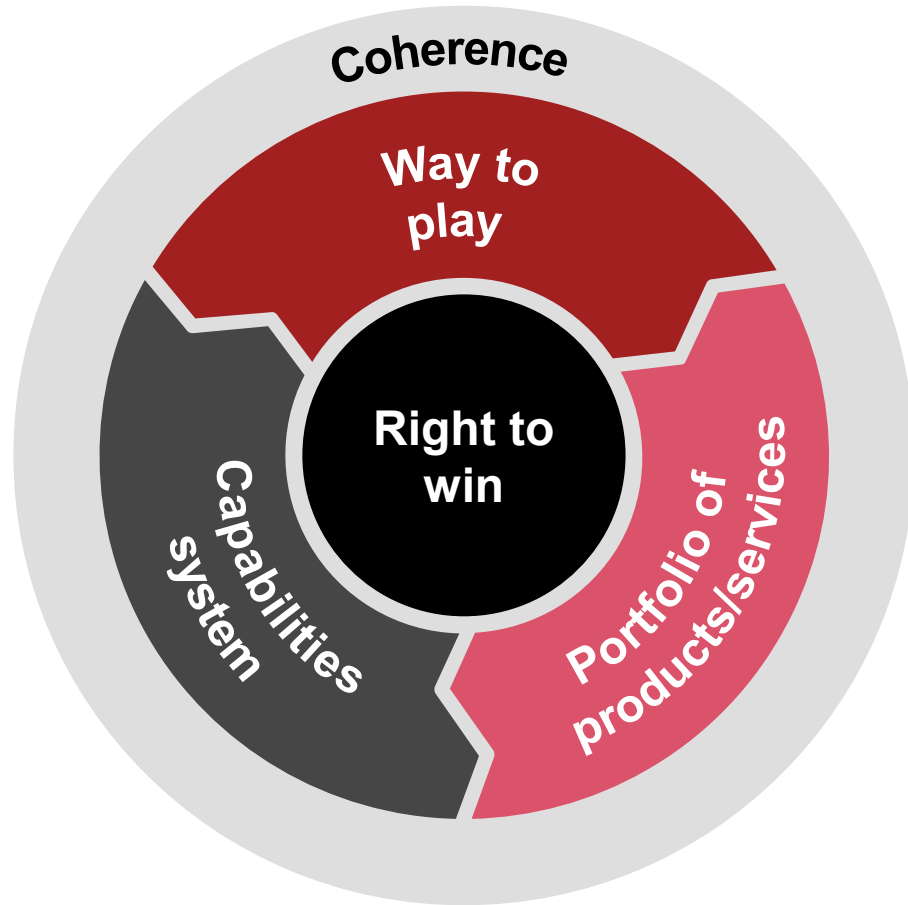
Setting targets on sustainability delivers **purpose to employees and staff** – people come together to jointly drive the targets



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?

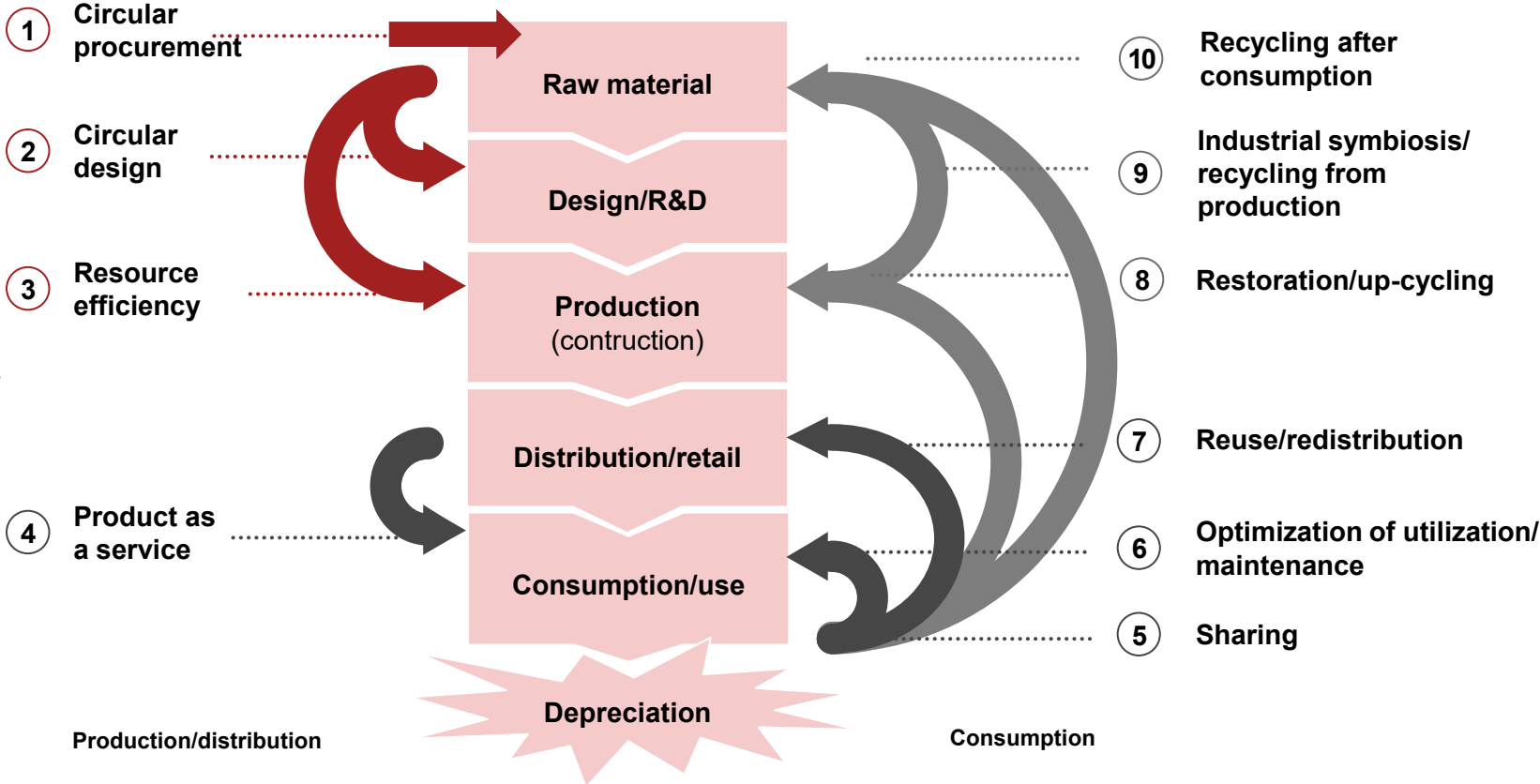
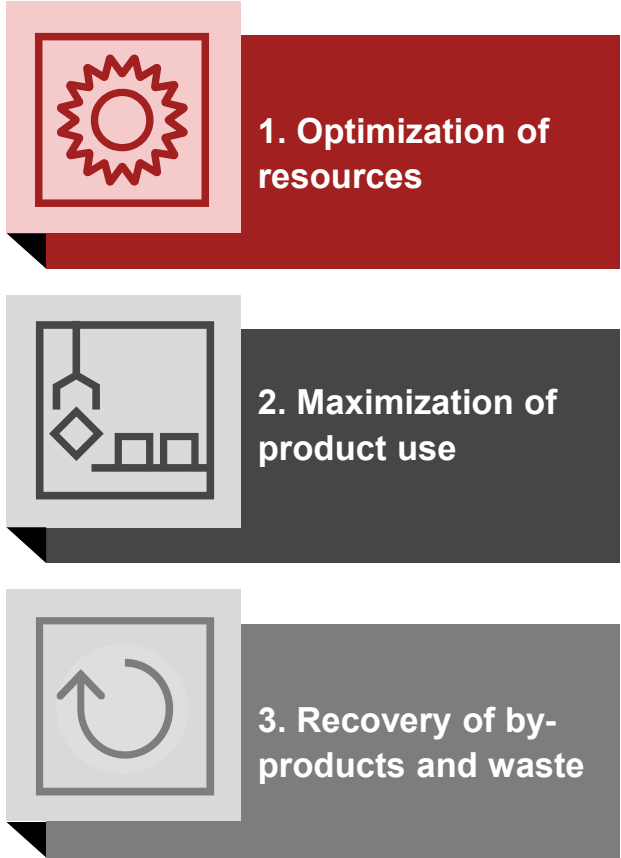
Companies with products and services that leverage a similar capabilities system have superior returns

We have defined ten strategies for resource optimization, product maximization and waste recovery in a circular economy

Deep dive: Circular economy

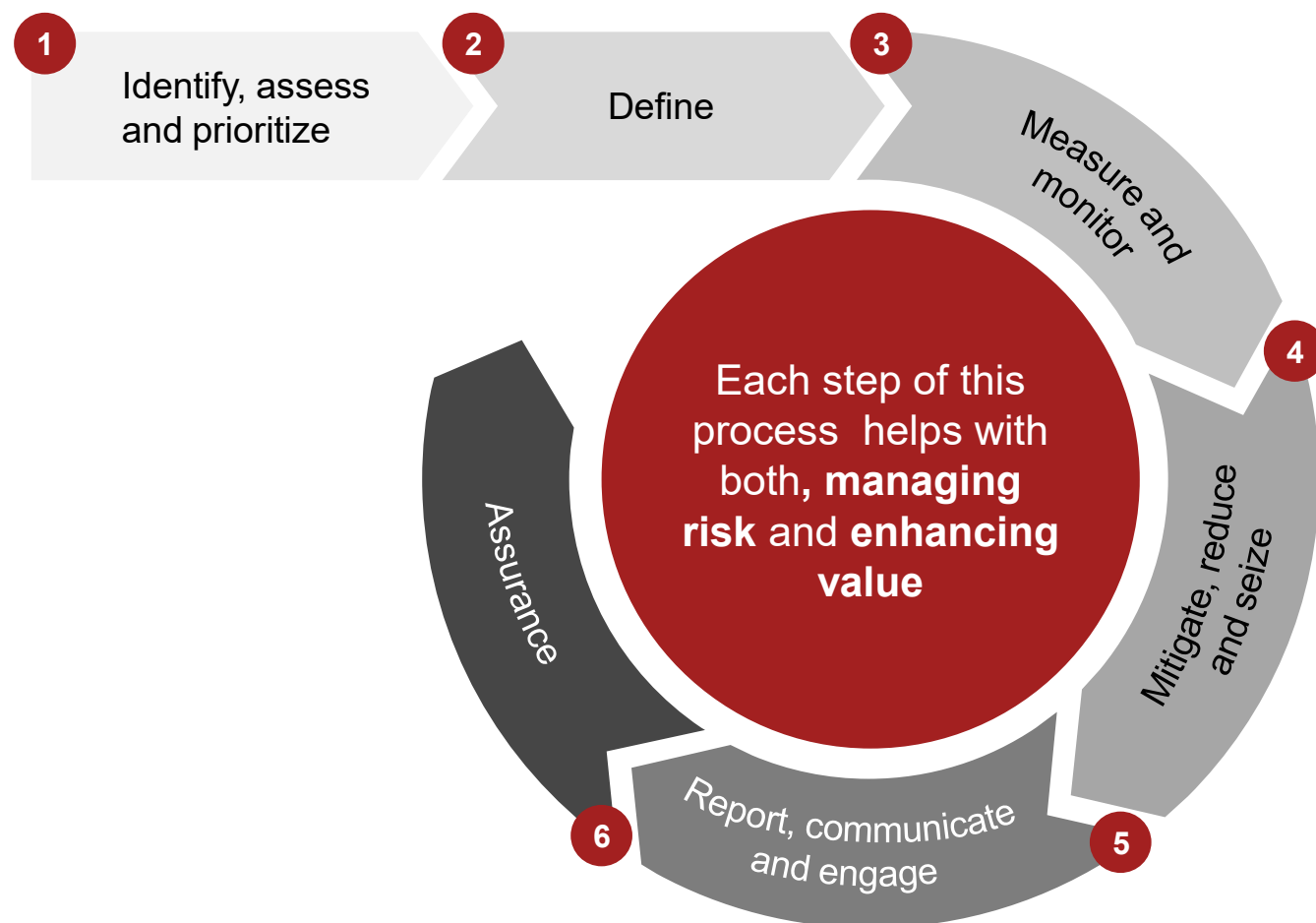
Three principles of a circular economy

10 strategies for the implementation of a circular economy



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

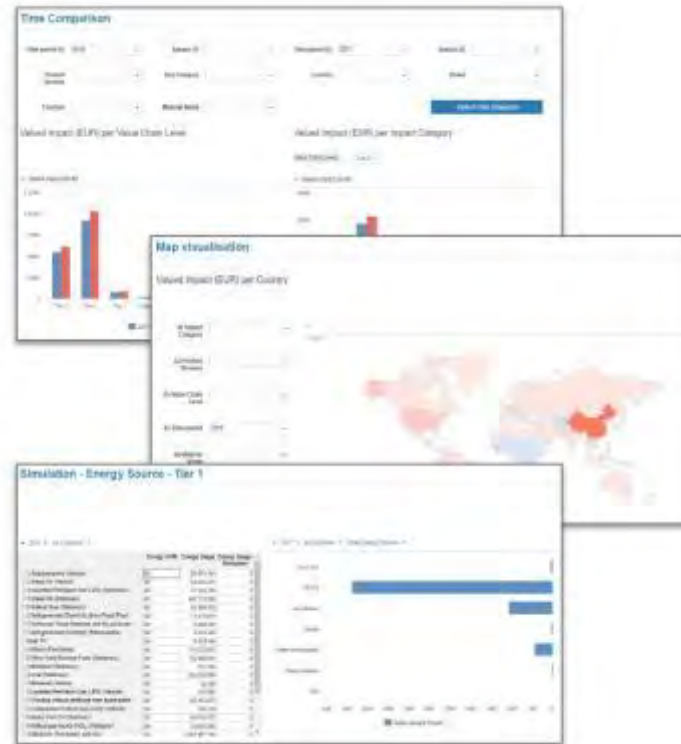
Key actions

- 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

- 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

- 3
Design and build a transparent, fully customizable and interactive environmental footprint tool which is integrated into the IT infrastructure

Illustrative example



Key benefits

- ✓
 Environmental footprint as the **basis for setting future targets** for the business

- ✓
Ability to run the environment footprint on a regular basis to compare performance against target

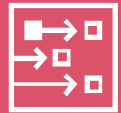
We are a trusted and renowned partner in supporting organizations to create sustainable value

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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