

The Green Market Revolution

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Prepared for Old Mutual - Webinar
December 5, 2022

BOLD
AT
WORK

Agenda

- To what extent is Environmental Sustainability shaping the ESG agenda?
- What consumers demand from sustainable brands and how to avoid greenwashing?
- How can firms transform to become more sustainable and make the most of the green market opportunity?

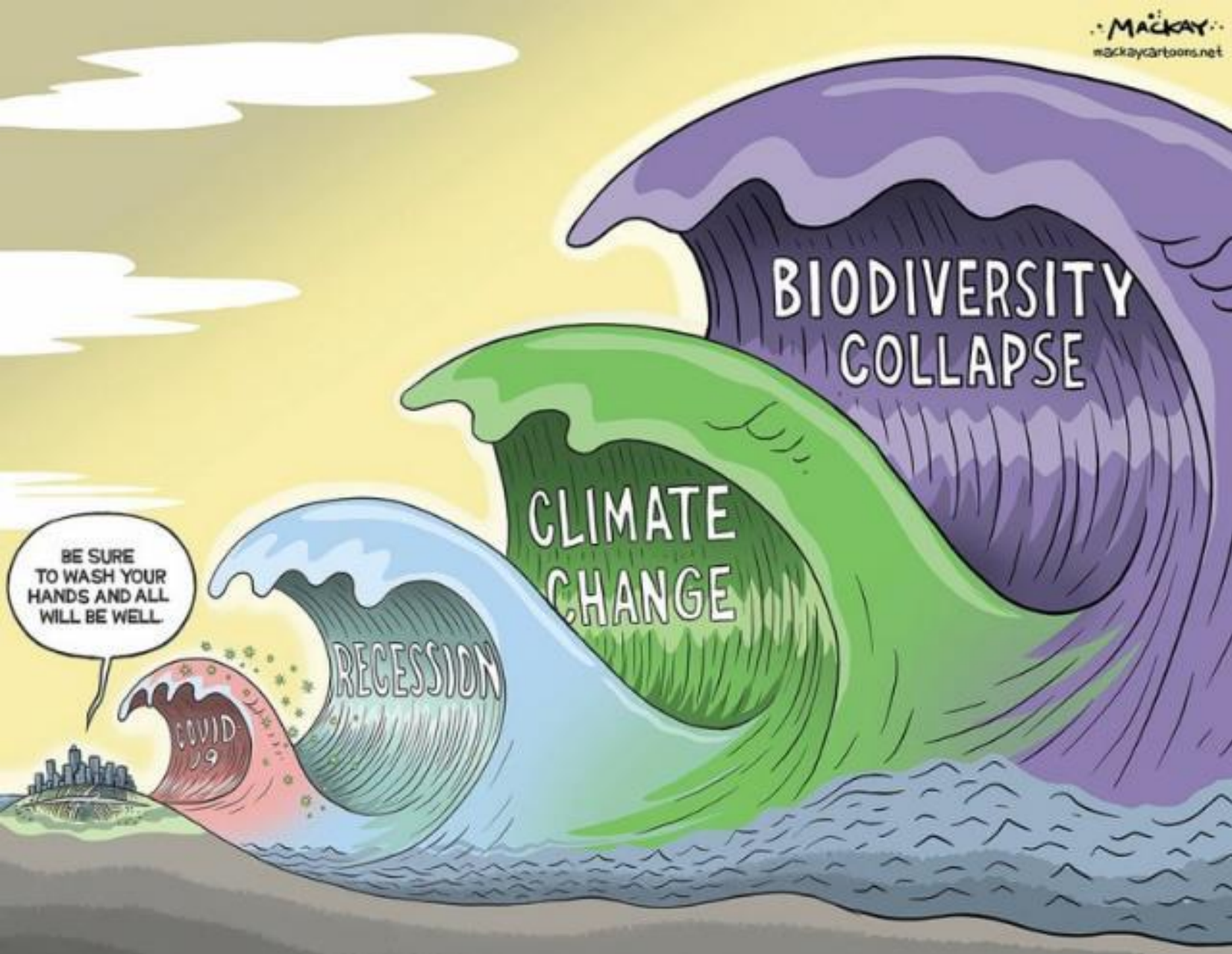
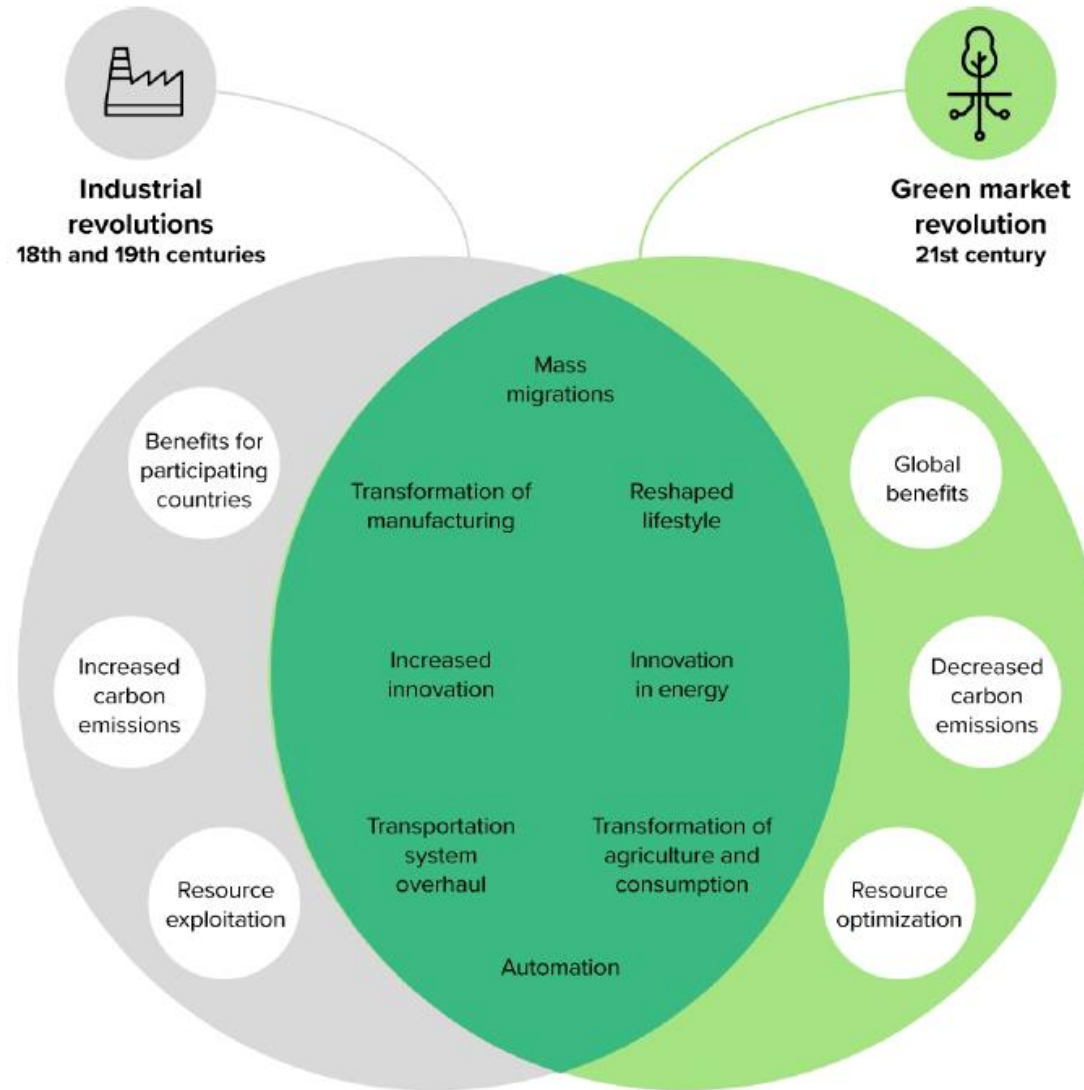


Image source: <https://mackaycartoons.net/2020/03/18/wednesday-march-11-2020/>



The green market isn't simply a business opportunity: it's a market revolution



Money — not ethics — will fuel green market opportunity

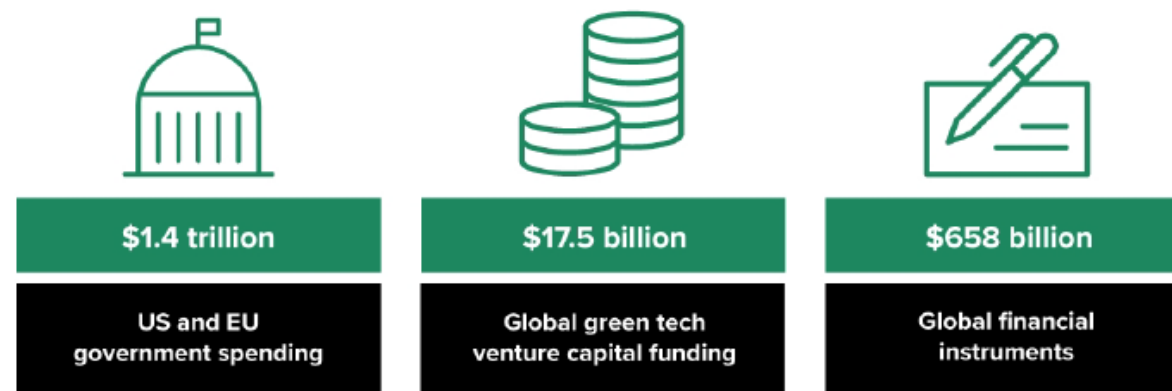
South Africa Sets Sights on \$250 Billion in Hydrogen Investment

Initial Green Market Investment: US And EU Governments, Global VC Funding And Finance

ESG IMPACT

The big new Exxon Mobil climate change deal that got an assist from Joe Biden

PUBLISHED SAT, NOV 19 2022-9:30 AM EST



Note: In our government spending estimates we included spending directly targeted and open for targeting climate change from the US 2021 Infrastructure Investment And Jobs Act; 2022 CHIPS Act, and 2022 IRA, and the EU 2021-2027 Budget and NextGenerationEU. Venture capital and global financial instruments estimates are for 2021.

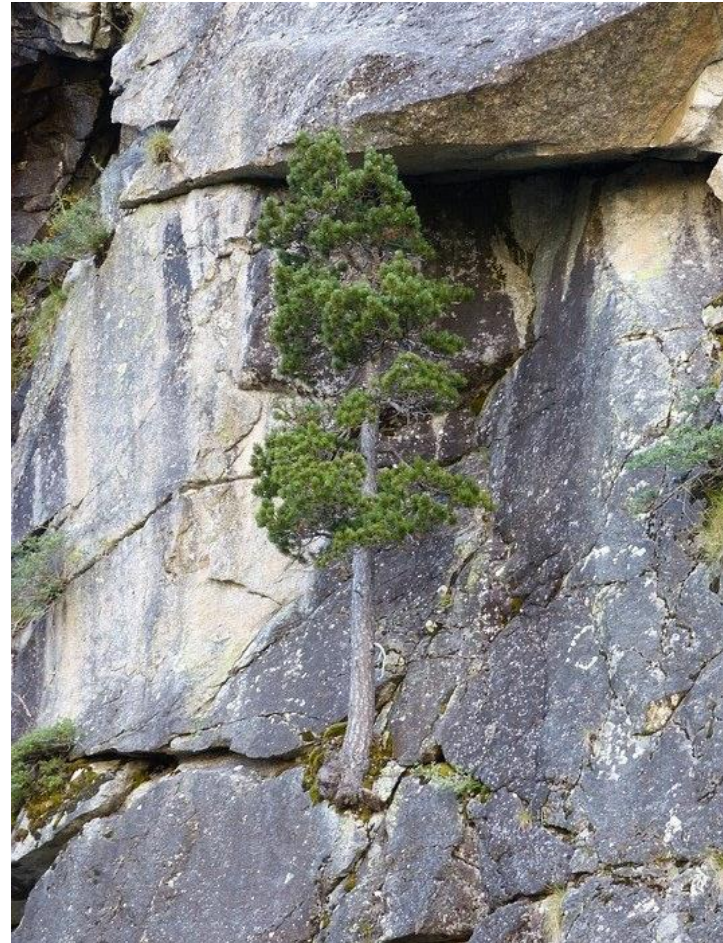
Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

Beyond pressure from regulators, investors, customers and employees, sustainability is an opportunity to build a new competitive advantage

Build Trust



Increase Resilience

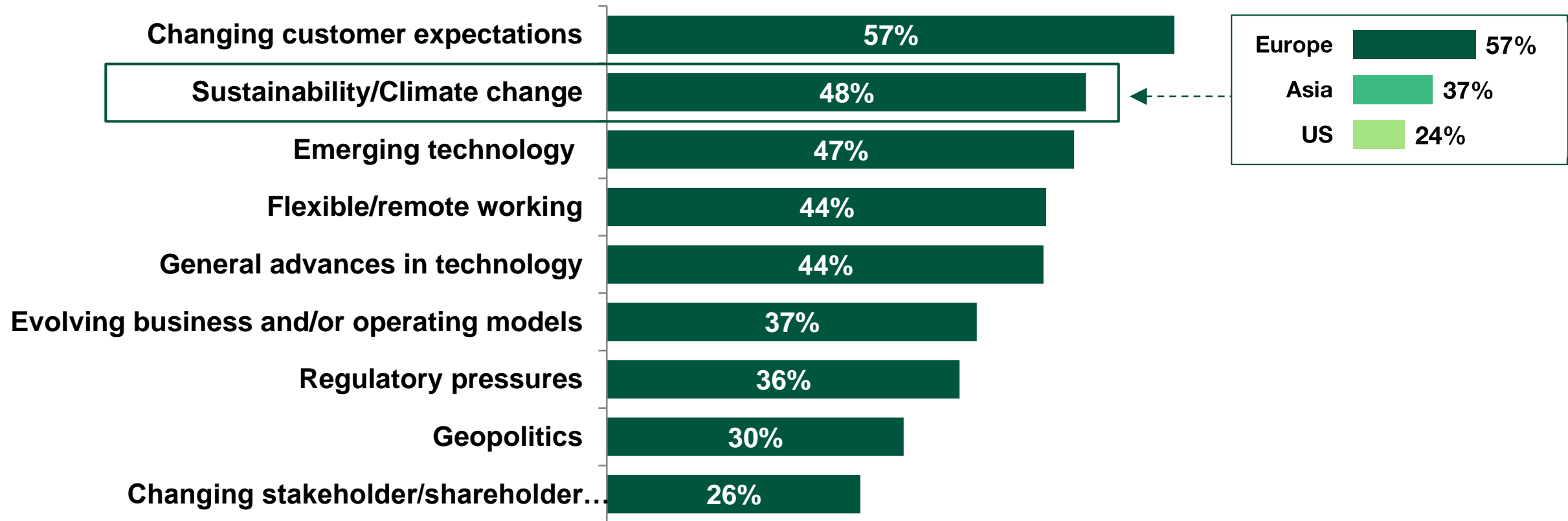


Open New Markets



In Europe, climate change is perceived as a top disruptive factor

“What factors will cause the most disruption? ”



Note: top 10 responses shown.

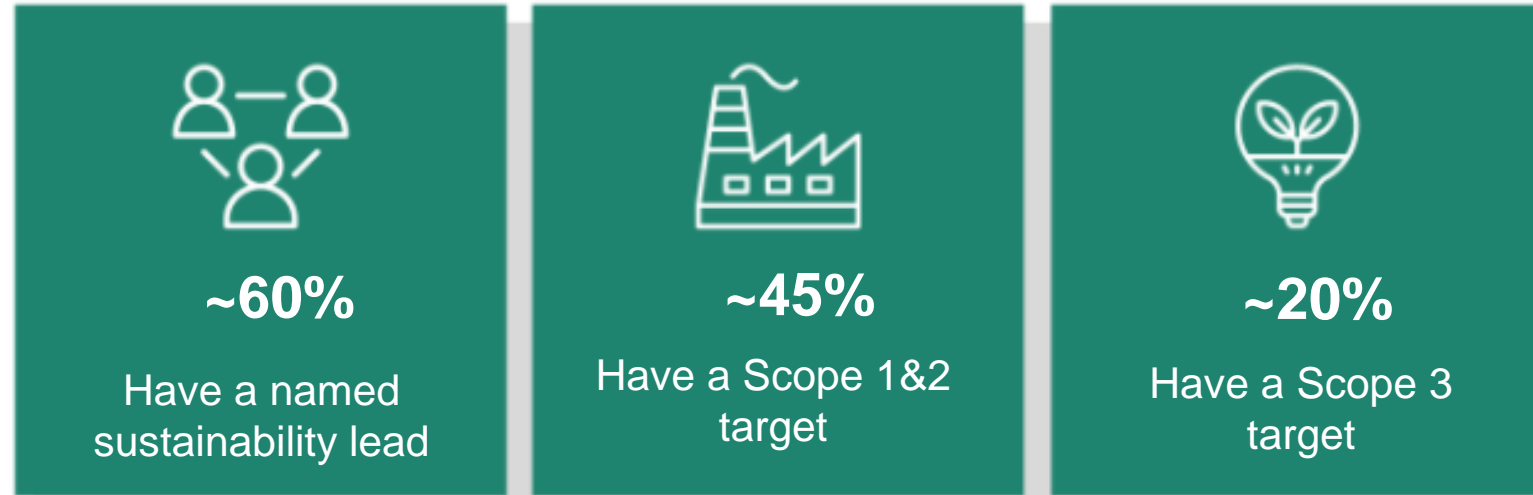
Base: 1,100 CEOs and C-Level Decisions Makers / Source: Forrester / Odgers Berndtson Global Leadership Confidence Survey, 2022

Accorded to SBTi, only 2 high impact South African firms out of 39 had set science-based targets

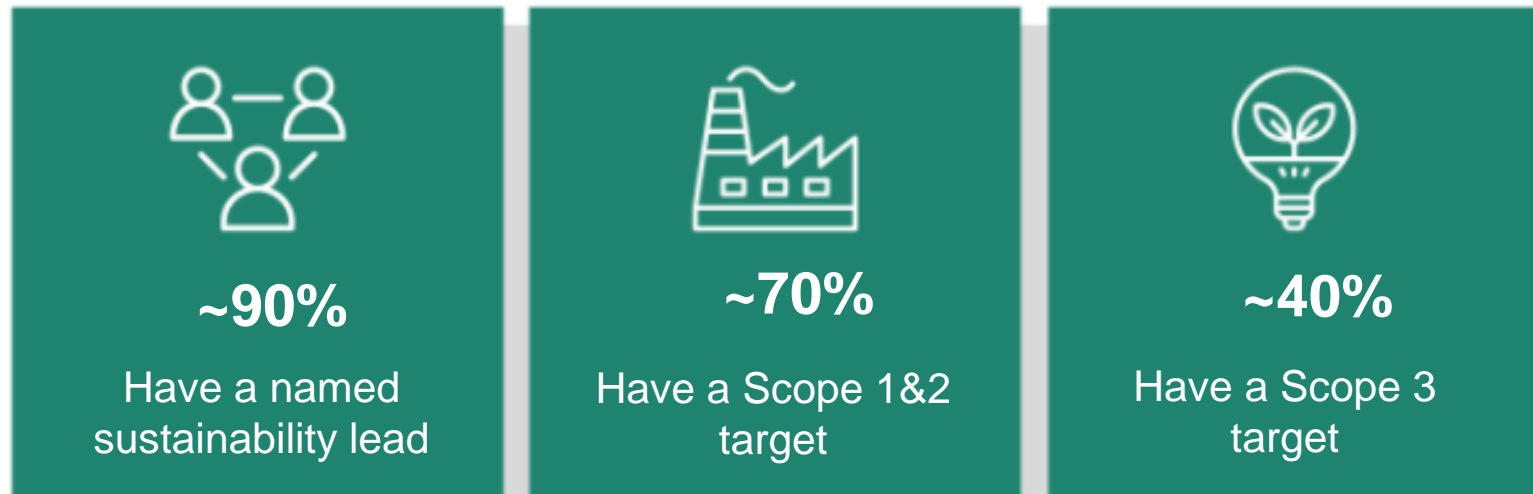


European firms lead the pack when it comes to integrating sustainability into strategy and execution

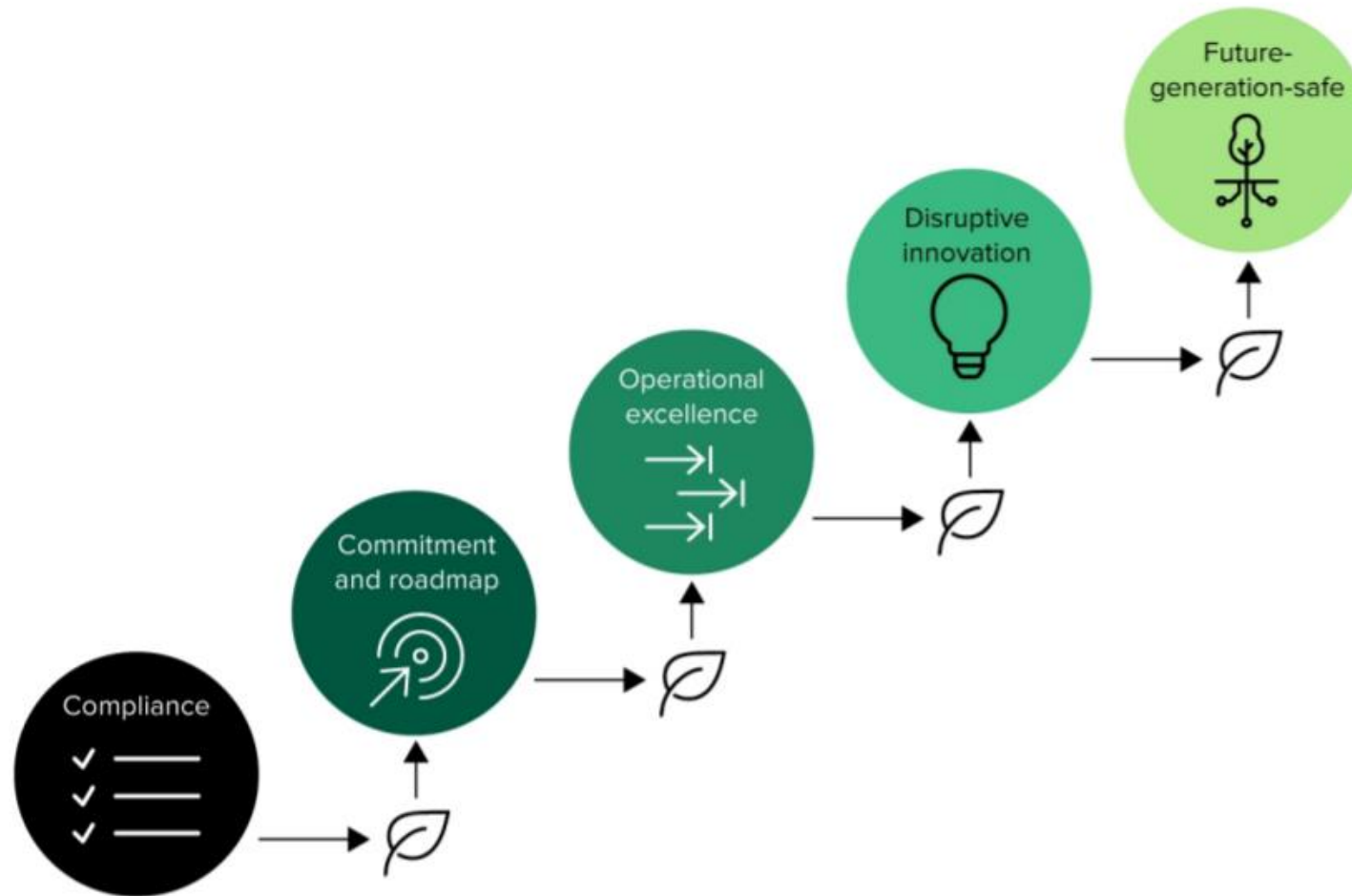
Global 200 companies



50 European largest firms



However, few firms are mature at integrating sustainability in their business

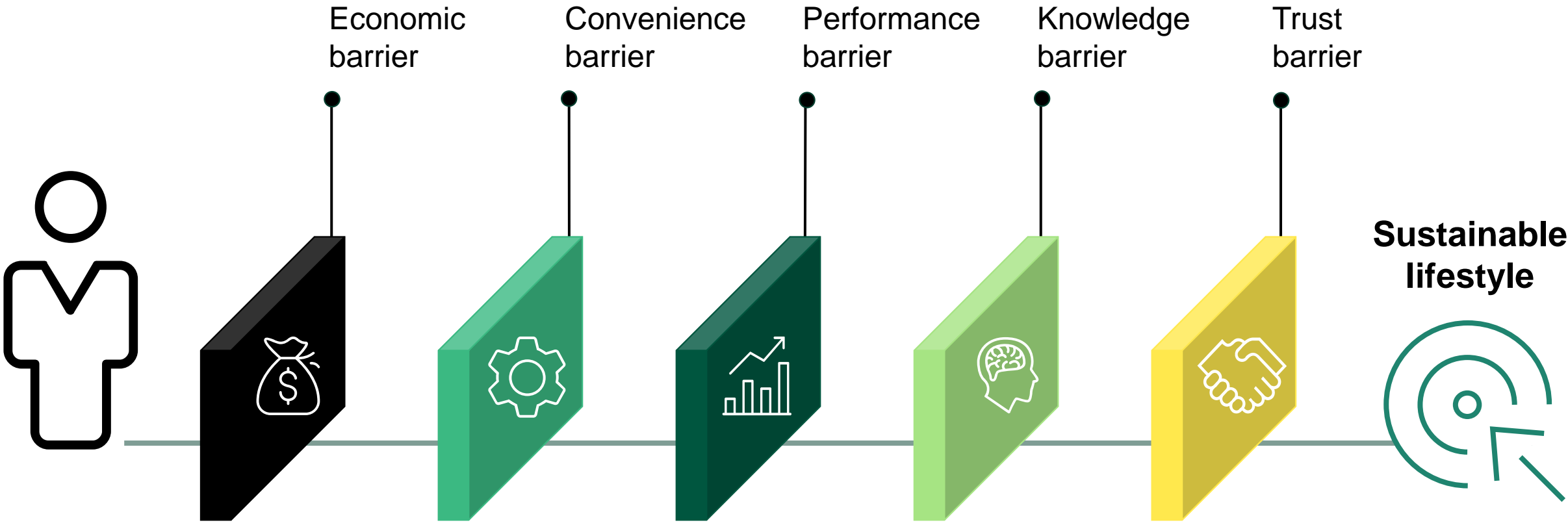


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Five barriers prevent consumers from acting on their sustainable intentions

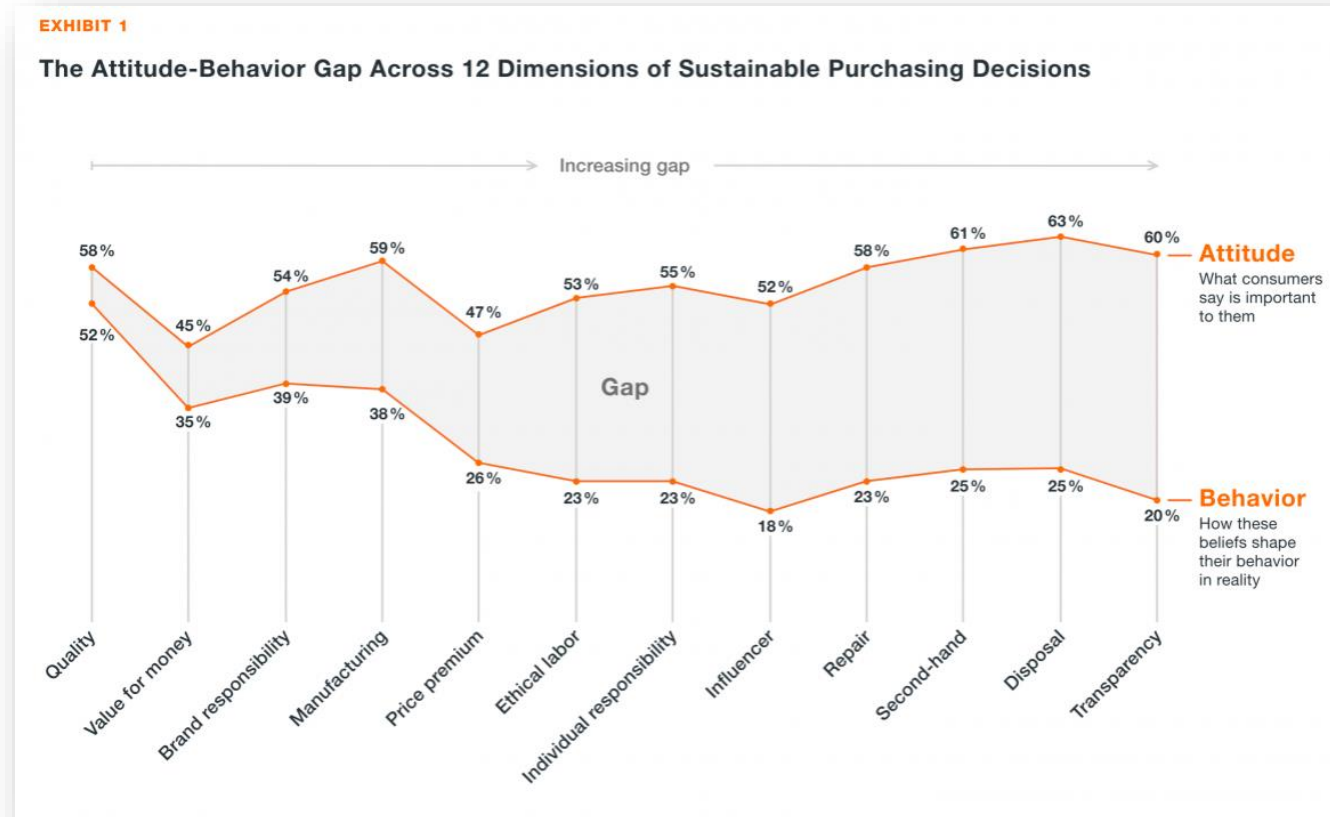


Like Zalando, measure the gap between their customers' expressed values and behaviors: the say-do gap is still high...

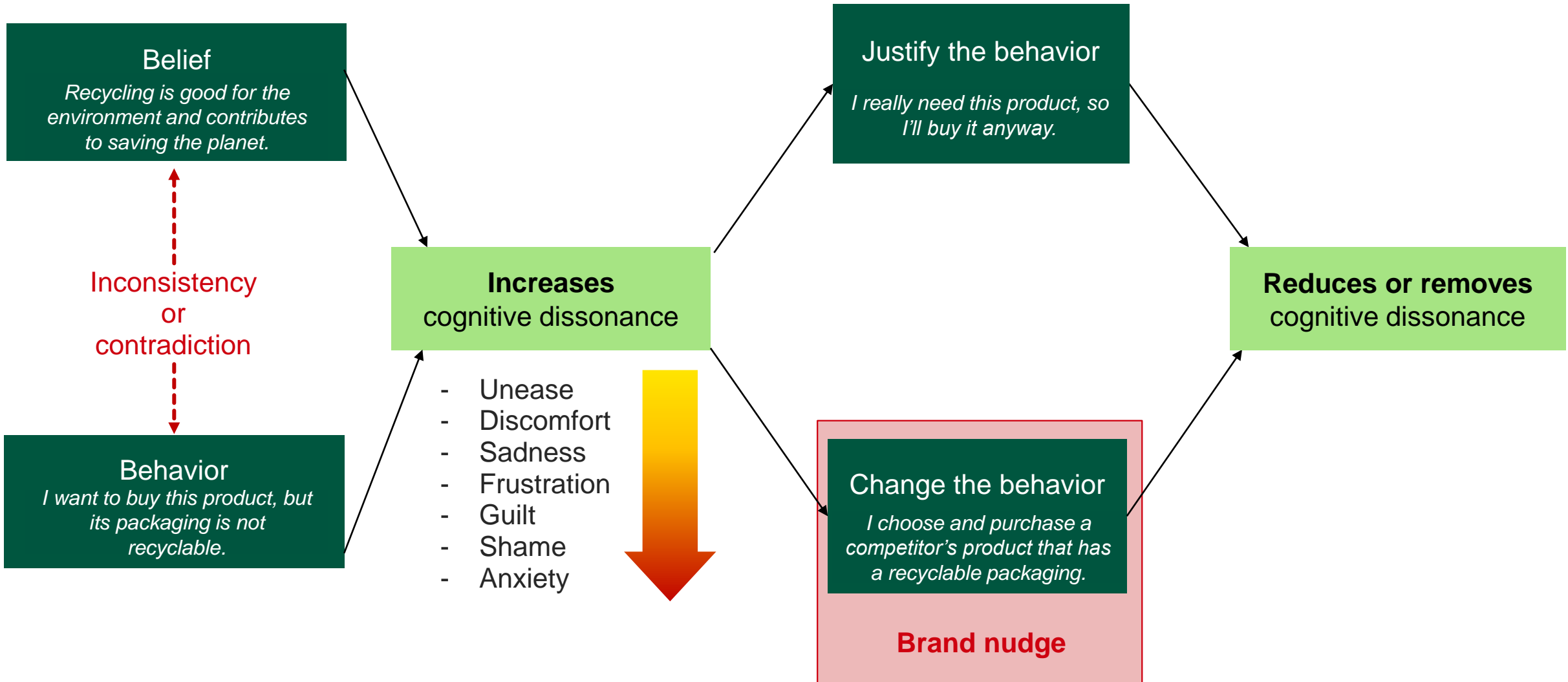
“ Our customers tell us that they care deeply about sustainability, but they really struggle to translate their values into actions when they go into stores or shop online. There is a gap, which we need to close if we are serious about making the industry more sustainable.

— Kate Heiny, director sustainability at Zalando

”



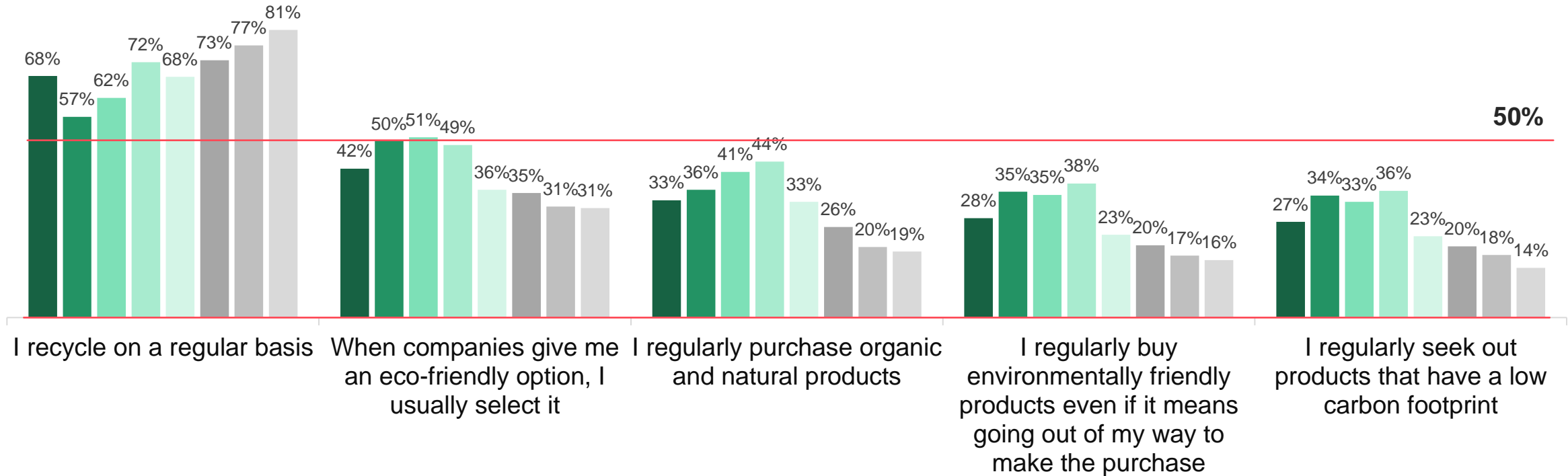
....creating cognitive dissonance: a risk as much as an opportunity for brands



Younger generations are more likely to showcase environmental friendly behaviors but less likely to recycle

Please indicate how well each of the following statements describes you.
(Showing Top 2 boxes Describes me)

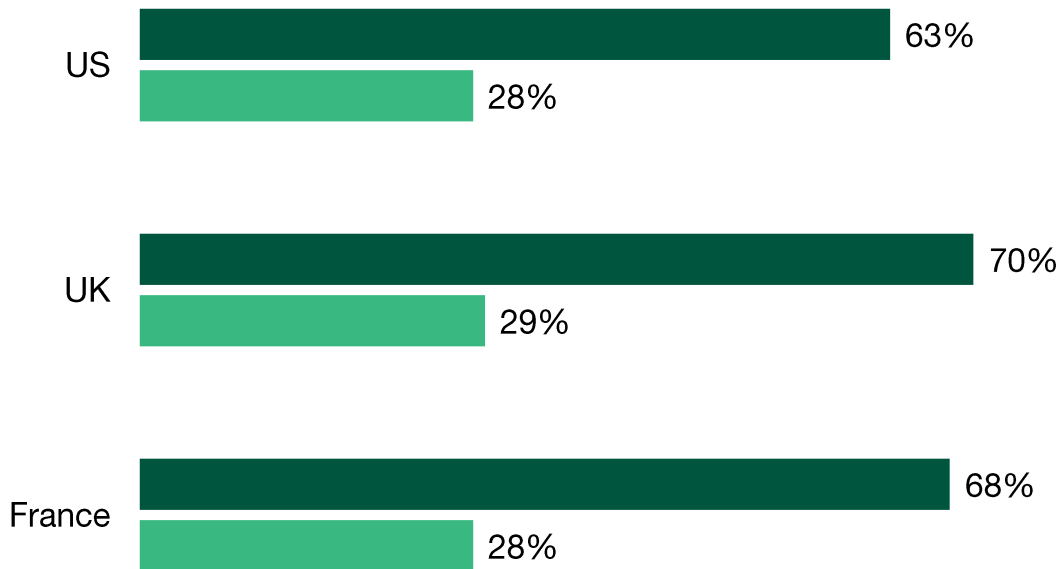
■ Total US ■ Under age <25 ■ 25-34 ■ 35-44 ■ 45-54 ■ 55-64 ■ 65-74 ■ 75+



Base: n = 5433 (Total US) | 833 (Under age 25) | 1089 (Age 25-34) | 807 (Age 35-44) | 862 (Age 45-54) | 867 (Age 55-64) | 730 (Age 65-74) | 245 (Age 65-74) US Online adults
Source: Forrester's Technology And Telecom Benchmark Recontact Survey, 2022

US consumers distrust brands' environmental commitments and communication...

- Companies are responsible for protecting the environment
- I trust companies when they say they will commit to reducing climate change



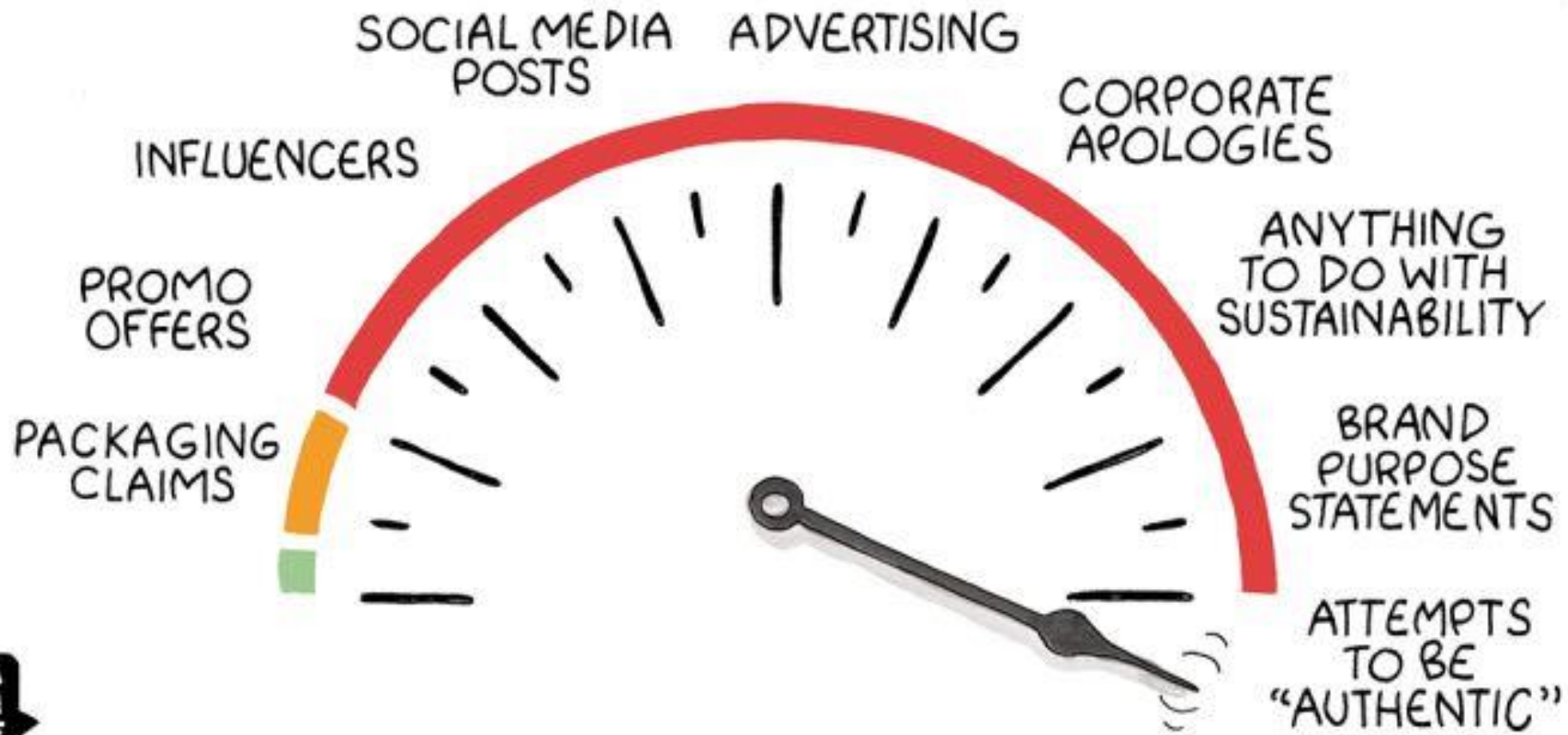
45% 

consider brands tend to mislead consumers when communicating their environmental initiatives

Base: 5,433 to 4,376 US online adults

Source: Forrester's Retail Topic Insights Survey, 2022 and Forrester's Technology And Telecom Benchmark Recontact Survey, 2022

MARKETING B.S. DETECTOR



TOM
FISH
BURNE

© marketoonist.com

No wonder why marketers fear greenwashing

76%

CMOs would like to communicate more on green initiatives
but fear greenwashing

Base: 153 CMOs

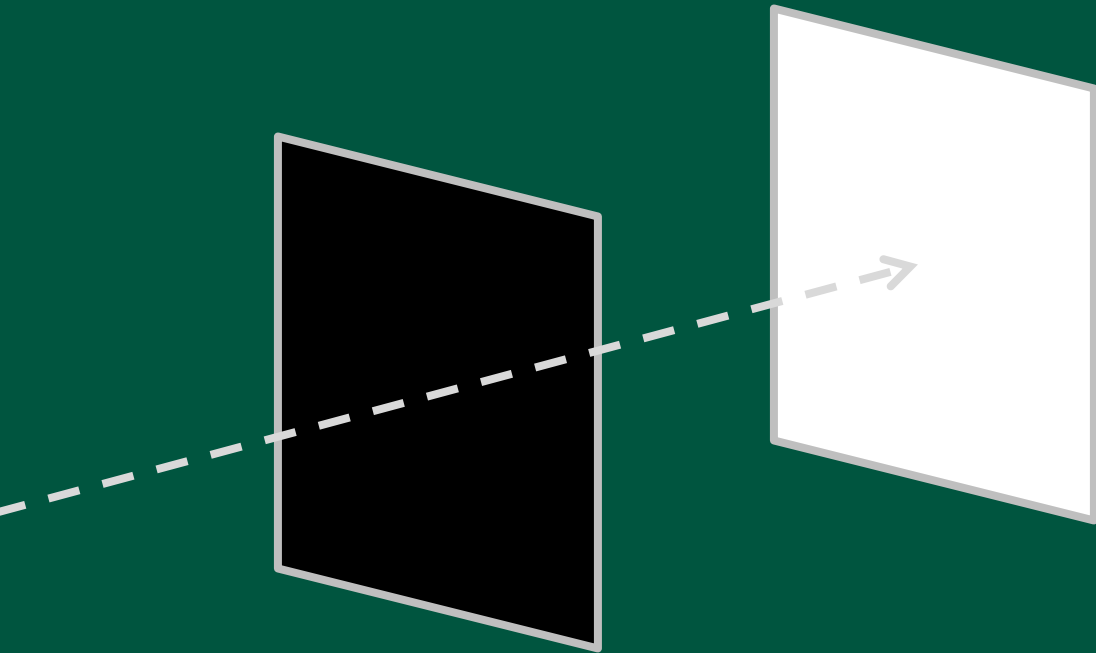
Source: Forrester Q2 2022 CMO Survey

Greenwashing is rarely intentional but will increase in 2023: more than 10 firms will get fined over \$5M



“It is rather the result of internal miscommunication between pushy marketers who prefer the talk and humble sustainability champions who prefer the walk”

Thomas Parouty, founder and CEO at MIEUX – a communication agency



Transparency increasingly reveals every misstep

Regulators and activists are pulling it, and your own business is pushing it.

Flavours of greenwashing

There are many ways to fall foul of greenwashing. Industry research has identified eight major ways that companies and governments can be guilty of greenwashing. Some of the more prominent ones:

Hidden trade-offs

Advertising a new change where an environmental issue seems to be solved but contributes to another concerning issue

Lack of proof

Making claims about a product's ecofriendliness without sharing evidence to back them up

Vagueness

Making broad sustainability statements or claims that lack specificity

Lesser of two evils

Promoting one beneficial aspect of an otherwise damaging product or action

Fibbing

Making false environmental claims

Trust is the currency of the sustainable economy



Source: Forrester report [The Trust Imperative](#)

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Many traditional businesses have started their green transformation journey, and green start-ups are mushrooming

Oatly Weighing \$10 Billion Value in U.S. IPO

By [Ruth David](#) and [Agnieszka de Sousa](#)
5 February 2021, 17:56 GMT

FAIRPHONE



octopus
energy



K E R I N G



SWEEP



Too Good To Go

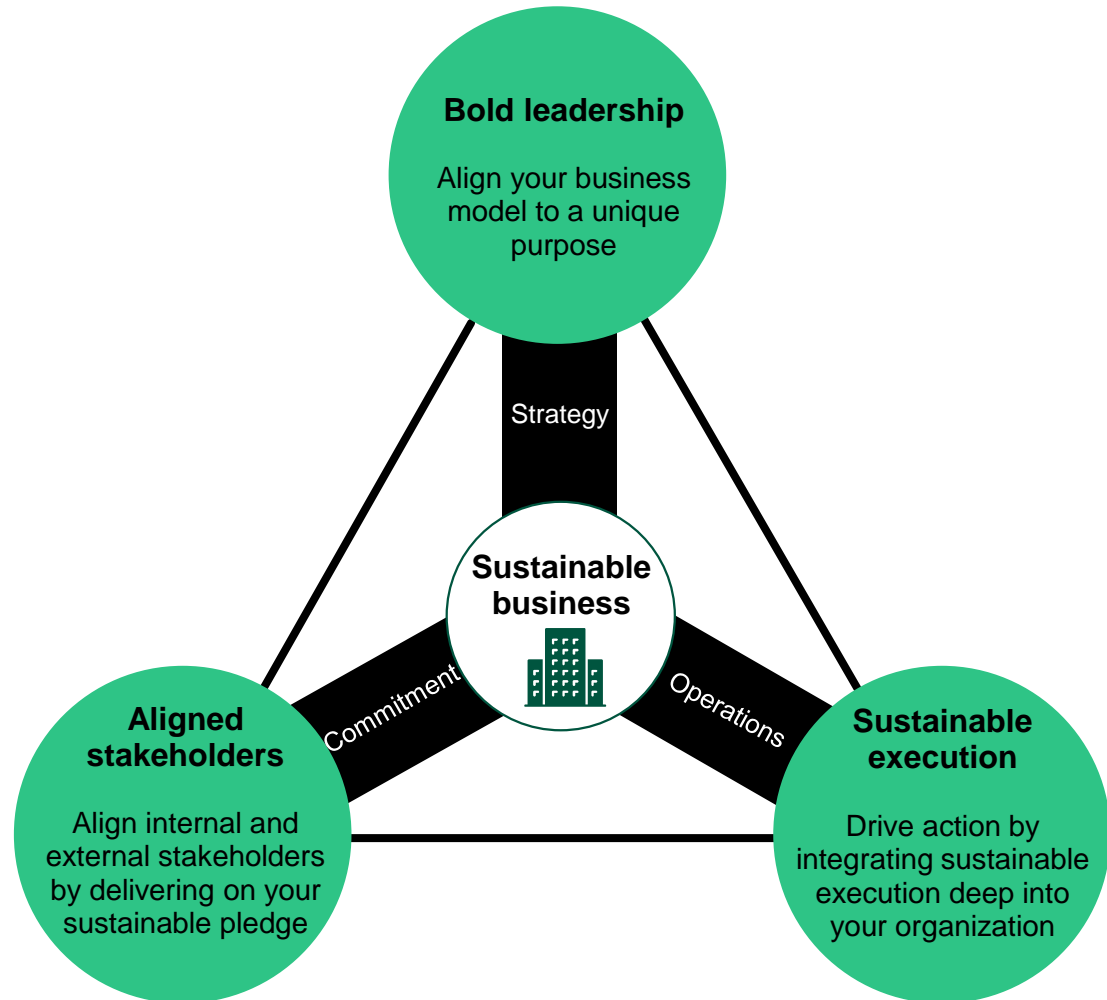
Can Allbirds Live Up to Its \$1 Billion Valuation?



northvolt



Key success factors and best practices to embrace a multi-year sustainable transformation journey

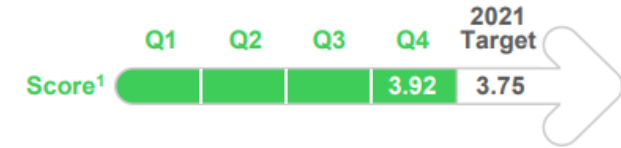


- *Strategy*: Empower your Chief Sustainability Officer with authority and influence
- *Strategy*: Evaluate performance beyond shareholder value using ESG reporting
- *Operations*: Drive sustainability initiatives into business units and functions with sustainability KPIs and methodologies
- *Operations*: Redefine your innovation ecosystem
- *Commitment*: Undergo regular third-party certifications and audits
- *Commitment*: Create a culture of sustainability, rather than simply compensating top execs

Empower your Chief Sustainability Officer with authority and influence



Evaluate performance beyond shareholder value using ESG reporting



Q4 2021 results

CLIMATE



- 1 Grow Schneider Impact revenues*²
- 2 Help our customers save and avoid millions of tonnes of CO₂ emissions³
- 3 Reduce CO₂ emissions from top 1,000 suppliers' operations

	Baseline	Q4 2021	2025 Target
1	70%	71%	80%
2	263M	347M	800M
3	0%	1%	50%

RESOURCES



- 4 Increase green material content in our products
- 5 Primary and secondary packaging free from single-use plastic and using recycled cardboard

	Baseline	Q4 2021	2025 Target
4	7%	11%	50%
5	13%	21%	100%

TRUST



- 6 Strategic suppliers who provide decent work to their employees⁴
- 7 Level of confidence of our employees to report unethical conduct⁵

	Baseline	Q4 2021	2025 Target
6	—	In progress	100%
7	81%	+0pts	+10pts

EQUAL



- 8 Increase gender diversity in hiring (50%), front-line management (40%), and leadership teams (30%)
- 9 Provide access to green electricity to 50M people⁶

	Baseline	Q4 2021	2025 Target
8	41/25/24	41/27/26	50/40/30
9	30M	+4.2M	50M

GENERATIONS



- 10 Double hiring opportunities for interns, apprentices, and fresh graduates
- 11 Train people in energy management⁷

	Baseline	Q4 2021	2025 Target
10	4,939	x1.25	x2.00
11	281,737	328,359	1M

LOCAL



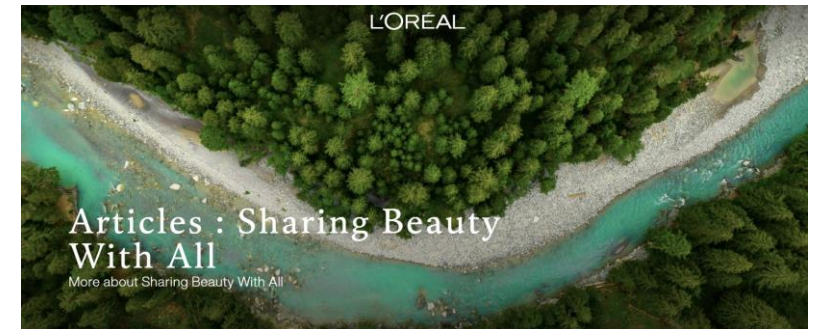
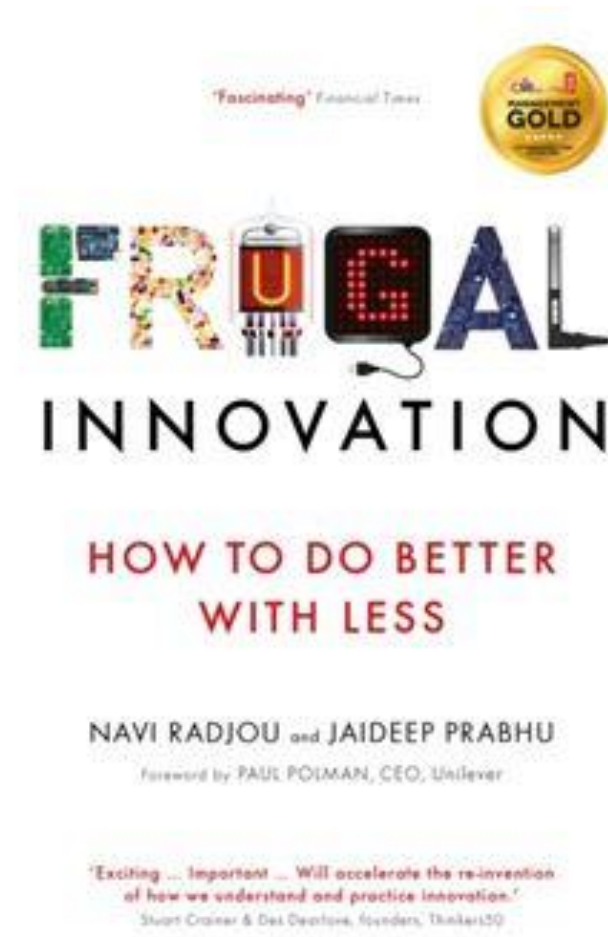
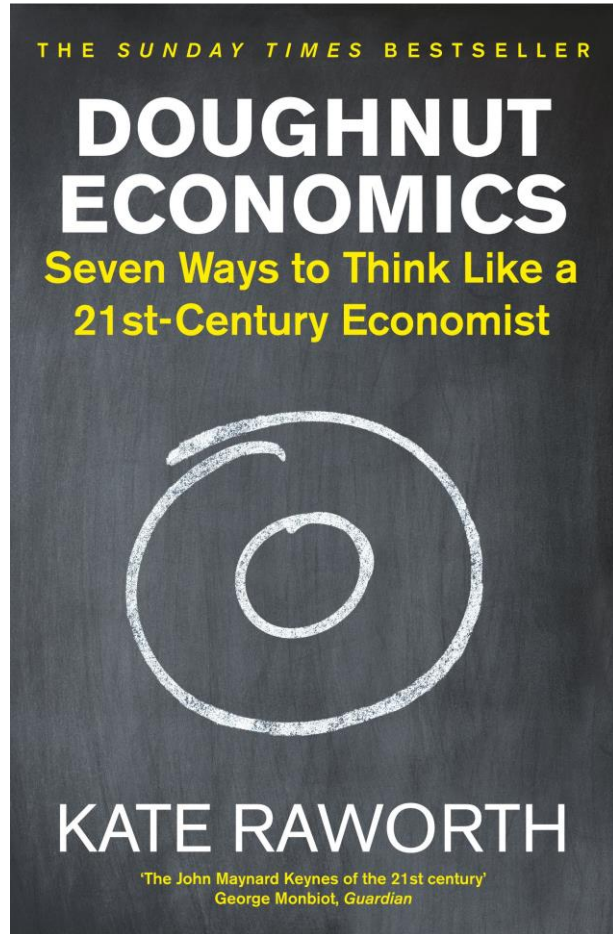
- +1 Country and Zone Presidents with local commitments that impact their communities

	Baseline	Q4 2021	2025 Target
+1	0%	100%	100%

Drive sustainability initiatives into business units and functions with sustainability KPIs and methodologies



Redefine your innovation ecosystem



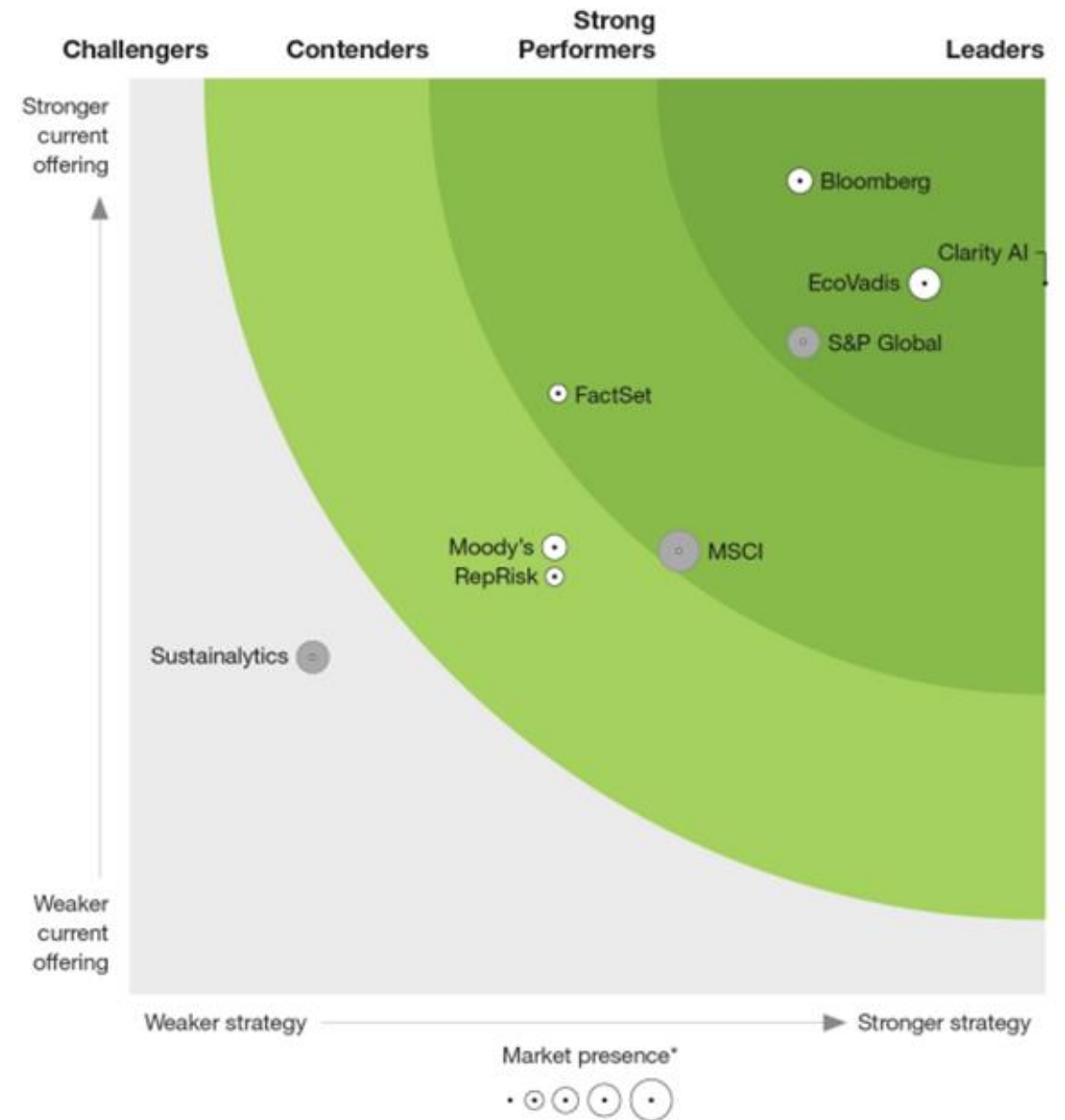
Undergo regular third-party certifications and audits

NEW WAVE REPORT

The Forrester New Wave™: ESG Ratings, Data, And Analytics, Q3 2022

The Nine Providers That Matter Most And How They Stack Up

August 1st, 2022 • 11 min read



Embed sustainability deeply into your organization's culture



Key Takeaways

- View environmental sustainability as a business opportunity on par with past industrial revolutions.
- Embrace a multi-year transformation journey now.
- Master the 3 key success factors: bold leadership, sustainable execution, and aligned stakeholders.

Thank You.

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