



Using sustainability as a commercial currency with customers

Retailers are now considering the sustainability credentials of the brands and products they sell, the Suppliers they work with, as well as their overall brand. Sustainability is a core part of their business strategy, in order to resonate with the concerns of an increasingly wide range of **Consumers and emergence of the “Responsible Consumer”**.



For Tesco, packaging suitability is a criteria for category reviews and ranging decisions against its **4R commitments** (Remove; Reduce; Reuse; Re-cycle).

Many retailers concede that they don't have clarity on how to improve their performance. Most have yet to put in place comprehensive sustainability agendas, and less than 20% indicate that they are on track to abate their direct and indirect emissions to perform in line with the goal of no more than a 1.5°C rise in global temperature set by the Paris Agreement in 2015*.

* SOURCE: BCG & World Retail Congress: Sust in Retail, April 2022.

They can't do it on their own and need leading Suppliers to co-create an agenda focused on social, environmental and economic factors. That shape usual business activities.



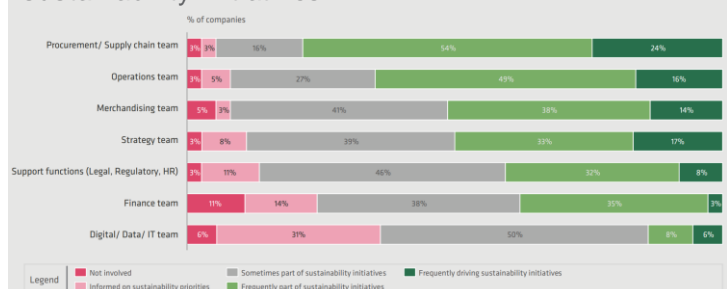
Environmental and Social Impact



Characteristics of great Customer | Supplier sustainability collaboration

- There is pre-selection of where to play in the value chain, and alignment of resources in the Supplier organisation BEFORE engaging the Customer.
- The KAM unlocks and orchestrates the right conversations with the right people across both organisations.
- Customer engagement starts with open communication and showing common benefits against sustainability strategies.
- Initiatives are across the value chain, authentic and connected to both organisations rather than a force fit.

Customer | Supplier functional engagement in sustainability initiatives



SOURCE: BCG & World Retail Congress: Sust in Retail, April 2022
Survey of 37 Global Retailers across sectors incl. Grocery & Pharmacy with TO of between \$1bn - \$500bn



There are two common start points for engaging customers in sustainability conversations

CONSUMER LED (VISIBLE AT THE POP)		CUSTOMER LED (VISIBLE IN THE VALUE CHAIN – OPERATIONS BACK)	
Marketing led	<ul style="list-style-type: none">The sustainable brand impact is authentically and actively expressed in Consumer propositions, mixes and activations.Consumers' functional/emotional needs must be met before their conscience is satisfied i.e., "by buying this brand/product I am doing something positive for society and/or the planet".The impact is baked into the selling story to Customers delivering a 5x win (Consumer, Shopper, Customer, Supplier, Society and/or Environment).	<ul style="list-style-type: none">Areas of alignment across the Supplier and Customer's corporate sustainability agenda are identified and strategic partnerships entered.Joint working is likely to be on upstream value chain initiatives potentially centred on de-risking something environmentally related and/or not for profit, cause related social issues.Involvement is driven by corporate commitments to be doing the right thing and safeguarding the future rather than by immediate commercial gain.	Sales led
Benefits	<ul style="list-style-type: none">Consumer reach and engagement at scale.Applicable to all Customers.Moves Suppliers towards their sustainable goals.Drives mutual revenue and share through improved relevance to an expanding group of responsible Consumers.	<ul style="list-style-type: none">Builds corporate B2B relationships and connectivity that complement and go beyond the trading relationship.Delivers strategic goodwill.Typically drives shared cost savings rather than revenue (unless translated to a meaningful unique Consumer facing product-based initiative).	Benefits

Heineken UK: 100% plastic-free cardboard topper replacing plastic rings.

The new packaging not only removes plastic but minimises the use of materials and reduces waste. The combination of the new topper, dubbed Green Grip, and the removal of shrink wrapping on consumer packs eliminated over 517 tonnes of plastic annually – the equivalent of 94 million plastic bags.

BENEFIT:

- Cost savings.
- Competitive advantage.
- Share gain.
- Collaborative working with Tesco UK.

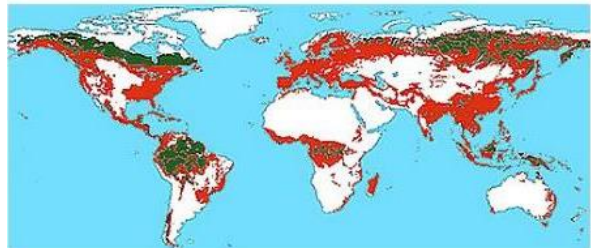


Walmart and Unilever announce forest sustainability initiatives at the Global Climate Action Summit.

Working towards achieving a deforestation free supply chain and further reducing emissions.

BENEFIT:

- Strengthened JBP's.
- Long-term supply resilience of ingredients.
- Contributes to achieving sustainability targets.



■ Ancient forests already destroyed
■ About 20% of the world's large ancient forests remain intact

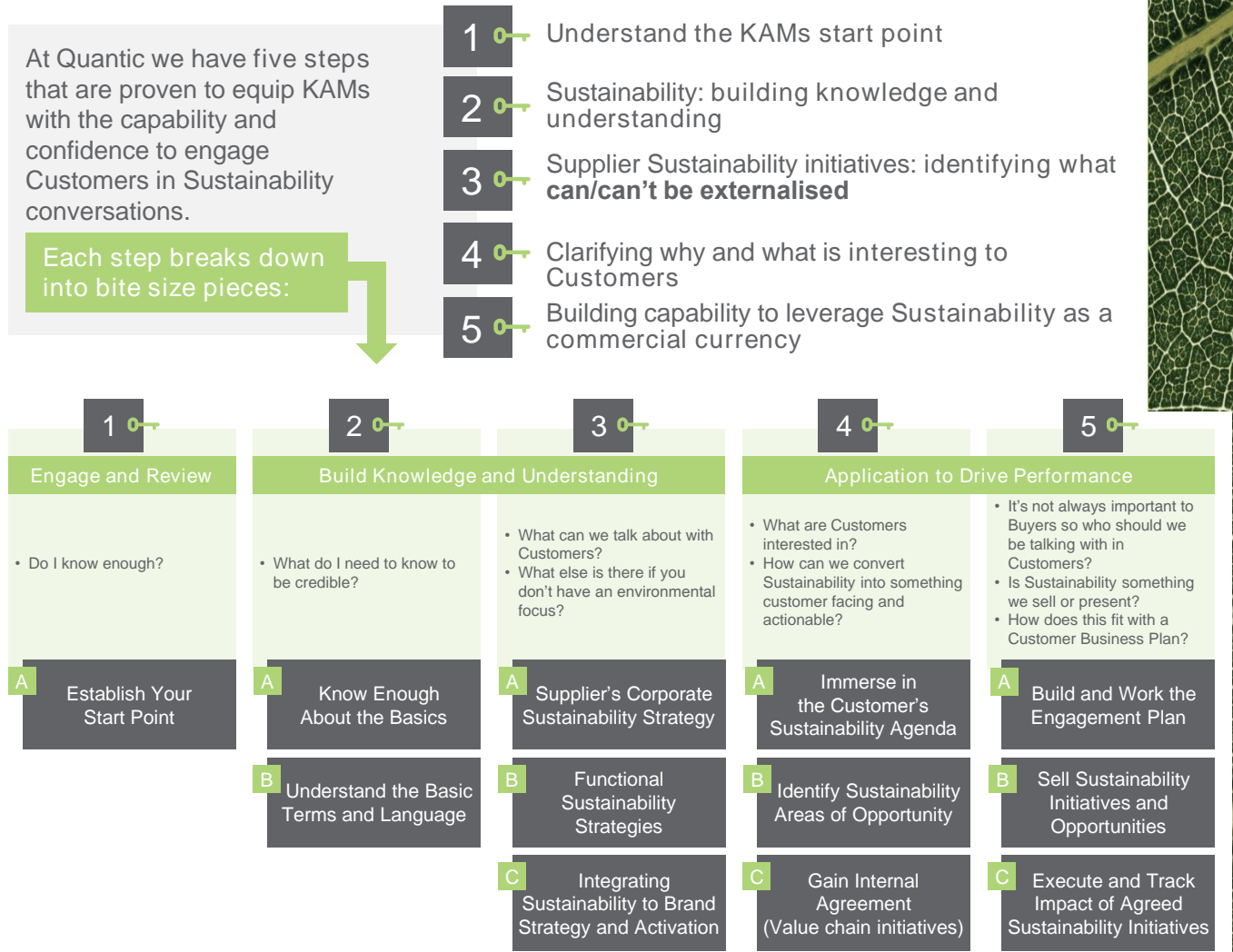
SOURCE: NIC Global Trends 2040

The start point for engaging in sustainability can be different, but the currency is more valuable when it is proactive:



All approaches require Customer teams to have conversations that sell your company’s Sustainability agenda and credentials rather than tell (or ignore).

➡ Key steps



⚙️ How we’ve helped clients build capability

- Integrated corporate sustainability strategies into brand strategies and activation.
- Commercial team capability building through playbooks and supporting interventions.
- Facilitated the development of Customer plans and selling stories.