

Role of green innovations in a corporate strategy

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There are numerous drivers for green innovation



DEMAND
 79% of consumers would switch to a brand associated with a good cause, up from 66% in 1993.
 → “health and sustainability” segment already accounts for up to 40%.
 Cone Research

STAKEHOLDER
 “We must be united in purpose, united in action.”
 Ban Ki-moon, 10/2009
 (UN Secretary General)

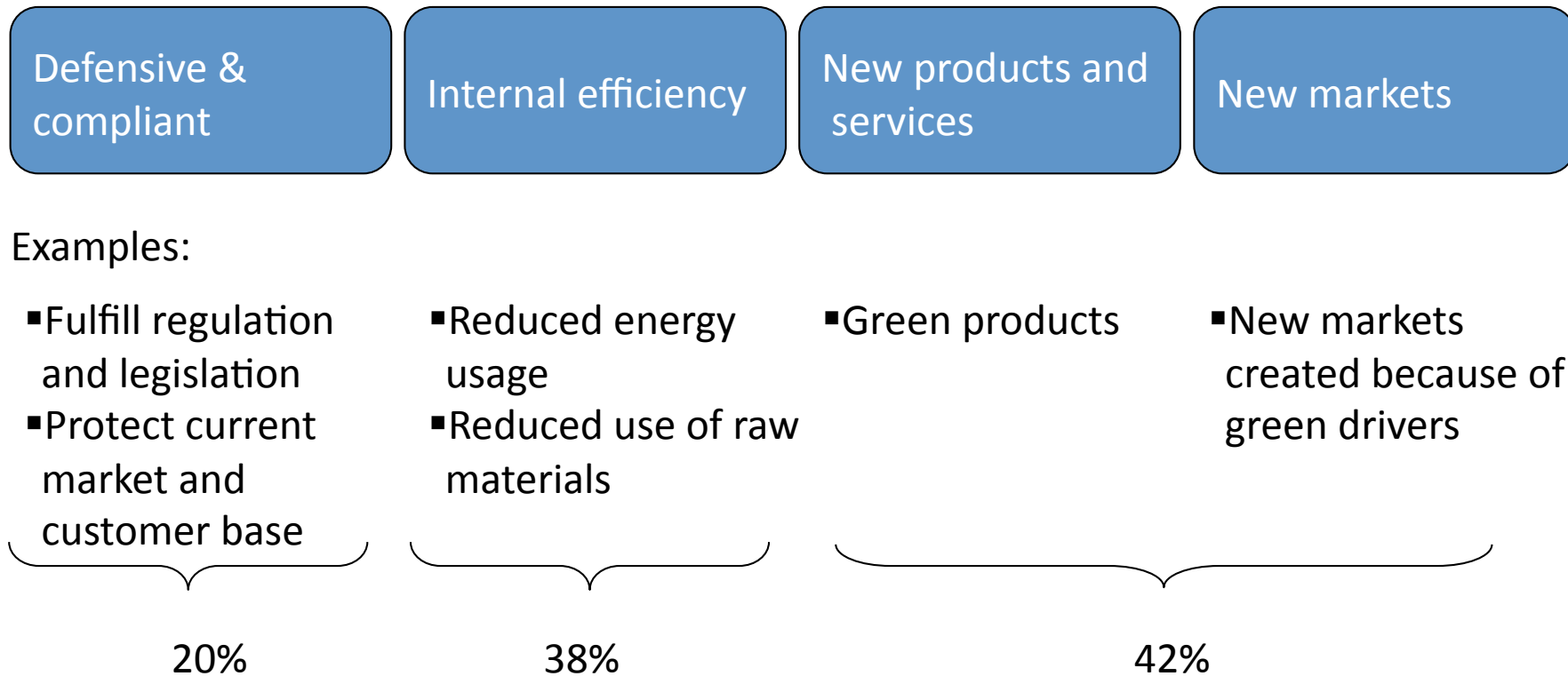
TRANSPARENCY
 Sustainability reporting is now the norm among companies globally, increasing from about 300 sustainability reports in 1996 to 3,100 today.
 CSR Insight Report 2010

CITIZENSHIP
 (RED) has raised \$140m so far to fight AIDS. Ten firms, including Gap, Apple and most recently Nike, sell (RED) products successfully.
 Economist Feb 11th 2010

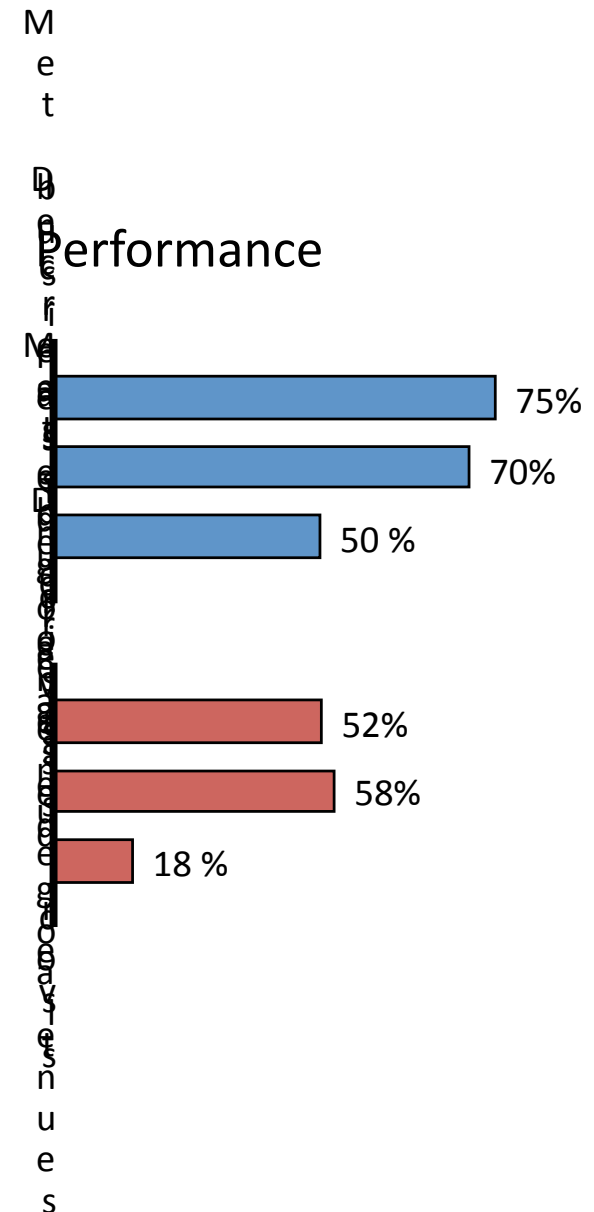
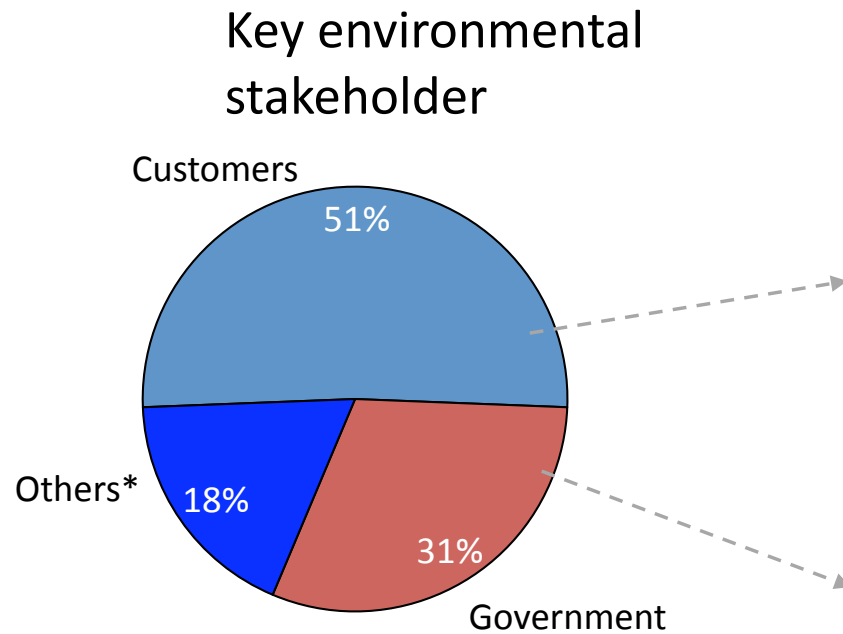
TRUST
 Roche wins this year’s Public Eye Award for being the worst corporation. (By the way, 2005 winner WalMart is a role models by now.)
 Davos 01/2010

INNOVATION
 Globally, governments have budgeted as much as \$500 billion for “Green New Deal” projects.
 HSBC, 2009

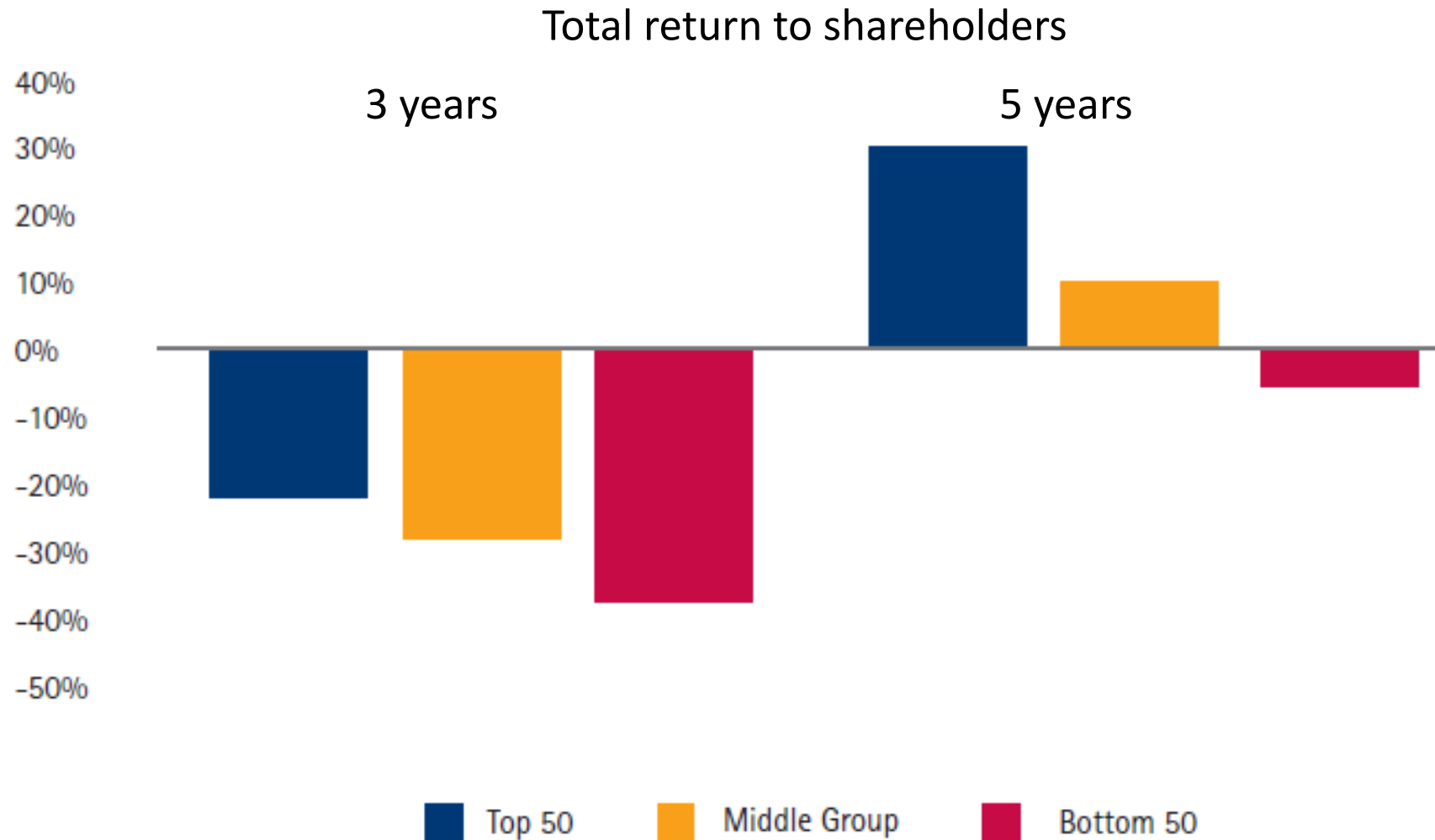
Different types of green initiatives



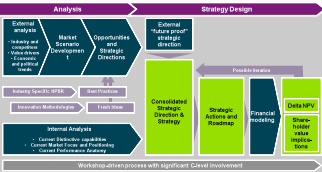
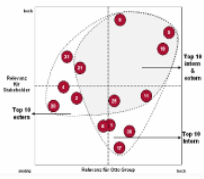

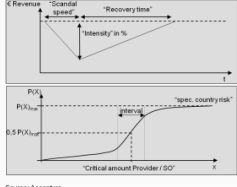

Companies that view customers as their key environmental stakeholder are more successful



Sustainability leaders outperform their peers in terms of financial returns



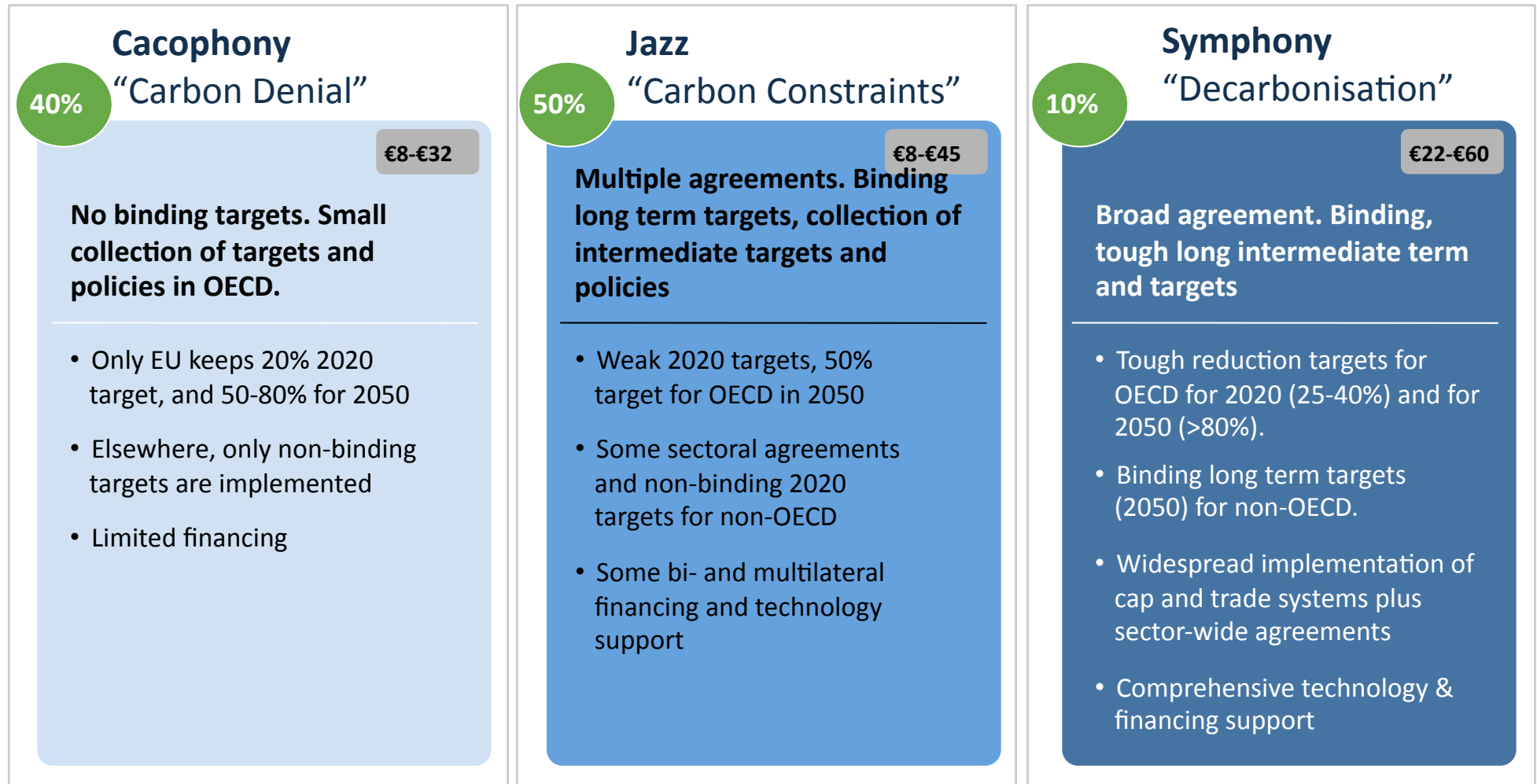
Sustainability strategy – the structured approach

Key question	<ul style="list-style-type: none"> •How does it influence my corporate strategy? 	<ul style="list-style-type: none"> •How to identify the relevant sustainability issues for me? 	<ul style="list-style-type: none"> •How can I cope with high market uncertainties? 	<ul style="list-style-type: none"> •How can I value my sustainability activities? 	<ul style="list-style-type: none"> •How can I assure implementation?
Compound	<p>Embedding in Corp. Strategy</p> 	<p>Materiality analysis</p> 	<p>Scenario Planning</p> 	<p>Sustainability Business Case</p>  <p><small>Source: Accenture</small></p>	<p>Journey Management</p> 
Value	<ul style="list-style-type: none"> ✓ Effectively anchoring sustainability into strategy 	<ul style="list-style-type: none"> ✓ Extensively identifying stakeholders' relevant issues 	<ul style="list-style-type: none"> ✓ Fully understanding future market influence 	<ul style="list-style-type: none"> ✓ Systematic evaluation of activities and opportunities 	<ul style="list-style-type: none"> ✓ Powerfully implementing on a large scale

Four ways to drive value through green innovation

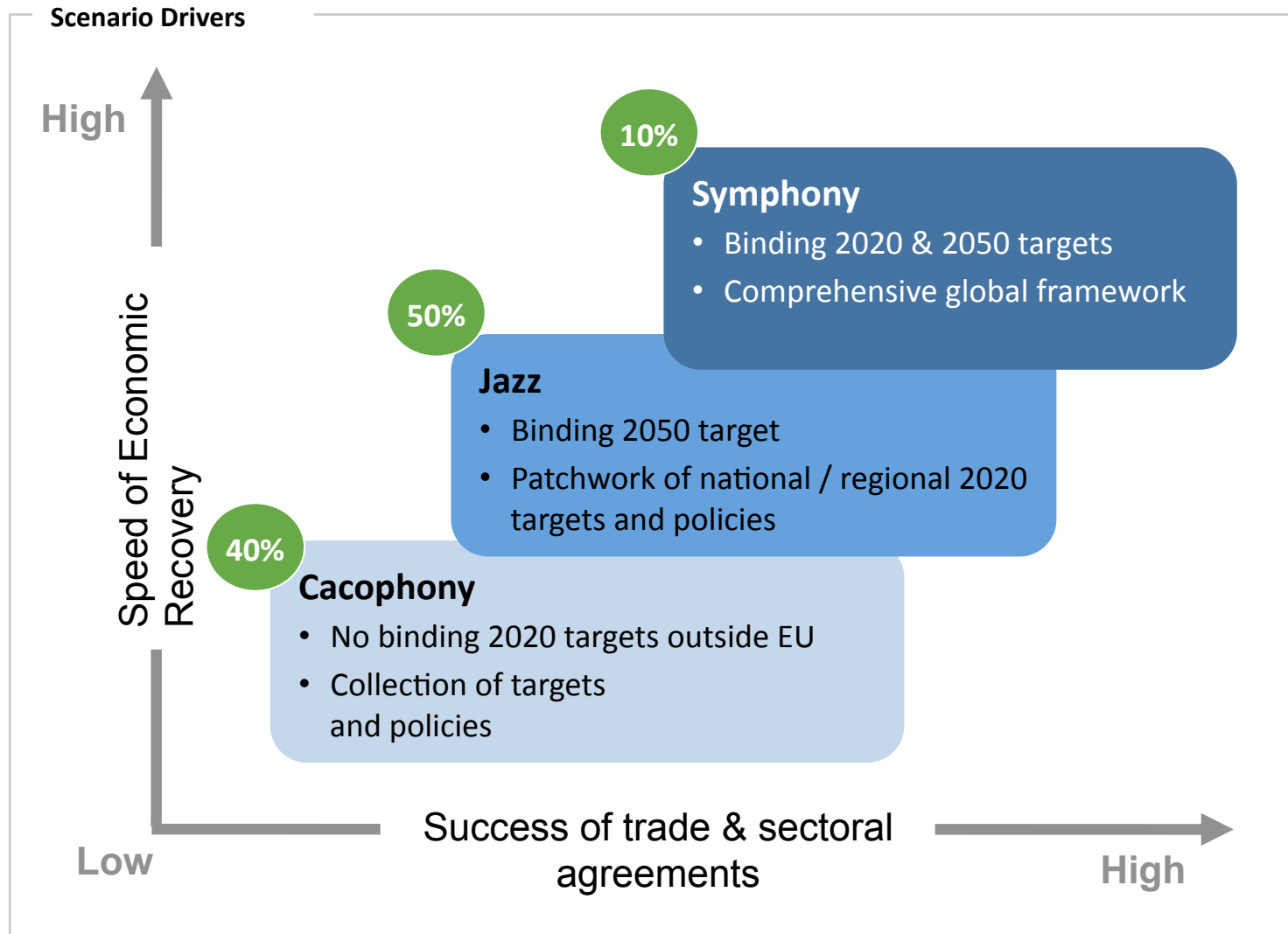


We envisage three possible global climate change policy scenarios over the next 3-5 years



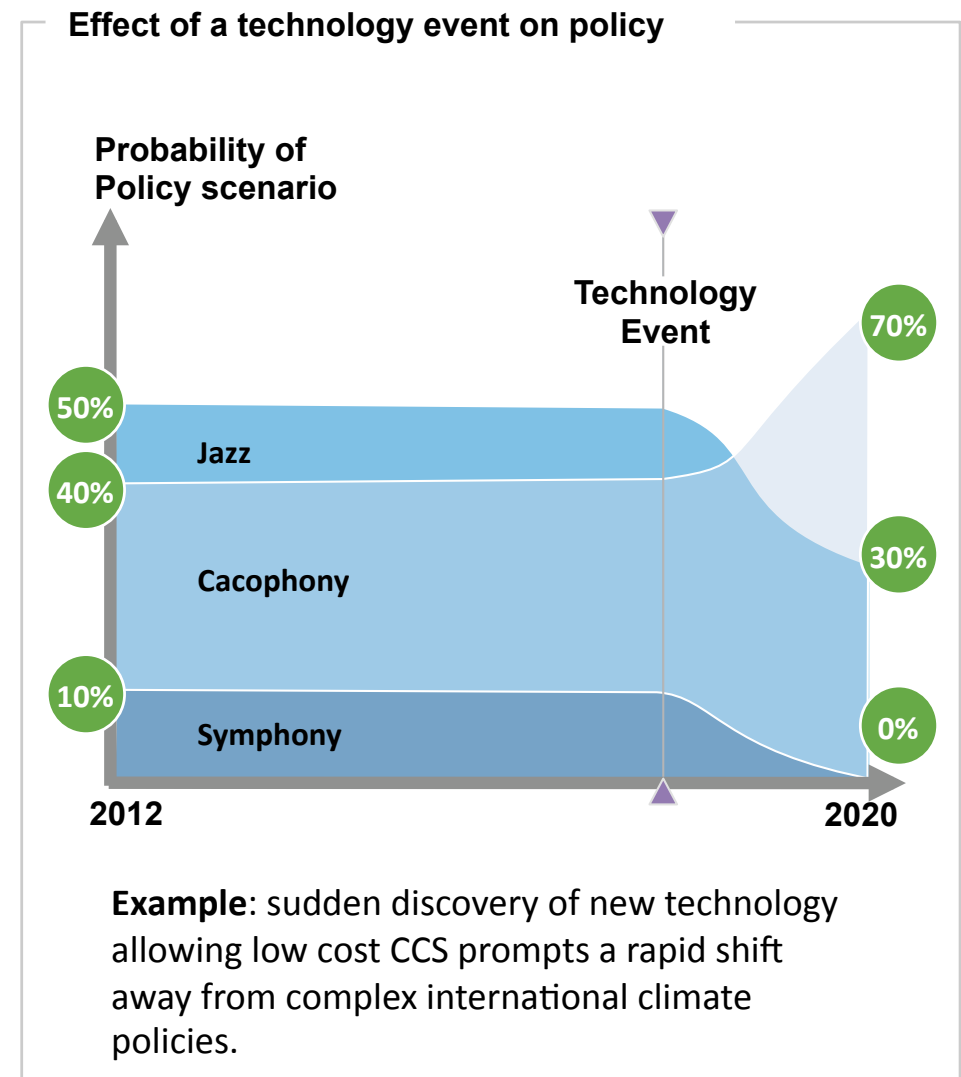
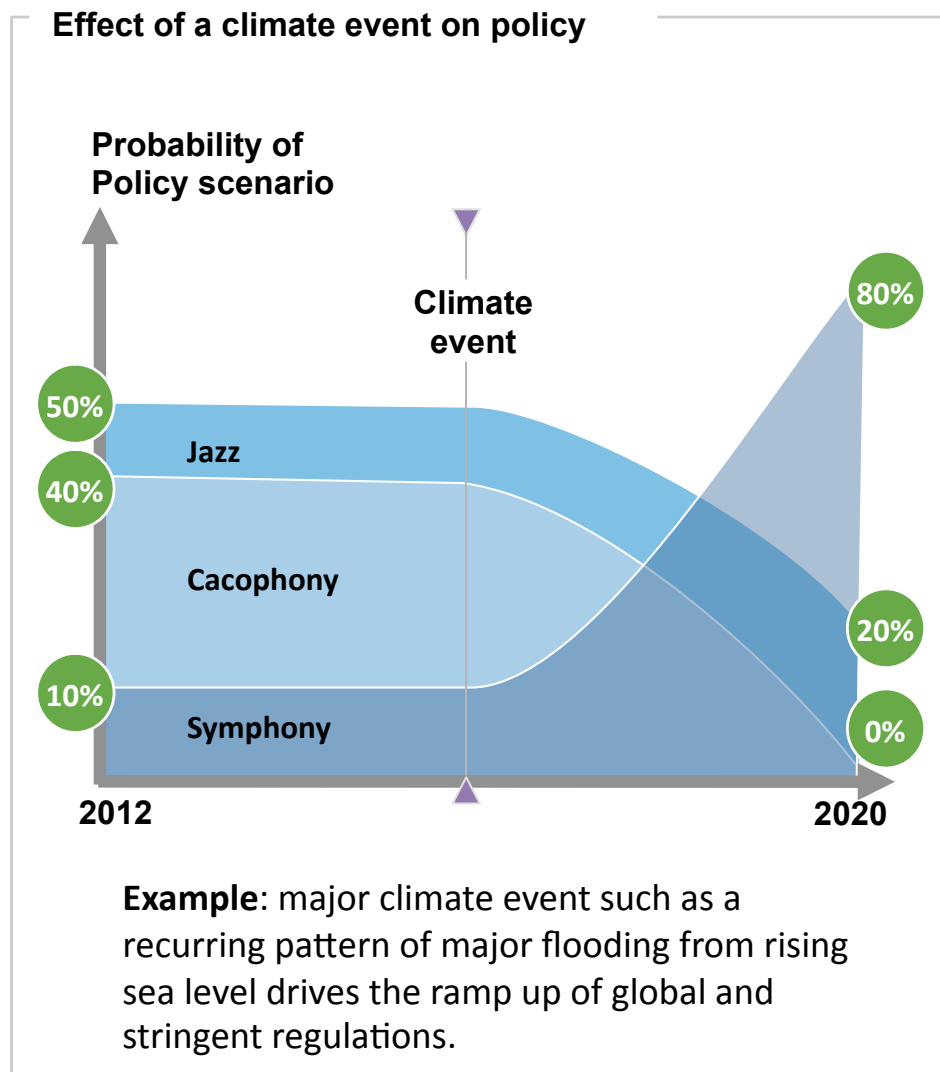
Indicative carbon price ranges in 2020 (2009 €/tCO_{2e})

The speed of economic recovery and trade discussions will be key drivers of political outcomes



Place your bets !

Scenarios not static: disruptive events significantly influence the policy direction in the medium term

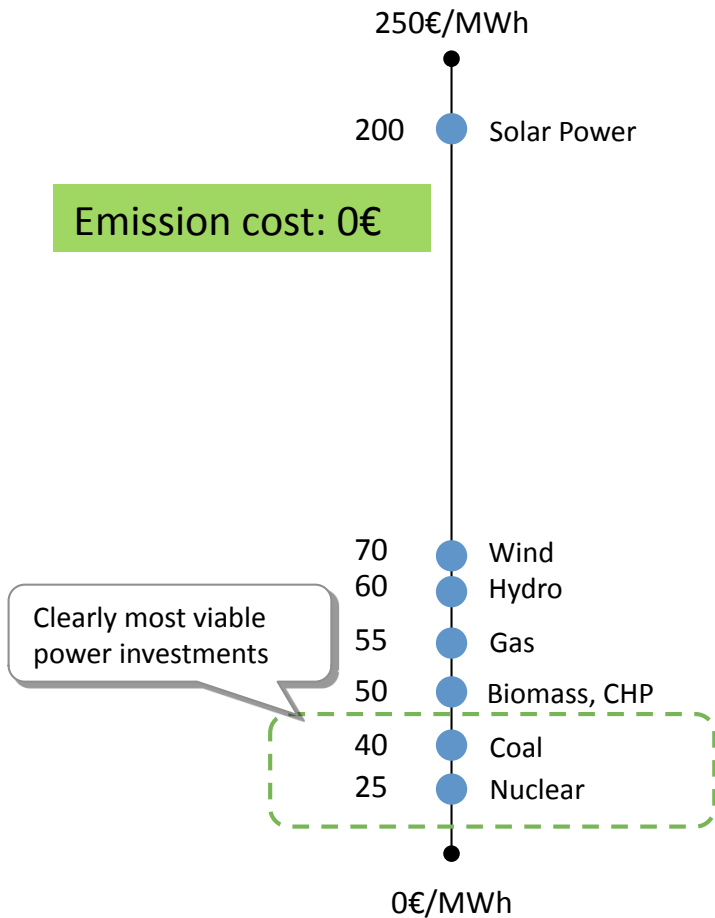


Example of scenarios for Electric Utilities

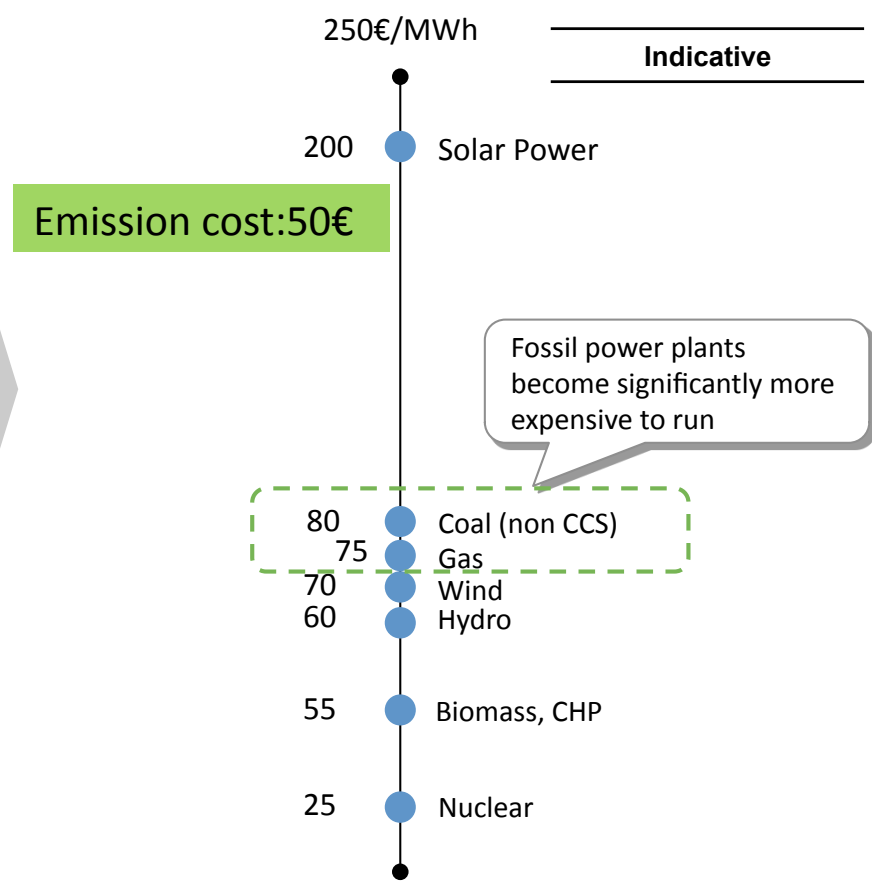
Nuclear and coal are more cost efficient new power to fill future power demand

...however, a significant rise in carbon emission price strongly favors CCS and renewables

Cost of new production (€/MWh)



Cost of new production, scenario 1 (€/MWh)



Climate change is changing the rules of the game for steel manufacturers

Nordic Steel industry responses

Steel

Example



Symphony

Global shift to ultra-low CO2 integrated mills and stronger case for recycling

Significantly higher global CO2 prices

- Research and investment in breakthrough technologies required
- Demand for high strength steel increase as it is important to reduce CO2 emissions
- Price of scrap-metal will increase over time responding to increased demand from mini-mills



- Nordic integrated mills consider more R&D in new production technologies
- The situation should also be monitored closely and investment in low CO2-cost countries considered

Jazz

Worsened Nordic mill competitiveness, partial shift to ultra low CO2 mills

High CO2 prices in OECD, no/low BRIC price increases

- Improved new production methods required in the long-term to stay competitive
- Optimization of mature technologies will be important as these demand smaller investments
- Scrap-metal prices will increase over time responding to increased demand from mini-mills



- Western Europe steel manufacturers will be disadvantaged compared to BRIC steel manufacturers
- Consider increased specialization and long-term investments in low-CO2 production technologies

Cacophony

Optimization of current mill technology but no case for further development

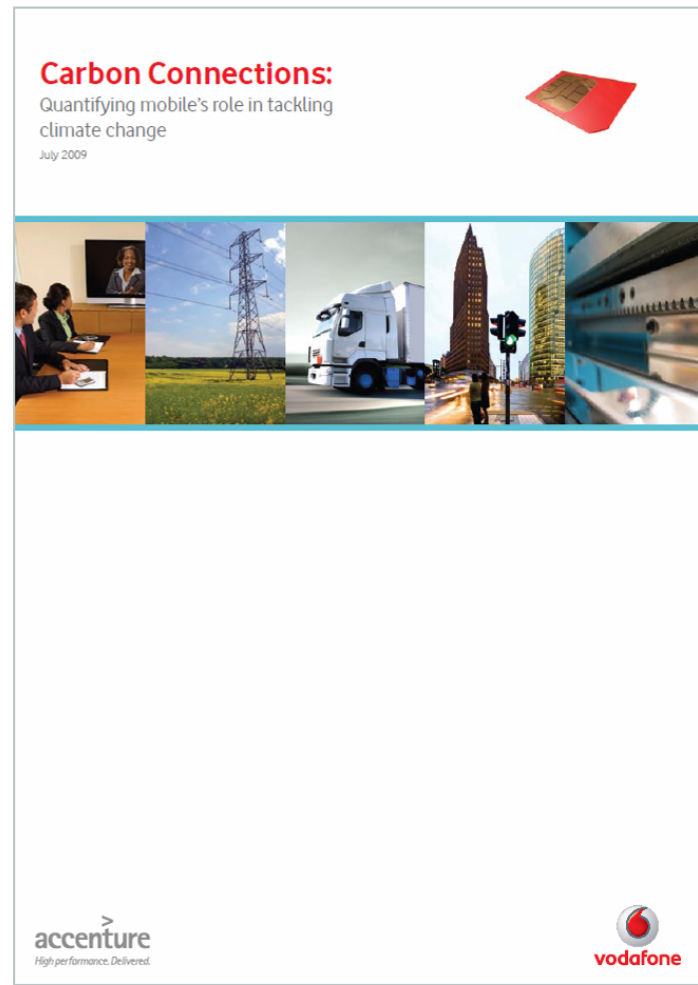
Low OECD and BRIC country CO2 prices

- Breakthrough CO2 reduction technologies will not be viable on short and medium term
- EU CO2 emission cost slightly higher than today will have limited impact on Nordic steel manufacturers
- Prices of raw-material and final products increase as primarily Asian economies rebound



- Western European steel makers will not be affected to a large degree in any direction

Accenture partnered with Vodafone to quantify the potential market for low carbon mobile technology



Objectives of the Carbon Connections study

- Understand the role of mobile telecommunication in tackling climate change
- Define commercially viable and applicable mobile products and services which could deliver significant carbon and cost savings in Europe in 2020
- Quantify the cost and carbon savings enabled by the selected opportunities
- Assess the revenue potential for mobile telecommunication providers in rolling-out these products and services

Accenture quantified the revenue potential, possible cost savings and carbon reduction for 13 opportunities in 5 key areas

- 1 Dematerialisation**
Reducing the reliance on physical assets and the need for travel
- 2 Smart Grid**
Transforming energy distribution into a dynamic decentralised network
- 3 Smart Logistics**
Improving logistics via energy efficient measures & network optimisation
- 4 Smart Manufacturing**
Product monitoring to optimise manufacturing & maintenance
- 5 Smart Urban Traffic Control**
Installing urban control systems to manage traffic flow & utilities

- Telepresence
- Virtual office
- Mobile delivery notifications
- Energy T&D network monitoring
- Smart Meter - Micro-power generation
- Smart Meter - Grid loading optimisation
- Centralised tracking system
- Decentralised tracking system
- Remote transport loading monitoring
- Onboard telematics
- Remote supply control
- Product monitoring module
- Synchronised traffic and alert system



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