

# ERM Roundtable: Creating Value Through Your Climate & Sustainability Journey

6 MARCH 2024

## Overview

As the world shifts to a low-carbon future, there are opportunities to unlock business value from sustainability and climate mitigation and adaptation. This session focused on new ways to leverage data and create actionable insights from sustainability disclosures that lead to value creation.

Attendees included more than 40 people from across the c-suite as well as VPs, directors, managers, program leads, and general counsel in the areas of EHS, climate, sustainability, technology, ESG, product stewardship, R&D, procurement, operations, communications, mergers and acquisitions, and compliance. The attendees represented nearly 30 pharmaceutical and healthcare, chemical, and manufacturing organizations.

The attendees told us ahead of the session that their biggest pain points in their sustainability journey included data collection, how to decarbonize operations, changing disclosure requirements, access to adequate funding, lack of a clear roadmap, and stakeholder alignment.

## Data is Fundamental to Change

For technical teams, the focus has always been, and continues to be, producing better products, although that must increasingly align with an organization's sustainability goals. The foundation for this interconnectedness is data, which allows different business functions to understand how



sustainability works through the lens of their own work.

Panelists agreed that with regards to Scope 3 data, there will be a lot of inaction if we continue to wait for precise answers. We should instead be looking for the 'big rocks' that move the needle. This includes building collaborative partnerships with suppliers and customers to truly understand the sustainability objectives of the whole value chain.

Understanding your clients enables you to leverage data for deeper insights into their priorities in specific areas such as water usage, safety, and circularity.

## Beyond Scope 3: Enabling a Better World

Some companies have reached the point beyond minimization of environmental impacts, where they are increasing investment in how their products help avoid emissions and enable climate positivity. From reducing energy needs to increased durability of products, the evidence that usage of certain

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products enables more environmentally beneficial outcomes, will be increasingly important for business value.

### **Embedding Sustainability in Innovation**

Sustainability should not be seen as just another step in product development. Rather, it needs to be deeply embedded in R&D and key business processes and practices. Other actions that can be taken at the leadership level include adding a compensation mechanism tied to sustainability metrics, establishing a sustainability leadership council that meets monthly to discuss what each business, function, and region needs to do to de-risk and add value.

### **Innovation & Circularity Driving Business Value**

Lifecycle analysis can show how raw materials are being used, and what happens to products at the end of their life and how that impacts a product's carbon footprint. An innovation strategy for a product should be multi-pronged with the intention to reduce raw materials and utilize more recycled materials, provide more circular solutions to customers for recycling, reconditioning, etc., and find ways to make products lighter.

It is critical to consider not just your business objectives but your customer's needs, including how to help them meet their own sustainability goals. This includes a need to educate them about the different options, what they mean in terms of sustainability targets, as well as any limitations.

For companies that sit in the middle of the value chain, working collaboratively with suppliers and through other partnerships (both internal and external), is key to finding scalable and sustainable solutions.

### **Aligning with Leadership to Progress**

When it comes to sustainability, there must be a long-term focus, especially as it relates to responding to regulations. Companies have little choice but to keep investing today to meet targets that are 5-10+ years down the road. At the end of day, businesses can't afford not to focus on sustainability and it's their fiduciary duty to focus on this now.

It is paramount that leaders understand that ROI can be both "return on investment" and "risk of inaction". These things take time, which is why the investment needs to begin now. With technology development and circular model creation, there are no shortcuts.

THE PATHWAY FORWARD IS COLLABORATIVE PARTNERSHIPS AND MAKING SURE THEY ALIGN WITH LEADERSHIP.

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