



cutting through complexity

A New Vision of Value: Connecting corporate and societal value creation

SIWI People Planet Profit

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Water scarcity is one of ten global mega forces

4 billion people are affected by water scarcity

RISKS

Competitive

Reputational

Physical

Regulatory

Legal

Social



OPPORTUNITIES

Cost

Growth

Brand

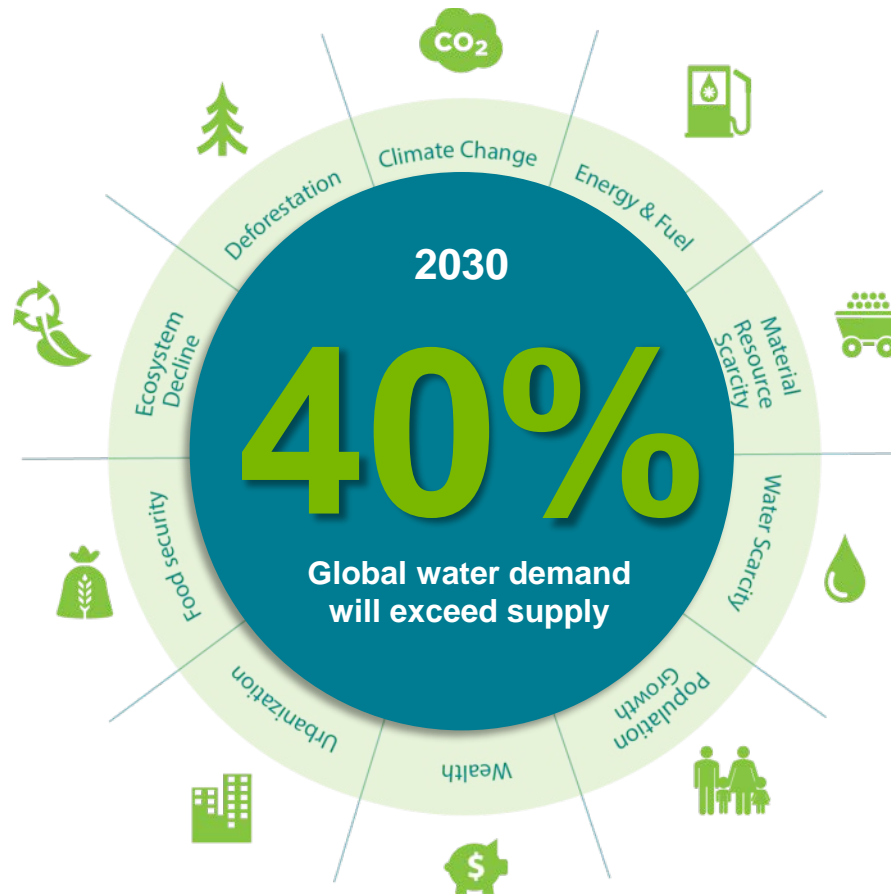
Capital

TEN INTERCONNECTED ENVIRONMENTAL AND SOCIAL MEGAFORCES

Water scarcity is one of ten global mega forces

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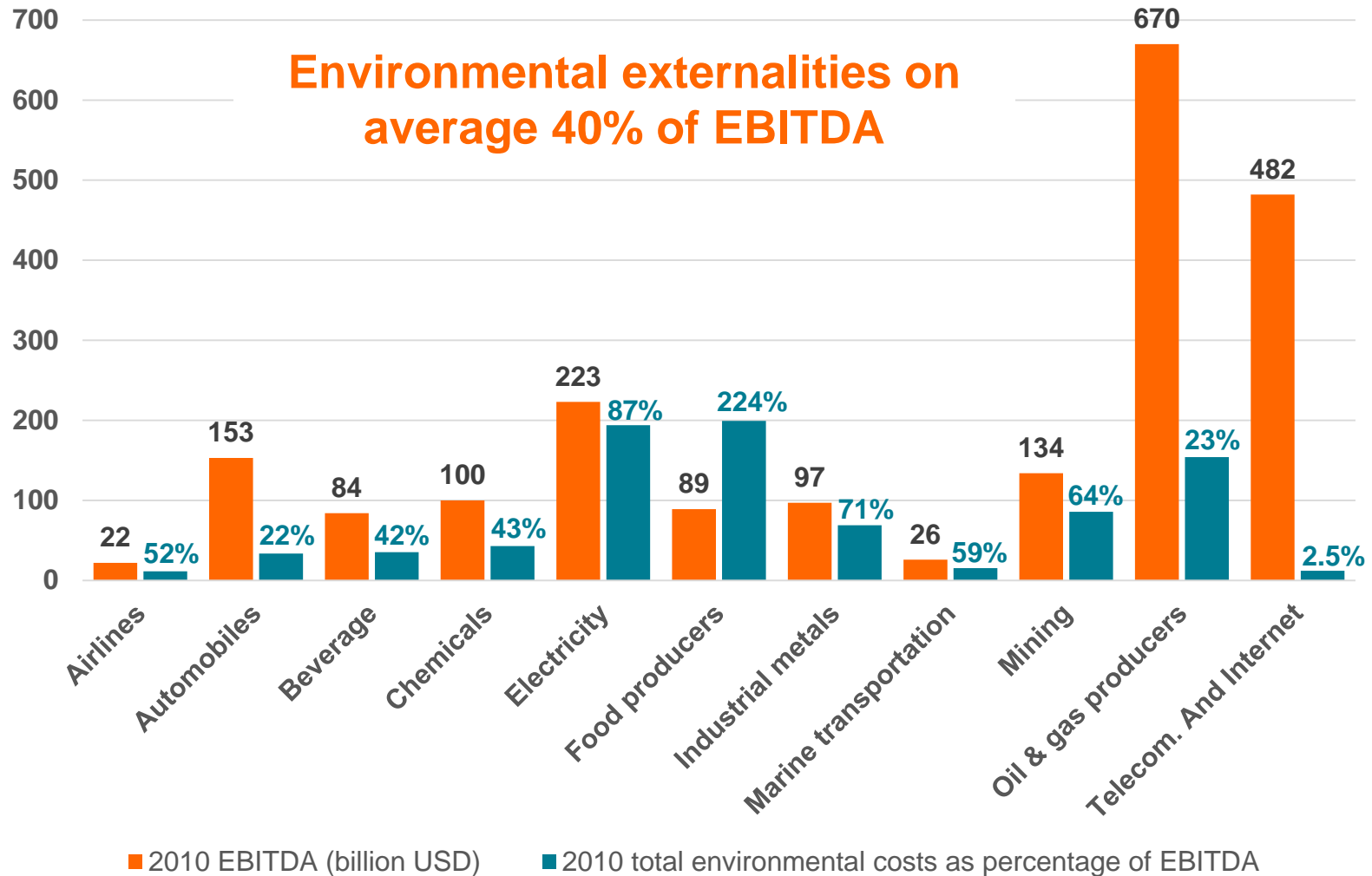
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OPPORTUNITIES
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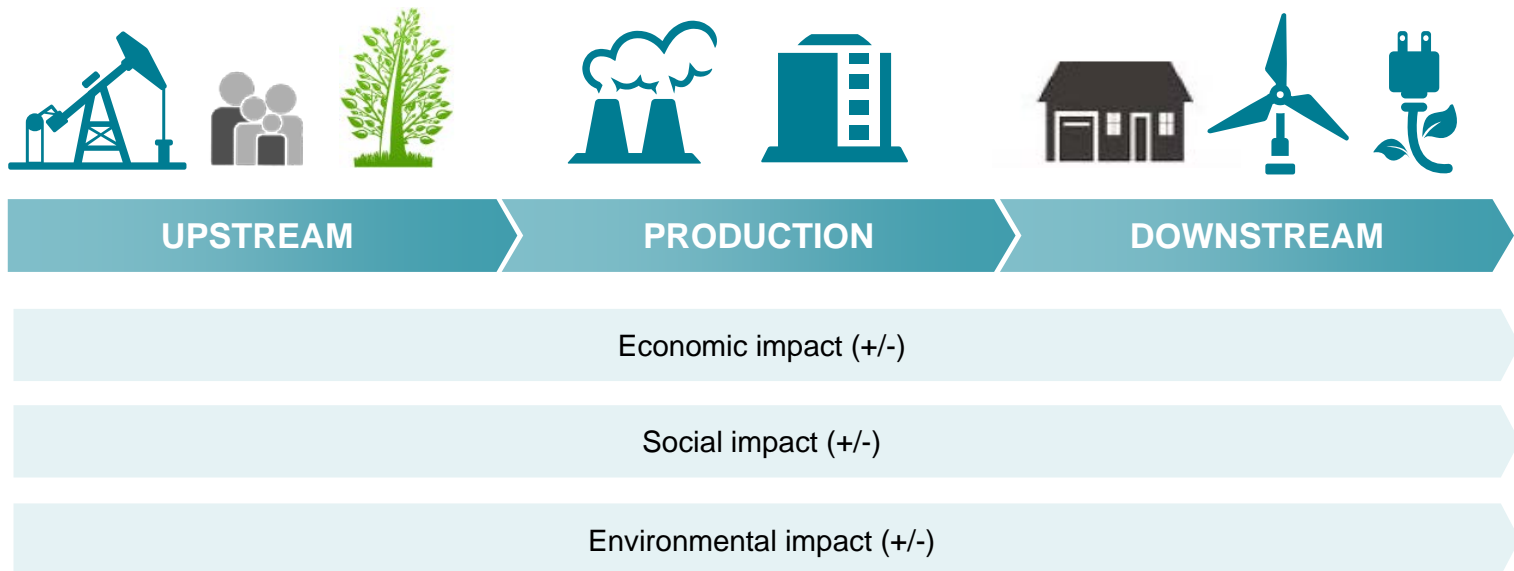
TEN INTERCONNECTED ENVIRONMENTAL AND SOCIAL MEGAFORCES

EXTERNALITIES: the age of internalization is here

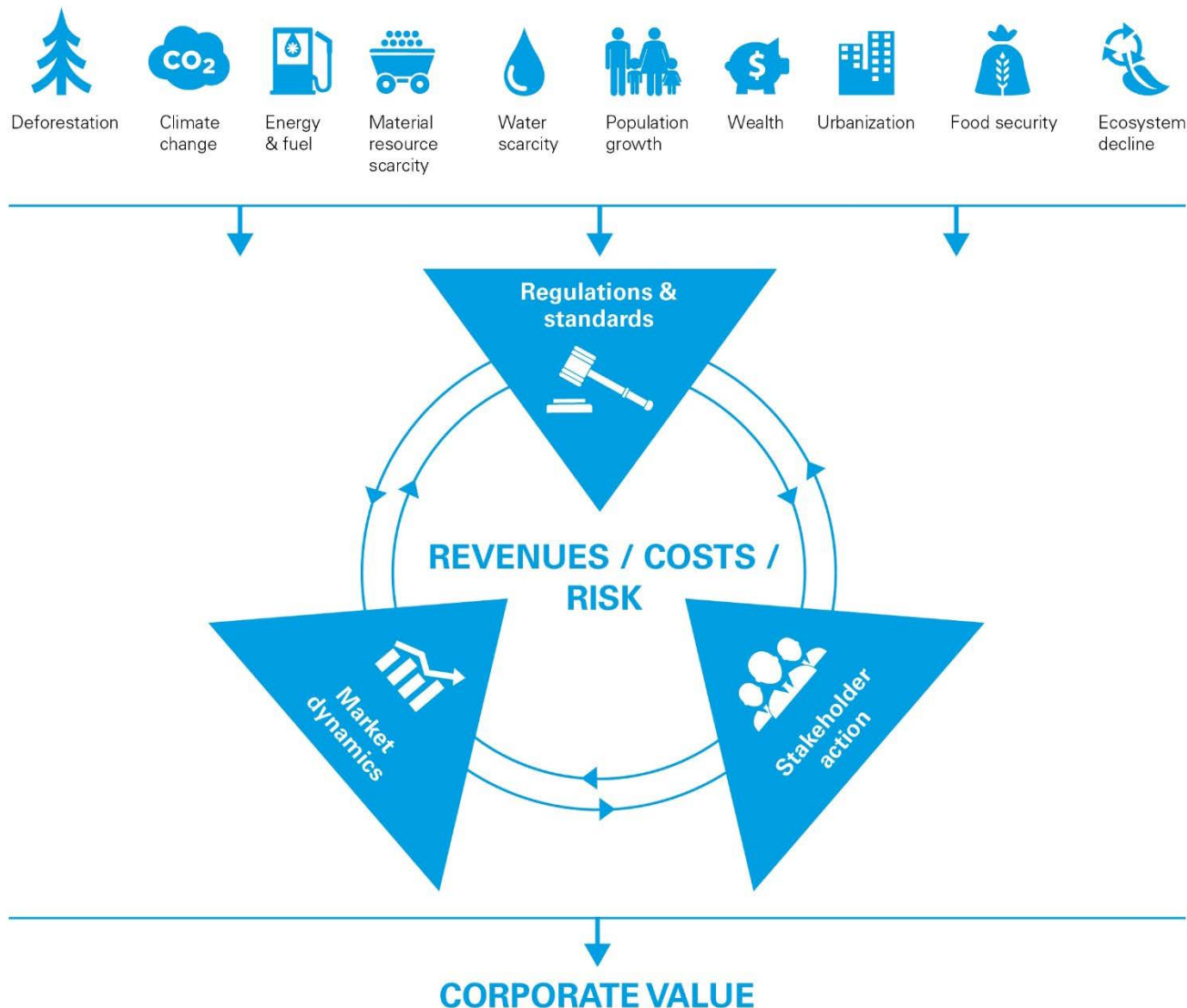


Global mega forces are externalities which does not yet affect the financial value of the company

Externalities are “*Costs and benefits that haven’t been priced into the market, and which affect a party who did not choose to incur those costs or benefits.*”



THREE KEY DRIVERS: increasing the rate of internalization



Regulations & Standards

- New laws
- Product standards
- Pricing
- Subsidies
- Taxes
- Disclosure regulations
- Certification standards

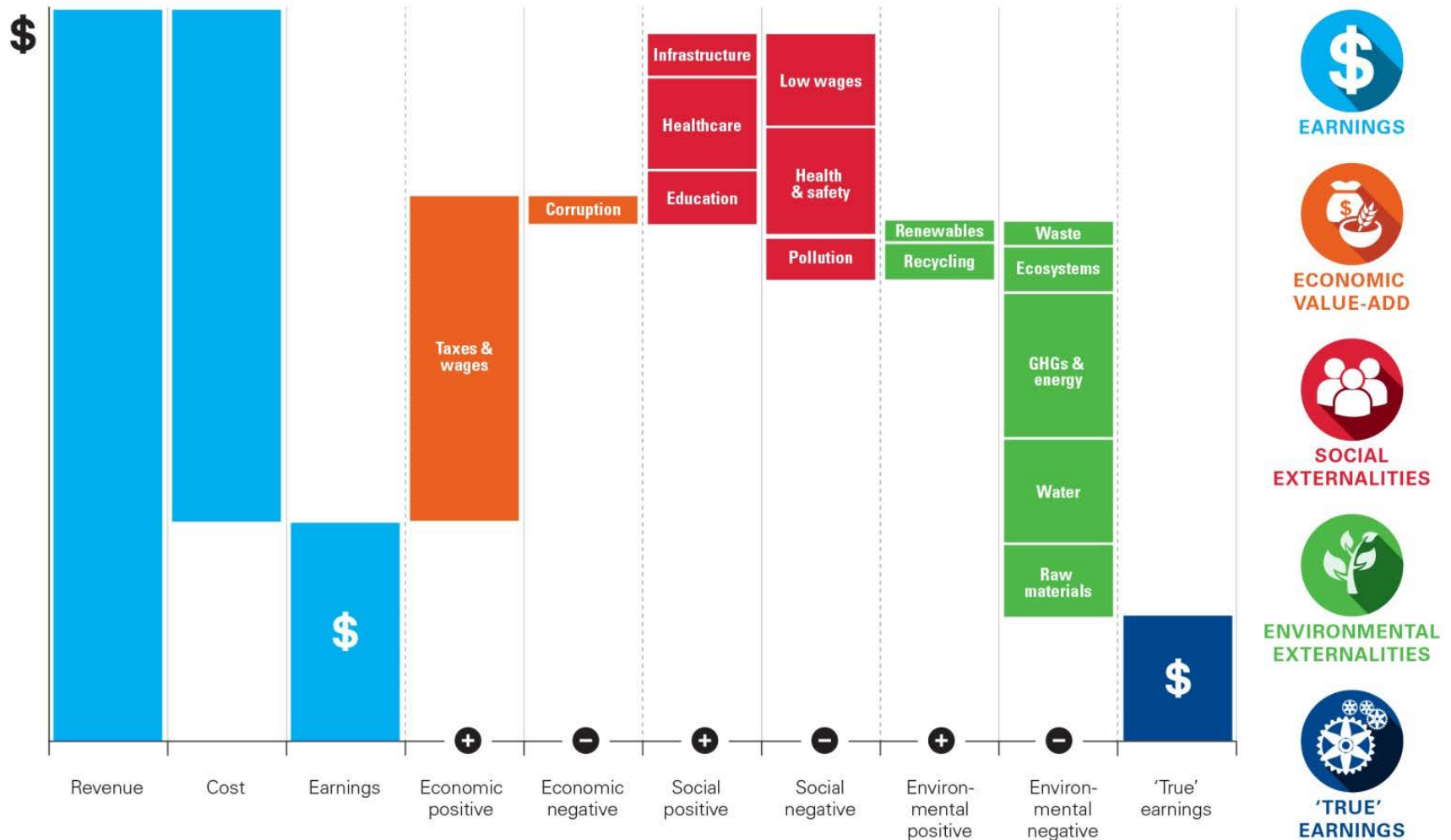
Stakeholder Action

- Labour strikes
- Loss of license to operate
- NGO criticism
- Consumer pressure
- Terminated contracts with suppliers

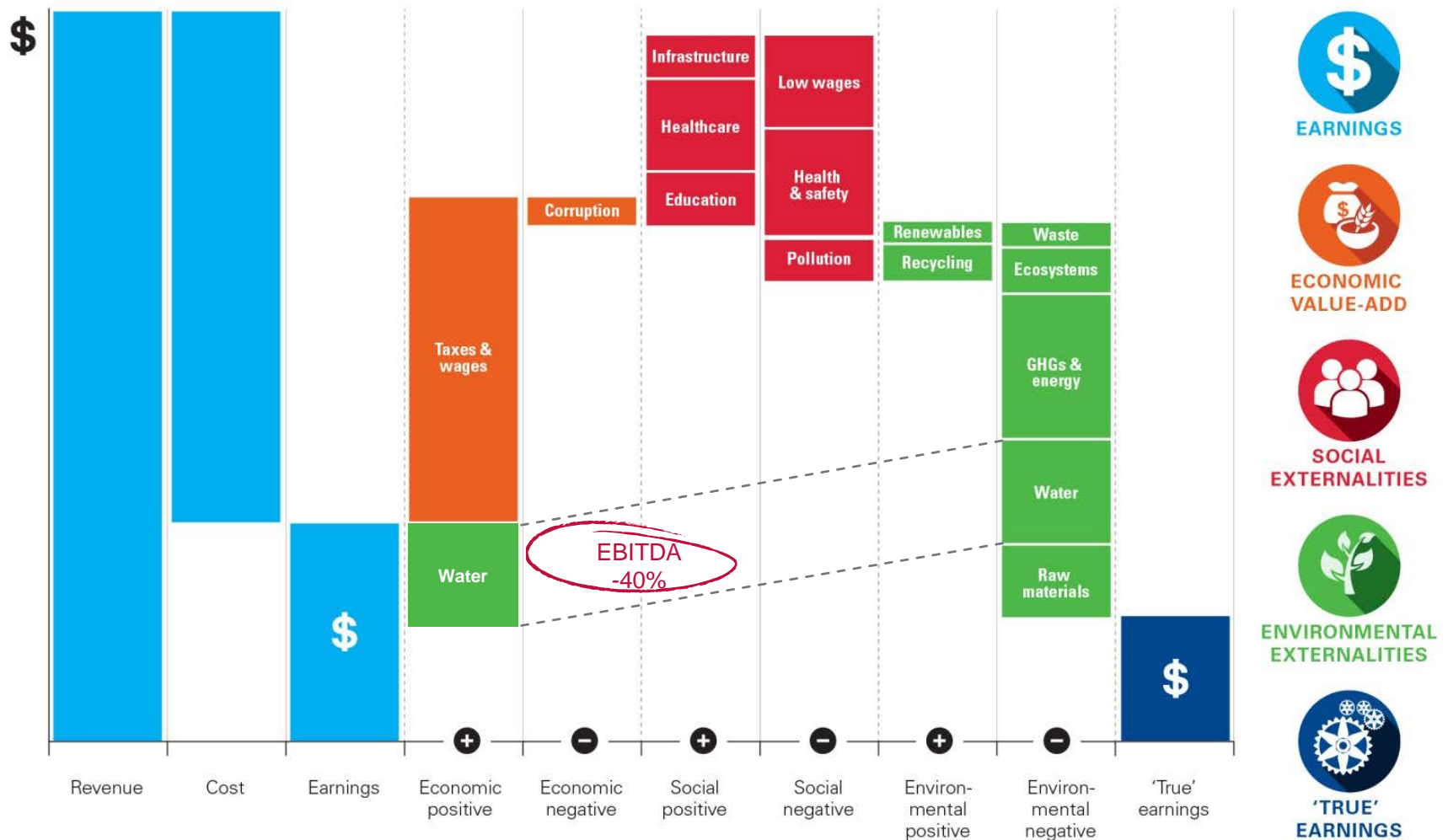
Market Dynamics

- Scarcity and pricing
- Extreme weather
- New markets

Assess the company's 'true' earnings – a true value bridge



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KPMG's TRUE VALUE METHODOLOGY

3 steps approach

1 ASSESS THE COMPANY'S 'TRUE' EARNINGS

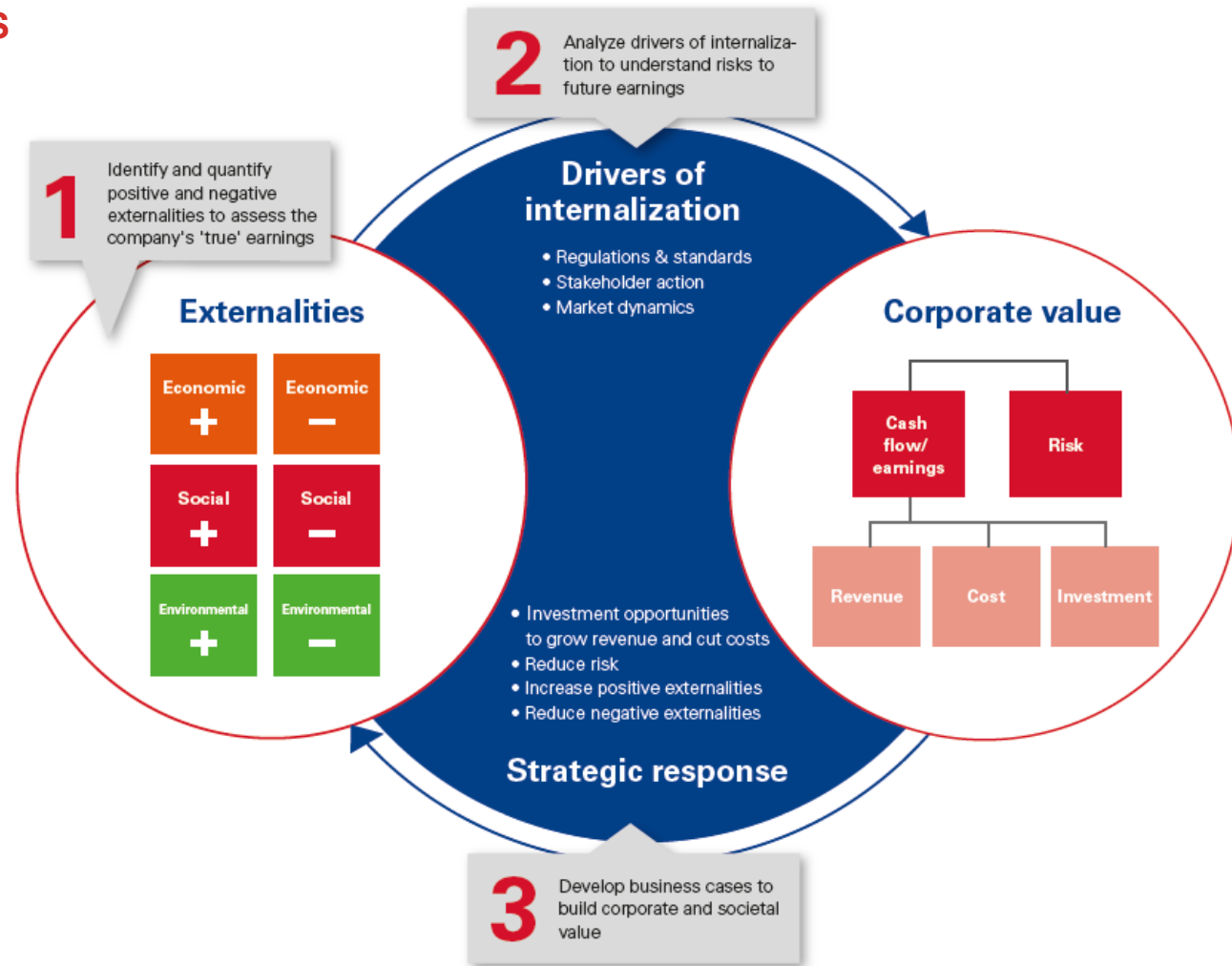
by identifying and quantifying its material externalities

2 UNDERSTAND FUTURE EARNINGS AT RISK

by analyzing exposure to the forces of internalization

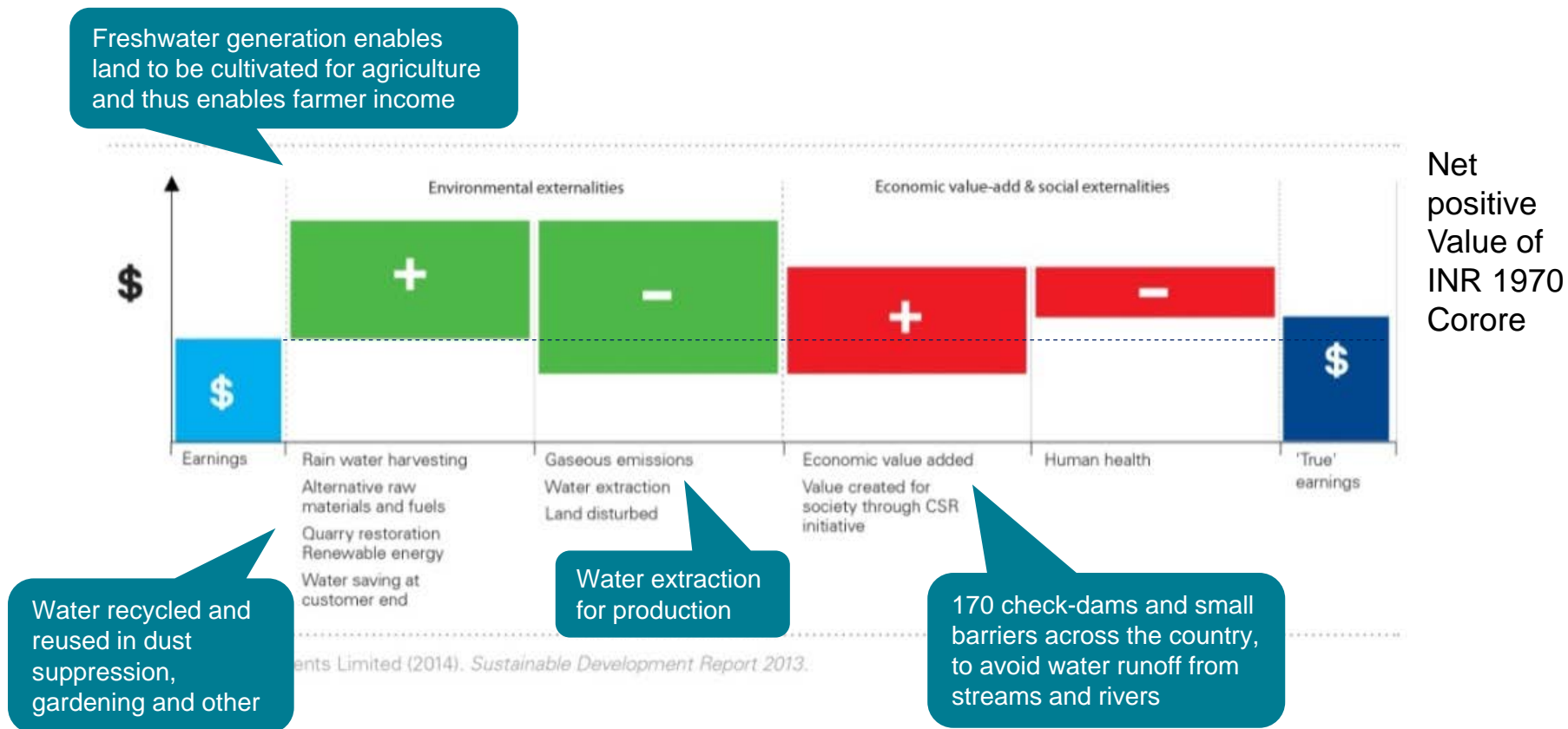
3 CREATE CORPORATE AND SOCIETAL VALUE

by developing business cases that capture value, create opportunities and reduce risk.



Ambuja – 2nd largest cement manufacturer in India (part of Holcim)

True Earnings publicly disclosed in the Sustainability Report 2013



Source: <http://www.ambujacement.com/sustainable-development/sustainability-reports/>

Business Case: Initiatives to improve True Value by 50% and increase the EBITDA margin apx. 20% by 2020

- > INR 310 Crore of 'value at risk' by 2020 when regulations force Ambuja to pay for part of the negative externalities
- Investments to increase True Value and the EBITDA margin by 2020
- Ambitious programmes for CO2, water, raw materials security and biodiversity
- Build credibility and the fact-base enabling proactive engagement with the government and other stakeholders regarding the key levers for improving its footprint





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Tack!

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A new vision of value

<http://www.kpmg.com/SE/sv/kunskap-utbildning/nyheter-publikationer/Publikationer-2014/Sidor/KPMG-A-New-Vision-of-Value.aspx>

Water scarcity and global reporting

<https://www.kpmg.com/global/en/issuesandinsights/articlespublications/sustainable-insight/pages/water-scarcity.aspx>