



at the core of business decisions

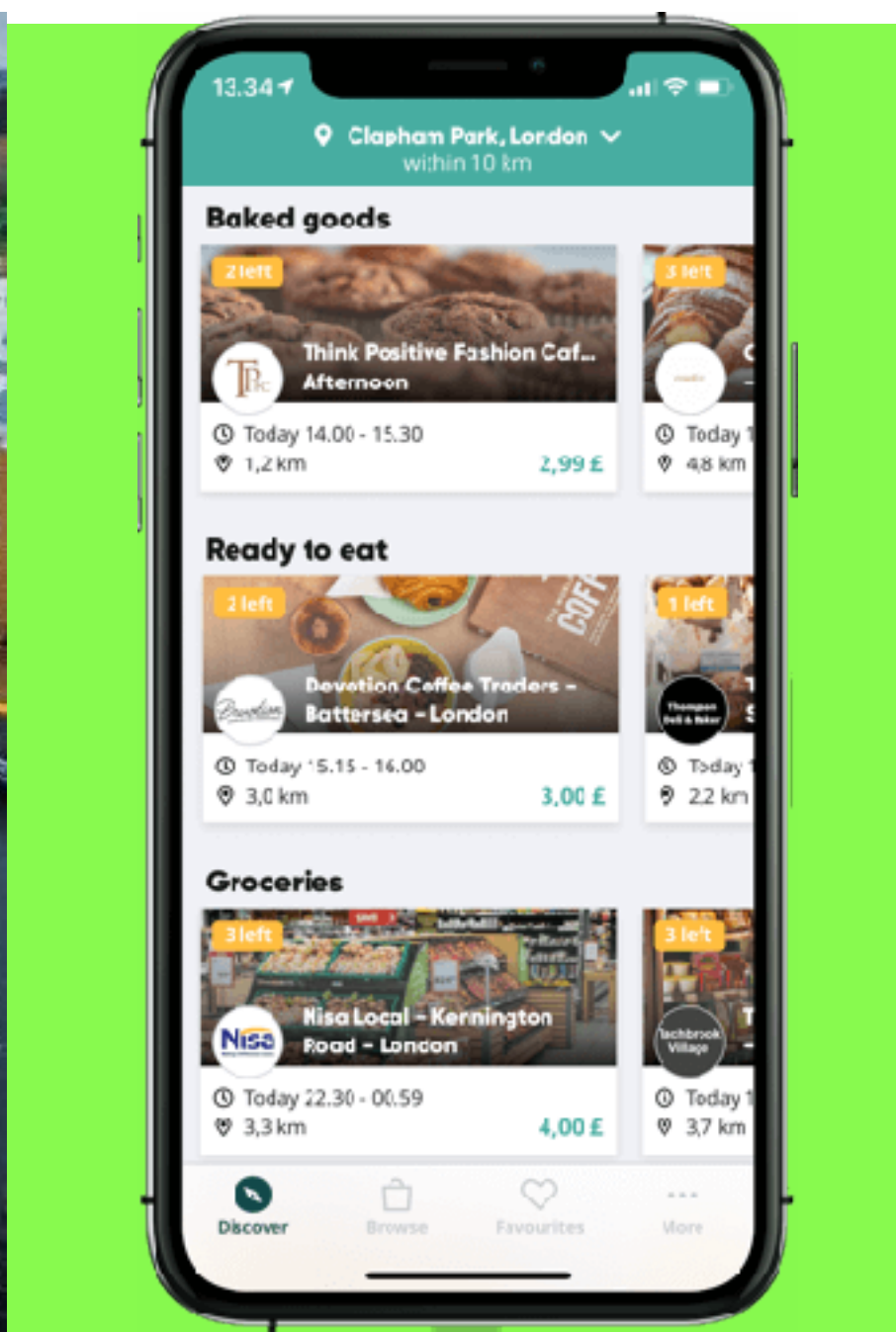
- Operating efficient sites powered by renewable energy

Retail sites range from small, local shops to supermarkets, to distribution warehouses. Across all properties, heating, lighting, refrigeration are the dominant emissions sources. Sourcing renewable energy and installing efficient technologies can slash 'make zero' emission operations a near term reality.
- Moving to low carbon logistics

The retail industry is supplied by global logistics operations across multiple transport modes and providers. Decarbonisation will require logistics data and the adoption of zero and low carbon fuels. 'Last mile' delivery to customers will increasingly transition to high performance electric vehicles and other low-carbon transport.
- Sourcing sustainably

The emissions from growing, extracting and manufacturing raw materials represent a major hotspot in the retail industry's carbon footprint. Although outside of their direct operations, retailers are ideally placed to facilitate the transformation of product supply chains through specifications and procedures for sustainable sourcing.
- The UK retail industry is operated by a large and dynamic workforce

# Making retail sustainable, case examples and innovations 2021





# Executive Summary

## Making retail sustainable, case examples and innovations 2021

- A problem encountered when executing an all encompassing sustainability strategy is the sheer complexity of the topic. Definitions of sustainability include numerous ecological, social and economic aspects such as: CO2 emissions/protection of the climate, resource use, human rights, Fair trade, packaging/plastics, animal husbandry, reduction and avoidance of pesticides, reduction of environmentally harmful ingredients and substances, avoidance of food waste to name just some of the aspects.
- Virtually all aspects of retail contribute emissions, from the energy required for store operations and trucks, to emissions from farms and factories, to the energy used by customers to power their purchased devices. The industry can influence emission reductions of both suppliers and customers, and mobilise considerable action to address the climate emergency. Equally, investors in the retail sector have rising expectations around emissions measurement and disclosures, and concrete strategies for reduction.
- That said, the sustainability agenda is becoming much more important and prevalent and gaining much more traction politically, economically and in society at large. There seems to be a significant hardening of the overall position of activists and the wider population at large. Also another radicalisation process seems to gather steam, stemming from the belief that humanity has at most ten years left to act to avoid climate change and potentially disastrous consequences.
- While the green movement has been around since the 1960/70 we are witnessing another real change in its goals, tactics, reach and composition. There is a real urgency in the movement around sustainability and we could see a return of much more radical activism (such as Greenpeace in the 1980s). Change is not only driven by activist pressure (from charities such as the WWF to Greta) but has also entered boardrooms, hedge funds, the banking sector and mainstream politics (such as the move away from petrol and diesel cars to electrics, the phasing out of coal, the move towards renewable energies etc)
- In a retail context demand for change towards more sustainability comes from shoppers (though how much they are willing to pay for environmentally friendly products is another matter) and also employees in stores/warehouses/logistics, most employees do not want to work for a polluter in general. It should be noted, that green washing does not cut it anymore (if it ever has). This will be a difficult problem to manage in the fast fashion sector, whose business model is built on a clear push to drive more consumption. There is a clear contradiction and inherent tension between the demands of sustainability and the goal of zero waste and chasing growth under a capitalist system.
- The examples of major retailers launching environmentally friendly initiatives described in this report have become a lot more commonplace in recent years. While we have chosen to write about Tesco for example, we could have also mentioned Sainsbury's efforts or Carrefour's. There is no scientifically established methodology to rank the various efforts, that has proven to be uncontentious. Though what we have noticed is that the overall level of engagement has considerably intensified and that the move towards net zero policies has progressed a lot over the recent decade.
- The BRC sees the majority (75%+) of emissions from retail coming from the production and use of retail products, but there isn't really a scientific consensus on that for the simple reason that calculating emission footprints is fraught with difficulties, especially when having to decide which externalities to include in the data and calculations. So the BRC approach resembles one way of tackling the problem, but there are of course others.
- Perhaps another issue concerns the way innovations in the sustainability space often don't lend themselves to making money by themselves but are rather targeted at providing services to existing corporations (such as data collection on CO2 footprints). On the other hand Tesla's Elon Musk has become the world's richest man by selling more environmentally friendly, electric cars.
- Indeed when looked at from a start up perspective the biggest companies being built in the EU right now are the giga factories needed for car battery production, which require enormous amounts of investment and government backing. In the retail space though much of the move towards becoming more environmentally friendly will not be about making money directly, but perhaps be seen as table stakes and cost of doing business, perhaps mandated by governments and demanded by shoppers.

# Key Questions answered

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- **Which retailers lead the way in sustainable energy generation?**
- How will the shift to e-cars impact retail on the front and back end? When will all road based logistics run on alternative fuels in future? And what models are available or in the pipeline?
- **What about last mile logistics? Will our future cities be served by delivery robots or are e-cargo bikes more likely?**
- In store ranges will change, moving even further away from animal derived ingredients, as the success of Beyond Meat or Oatley (to name just two) show. Will plant based alternatives win out or will meat be grown in labs in future?
- **How will packaging change in future? Are plastic free groceries a real possibility and who will be the first movers? Can this only work in an online context?**
- How is tech changing the sustainability game at the front end? How successful are apps in reducing waste and improving OSA?
- **What are the most innovative models for recycle and reuse in the fashion sector? Will rentals become as big as resales already are?**
- Who is policing the claims? And how transparent are ratings and footprints?
- **How can the industry finance the change toward more sustainability?**
- What should retailers do now to be ready for a future when being green will be seen as table stakes?
- **Will retailers have to become more vertically integrated to control various aspects of the supply chain and their emissions footprint, and make production more efficient and sustainable, but also for end of life cycle management schemes such as recycling, reusing and reducing waste?**

# Features

- Case examples of successful retailers and strategies in the sustainability space
- **Analytical deep dive into sustainable innovation models**
- In depth discussion of innovative retailers, new business models and solutions that could lower emissions and in some cases costs
- **Insights on sustainability challenges and outlook**
- Strategic recommendations

# Benefits

- Understand how to choose the right tech innovation for your business, catchment and customers
- **Grasp how much to invest in sustainability and innovative capabilities (depending on your specific sector circumstances)**
- Follow the strategies of stand out performers and incorporate learnings into your own proposition
- **Each section features real life, practical case studies, sharing key learnings and pointing out pitfalls to avoid.**
- Learn from best practice examples



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