



## Green Matters – How “green” do I need to be?

Businesses, Government bodies and consumers throughout the UK continue to embrace the concept of reducing their “carbon footprint”. But exactly what does this mean for Australian suppliers trying to sell into the UK market? How big an issue is it really and what can Australian suppliers do to minimise any negative impact this carbon focus can have on their ability to compete?

### *How big an issue is it?*

Compared to most other markets, the UK is very active in terms of its strong focus on "green purchases" (consumer-demand) and "green credentials" (supplier positioning). A recent market survey by MCA UK shows:

- \* 94% of UK businesses put climate change in their top ten priorities
- \* 40% believe that reducing their carbon footprint is an important part of their brand
- \* 25% businesses have made their suppliers reduce their carbon footprint

The importance of this issue varies by sector, with some sectors such as construction or food retailing, seeing even stronger emphasis than the broader economy.

A recent survey of over 70 senior executives in UK-based food supply companies revealed approximately 50% had been asked by a supermarket to discuss greener trading. In addition, approximately 30% had been asked specifically about their environmental performance or credentials when tendering for a supermarket contract. (Source: The Grocer, 2008)

Austrade is therefore advising exporters to seriously consider the impact Corporate Social Responsibility (CSR) concerns are having on purchasing and partnering decisions of UK businesses, with a particular focus on “green” issues at present.

Market entry plans for the UK should therefore take into account how a company is going to leverage this issue to gain market positioning or alternatively, minimise the potential for any negative impact on their UK plans.



## *What practical options have I got to be “greener”?*

### **UNDERSTAND YOUR SUPPLY-CHAIN**

- Consider any economically viable ways for you to change your supply-chain or manufacturing process to reduce your carbon footprint (ie. Use recycled glass, paper, packaging or ship in bulk and bottle locally, reduce the energy consumption of your offices, introducing new technologies etc).
- If you are unsure how to do this, organisations like The Carbon Trust ([www.carbontrust.co.uk](http://www.carbontrust.co.uk)) in the UK, offer companies a life-cycle analysis service where they can quickly identify the biggest carbon-cost in your supply-chain/production cycle. You can then focus on changing that one element of your supply-chain rather than trying to address the entire chain.
- Outside of your own operations, ensure you are aware of any “green” elements to your own suppliers. You may be able to amalgamate their green activities with yours to make a stronger marketing message.
- Investigate the options for getting “certified” as a green supplier in your industry sector overseas or through the Australian Government’s Greenhouse Friendly™ program, where certified organizations are eligible to be labeled with the Greenhouse Friendly™ Certification Logo. ([www.greenhouse.gov.au/greenhousefriendly/index.html](http://www.greenhouse.gov.au/greenhousefriendly/index.html))

### **KNOW YOUR CUSTOMERS**

- Research the policies and marketing positions of target customers/partners. If they are actively promoting a “green” agenda, be sure you can talk about your own company's green credentials in the initial approach/pitch – often it can be as simple as highlighting you use recycled packaging.

### **COMMUNICATE YOUR COMMITMENT**

- If you do have some strong “green” elements in your business, consider applying for a Green Award – such as the Green Apple Award in the UK. The right award can provide companies with easily recognisable evidence of their commitment to environmental and sustainability issues. (See Green Matters – Green Apple Fact Sheet May 2008)
- If you are likely to make some changes to your operations within a 12 – 24 month period, you could seek to leverage UK labelling programs such as the Carbon Trust’s CO2 reduction label which is awarded to companies seeking to reduce their carbon footprint. Companies have to commit to reducing their carbon footprint over a two-year period or risk having the label withdrawn.
- Consider the value of carbon offset programs made possible through organisations such as Climate Care ([climatecare.org](http://climatecare.org)) or The Climate Trust. This can be a simple way to demonstrating a green commitment without changing your supply chain. Alternatively, your company may be in a position to invest in reforestation, wetland or other conservation programs. Either approach should be featured in all your UK marketing materials.
- Consider introducing environmental elements into some of your traditional in-market promotions. For example, many retail products often run swing tag, coupon or other incentive programs throughout the year. Consider how you might feature environmental programs or messages into these activities. Eg. 2 cents from every sale goes to renewable energy research etc



## ***A word of caution***

Companies should be careful to ensure that any claims to be “green” are legitimate and defensible. Growing concerns over “greenwashing” means claims may be subject to close scrutiny by trade practices bodies, consumer watchdogs, environmental groups and government authorities, as well as corporate partners.

Greenwashing is a term used to describe misleading claims about the green, eco, sustainable, carbon neutral and/or planet-friendly status of a product, service or the company as a whole.

## ***What if I can't “go green” cost effectively?***

While “green” issues are certainly attracting their fair share of the headlines, it is important to note that UK businesses are generally concerned about their performance across all areas of Corporate Social Responsibility (CSR). So if you can't change any of your practices to “go green”, try to ensure you address one of the other CSR priorities:- Fair or Ethical Trade, community development, people development, sustainability (in your industry), research & development, poverty alleviation etc. It may be that a strong involvement in any of these other areas, could be enough to reposition your firm despite an absence of “green credentials”.

## ***What next?***

If you would like further information on any of the issues, organisations or ideas discussed above or you would like to receive these notices in the future, please do not hesitate to contact Kylie Hargreaves or Amit Aggarwal in the Austrade London office via [firstname.lastname@ustrade.gov.au](mailto:firstname.lastname@ustrade.gov.au).

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