



News release

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Corporate Reporting Breakthrough with Initial Results from PUMA's Environmental Profit and Loss Account

Comment from PwC and Trucost:

PUMA and PPR HOMES's launch today of the first results of its environmental profit and loss account (ww.about.puma.com), makes them the first global business to put a true value on the natural resources used and the environmental impacts caused by providing products to its customers. This will give PUMA a detailed understanding of the implications of decisions on the environment, enabling better positive actions to be taken to deliver commercial benefits and safeguard the natural assets businesses depend on.

To develop these first results of their E P&L, PUMA worked with PwC and Trucost to develop a methodology to first quantify the tonnes of GHG emissions and cubic meters of water consumed in their business and supply chain operations, and then apply values to account for the associated economic impacts.

Alan McGill, partner, PwC sustainability and climate change, said:

“Currently, the value of the resources used and any costs associated with environmental impacts are not fully included in the prices paid for products and this assessment represents an unprecedented move by PUMA to address this and better report the more holistic performance of their business.

“Businesses can't create products without using natural resources. PUMA has taken an extraordinary first step, effectively holding a mirror up to its supply chain, showing its dependencies on natural capital so that they can be tackled from the first design concept to the shop shelf. The supply chain holds the key for many companies' ability to tackle environmental risk and impacts.

“These resources need to be planned for, accounted for and may ultimately have to be paid for. PUMA's E P&L shows in monetary terms the scale of its reliance on natural capital and provides the platform to determine what can be done to manage the impact, and where the first priorities lie.

“While it's an emerging field for reporting, it's a significant first step that is likely to accelerate extremely quickly. It's about demonstrating that the business understands how wider factors such as ecosystem services could impact its ability to operate and continue to grow.”



Dr Richard Mattison, chief operating officer, Trucost, said:

“Businesses are already facing increasing input costs as a result of rising oil and commodity prices related to climate change and water scarcity. We have provided PUMA with the management tools to minimise this risk by optimising its value chain sustainability.

“Reporting a company’s use of natural capital and impacts on ecosystems and biodiversity is vital as these costs are already impacting businesses; natural resources are becoming scarcer and more costly, and natural systems are not providing the protection from floods, storms and droughts that they once did.”

An example is water used in the production of cotton. In some cases, cotton is produced in regions where water is scarce and the price paid for water by cotton producers goes only a small way to meeting the true value of the scarce resource. This presents a business risk, since the crop can fail if the water resource is not managed correctly. Another example is GHG emissions and climate change – the existing mechanisms in place to put a price on carbon emissions do not yet result in a carbon price that equates to the impact on our economies from changing climate.

The economic impact of GHG emissions was estimated using a single global value for what is commonly termed the ‘social cost of carbon’, which aims to value the costs to society as a result of current and future climate change. The E P&L applies a value of €66/tonnes of CO₂, which results in a GHG emissions value of €47.0m for 2010.

As water scarcity varies significantly around the world, the economic impact of water consumption required different values for different locations. These values were estimated using a Total Economic Value framework, which takes into account factors such as how water is replenished relative to withdrawal. The average water value applied in the E P&L is €0.81 per cubic meter which results in a €47.4m value for water consumption in 2010.

Businesses that understand their impacts and dependencies on nature, and understand the risks and opportunities these present, are more likely to build resilience into their business models.

ENDS

Notes to Editors

1. The economic valuation of GHG emissions and water consumption estimated an overall value at €94.4m in total for 2010. 85% of the impact of GHG emissions and more than 99% of water consumption related to PUMA’s supply chain.
2. PUMA will expand the scope of its Environmental P&L to take account of other significant environmental impacts, including acid rain and smog precursors, volatile organic compounds, waste and land use change.
3. PUMA plans to create a full Economic, Social and Environmental P&L, adding the social and economic impacts such as fair wages, job creation and tax contributions to its environmental impacts.

About PwC

PwC’s sustainability and climate change is a global network of 700 people and a team of more than 100 specialists in the UK. We are a leading adviser on sustainability, climate change and green growth working with clients in both the public and private sectors internationally, helping them to embed sustainability in their strategies and throughout their organisations.

For more information, visit www.pwc.co.uk/sustainability

About Trucost



Trucost was established in 2000, to help companies, investors and governments understand the environmental impacts of business activities.

Over the past 10 years Trucost has collected, researched and validated environmental data from organizations across the world. The result is the world's most comprehensive data on corporate environmental impacts, covering Greenhouse Gases (GHGs), water, waste, metals and chemicals. This enables our clients to access:

- The most efficient approach to measuring GHG emissions and wider environmental impacts across organisations, supply chains and investment portfolios;
- Clear identification of prioritized focus areas for reducing environmental impacts;
- Validation of source data, including completion of gaps in data which are not currently being tracked or reported on;
- Comparison of environmental performance against peers, sectors and investment benchmarks;
- The ability to create environmentally-oriented investment products.