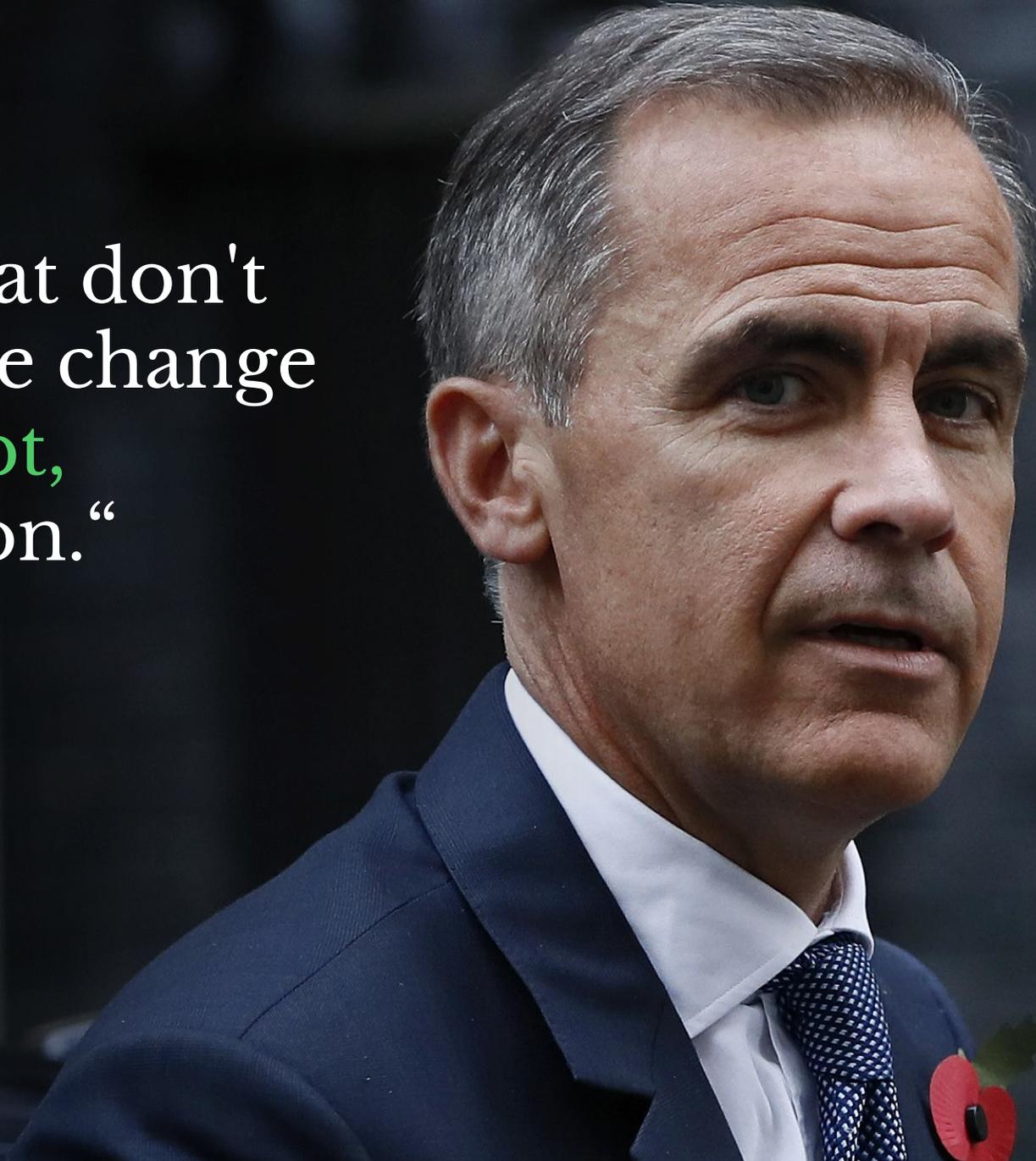


The Next Green Thing

How to Unlock Future Growth in CPRD Through
Clean Products, Services and Experiences

“Companies that don't adapt to climate change will go **bankrupt**, without question.”

Mark Carney, Governor of the Bank of England
& UN Special Envoy on Climate Action



The imperative to transition to truly green and carbon-neutral business models is driven by **three interconnected forces** of the climate movement

FORCE 1

Consumer Preferences

69%

of European consumers

are actively looking for **greener product alternatives**¹ – turning sustainability from a nice-to-have benefit to a differentiating feature, and basic requirement in the longer term.

FORCE 2

Regulatory Pressure

Zero

net carbon emissions by 2050

is the **target of the European Green Deal** – driven by a framework of regulation, legislation and fines for noncompliance. Also, carbon prices are forecast to triple by 2030.²

FORCE 3

Investor Demand

74%

of global investors

plan to increase their **environmentally sustainable ETF allocation** over the next year³, also as prices on **European Allowance Units** are forecast to quadruple by 2030.

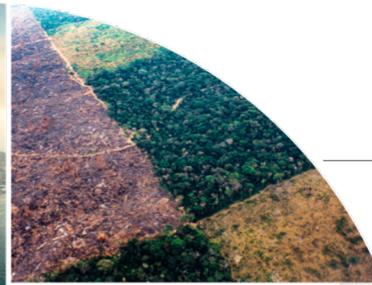
The importance and urgency of a sustainable economy is further highlighted through **Covid-19, which is likely a major consequence of climate change**, according to the WHO¹

Climate change is caused by the same factors that make emerging diseases appear, re-emerge and spread,² including:

Global Transportation



Deforestation



Human & Animal Population Density



Irrigation Projects

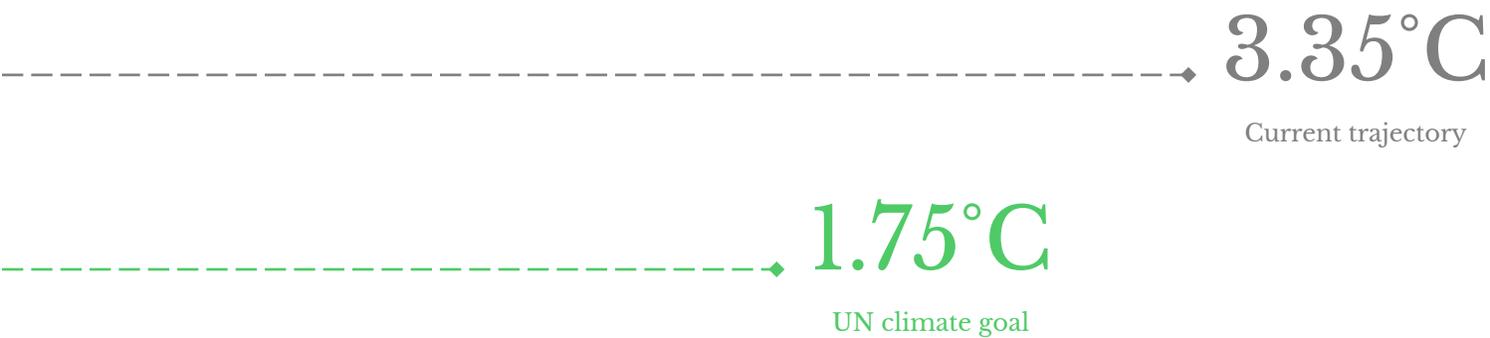


Urbanization



Yet, most DAX 30 organisations are significantly tracking behind UN climate goals of carbon neutrality by 2050 that would limit global warming to 1.75° Celsius

With more stringent regulation on the horizon, it is unlikely they can catch up through optimization efforts alone.



A global consumer goods manufacturer that is included in the Dax 30 would increase the world's climate by 3.35 degrees Celsius – if every company followed its current business practices.¹

As of November 2019, the company has not set any climate targets.

At the same time, green challenger brands unlock **the next wave of commercial growth** in the CPG sector, whereas mass brands show only moderate growth rates

CPG LEGACY

Mass Brands

1.5 %

CAGR Real Organic Growth

FMCG companies w/ net revenue >\$8B
2012-16¹

CPG FUTURE

Green Challenger Brands

\$16bn

Record Investment

In cell-based protein firms in 2018²
Examples: Just, Tinctorium, Geltor, etc.

A GREEN CHALLENGER BRAND

In August 2019, the first KFC location to offer **plant-based chicken nuggets** sold out in less than 5 hours. In 2020, the company expanded its offering across nearly 100 stores enabled through a partnership with **Beyond Meat**.



A GREEN CHALLENGER BRAND

Prose, a beauty brand focused on **vegan and gluten-free** options uses an algorithm to provide personalized haircare products. The firm uses automated manufacturing to customize up to 10,000 products per day. It is valued at \$85 million.



A GREEN CHALLENGER BRAND

With a valuation of \$1.4 billion, **Allbirds** is no longer a hidden gem for sneakerheads looking for **footwear made of natural materials**. The company which is carbon-neutral since 2019, is however, yet another signal how sustainability has evolved from a niche proposition into a mass movement that means big business for the fashion industry.



WE BELIEVE

Future growth in CPRD is grounded in innovation along the value chain – solving for consumers and the business, with sustainability at the core.

WE CALL THIS

Clean Growth

Clean Growth is our approach to support forward thinking businesses to pursue new growth opportunities by innovating the clean products, services and experiences of the future.

Clean growth enables **economic growth**¹ through net carbon neutral or carbon negative **business models**². It goes **beyond branding**³ and considers the **total environmental impact**⁴ involved along the value chain.

THE KEY PRINCIPLES

1
Clean Growth doesn't mean de-growth. It means unlocking new revenue streams that emerge due to increased relevance of sustainability, whilst eliminating the environmental harms of economic activity.

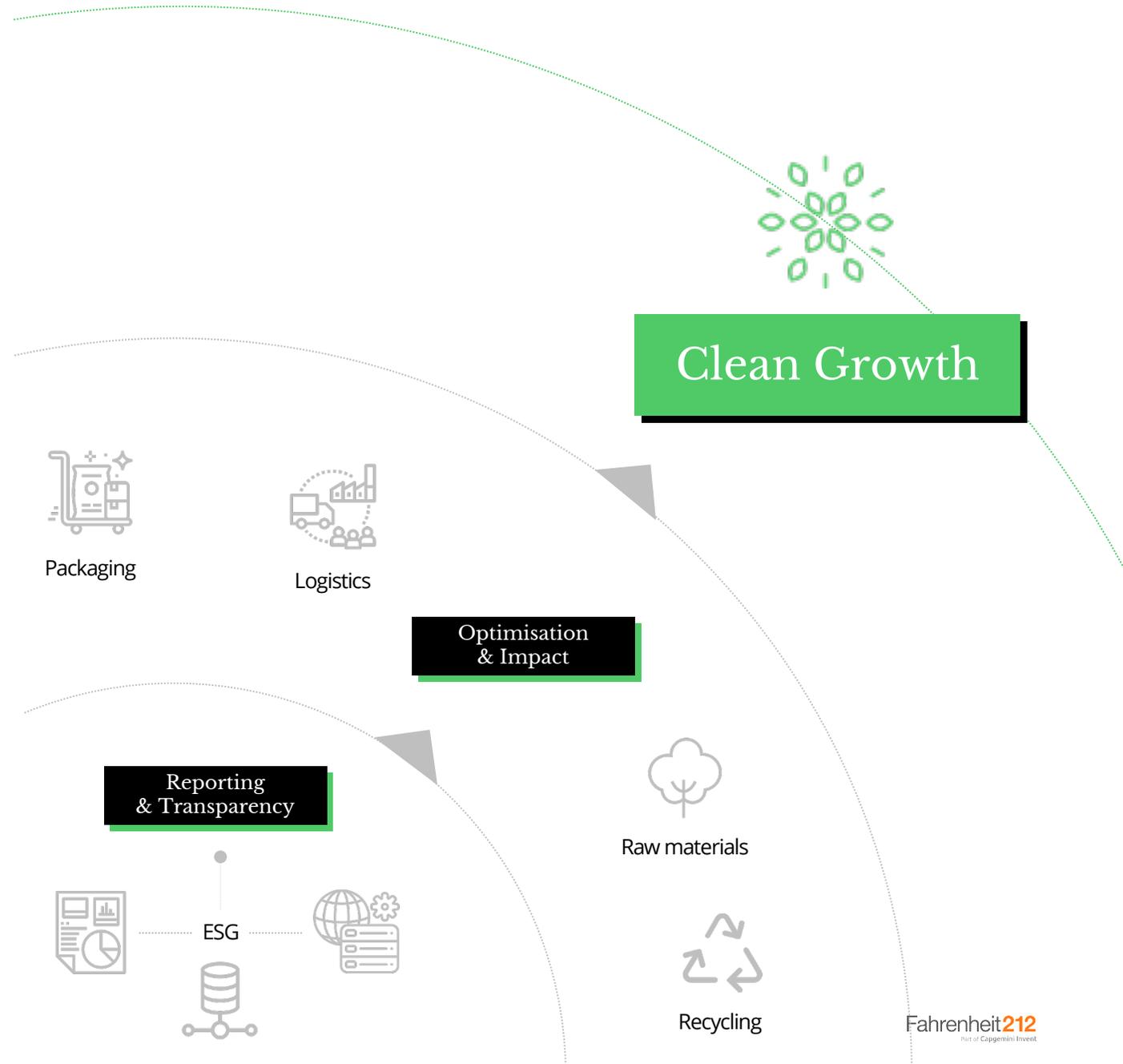
2
This goes beyond green-optimizing the existing portfolio but speaks to the development of **new product systems and business models** that solve for the business and the consumer with sustainability being baked in.

3
Greenwashing, promises and marginal improvements will be condemned by consumers and regulators alike. Change needs to translate into **measurable carbon reduction or even climate positive businesses.**

4
The global nature of our business requires us to **holistically think in systems and interdependencies all the way** from production and packaging, to distribution, consumption and disposal of products and services.

In addition to better ESG reporting and a portfolio of initiatives to reduce climate impact, clean growth will elevate the transition to a truly sustainable business models, while building the new.

Shifting from a reactive mindset into a proactive momentum.



We identified **several opportunity spaces** along the value chain that reimagine how CPG companies will do business and connect with people in the future to generate clean growth

Each opportunity space describes a value pool worth billions of dollars that can be exploited through a suite of physical products, digital services and experiences.

Each space aligns with consumers' desires and provides significant potential to reduce greenhouse gas emissions.

This exemplary opportunity space centres on urban living in major cities – tapping into trends from sharing economy to mass-individualization to enable new consumption habits

WHAT WHY HOW

OPPORTUNITY AREA

The Power of the Neighborhood

Providing new types of urban or rural neighborhoods with custom-designed product bundles and service offerings that pioneer new consumption concepts on a micro-level and hold the potential to disrupt the bigger system.

SOURCING & PRODUCTION DELIVERY & PACKAGING CONSUMPTION & ENGAGEMENT

Fahrenheit 212

Commercial and consumer research helped to build confidence in our thinking, making sure there is a problem-market-fit that means big business and also good for the planet.

OPPORTUNITY AREA | The Power of the Neighborhood

WHAT WHY HOW

Why it matters

CLIMATE

36%

projected rise in the number of delivery vehicles in the top 100 cities globally by 2030, and increased emissions from delivery traffic by nearly a third.

(World Economic Forum, 2020)

30%

potential reduction of emissions and traffic congestion if ecosystem-wide change for last mile deliveries is realized.

(World Economic Forum, 2020)

CONSUMER

88%

of global consumers want companies to help them make a positive difference in the world.

(Nielsen, 2019)

19%

of German consumers have already used a shared service – with rising willingness to adopt shared service offerings in the future.

(YouGov, 2019)

COMMERCIAL

\$ 335 B

expected market size of the global sharing economy in 2025 (B2B and B2C).

(SupplyChainDigital.com)

25%

potential reduction of delivery costs if ecosystem-wide change for last mile deliveries is realized.

(World Economic Forum, 2020)

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Industry startups and out-of-category analogs served as inspiration to define educated **thought starters** how companies can develop new product bundles and service offerings

OPPORTUNITY AREA | The Power of the Neighborhood

WHAT WHY HOW

Inspiration

EFFICIENT BUNDLING

How might we serve emerging smart home systems that also allow for collaborative consumption?



Pay-per-Wash

Landlords have started to offer community washing machines at their residential buildings to increase comfort while reducing water consumption and generating a new revenue stream. Users pay per wash instead of buying their own machine.

CLEAN LAST MILE

How might we play a role in the new climate-neutral delivery and pick-up options for new neighborhoods?



Walmart x Nuro

In 2020 Walmart pilots a new program that will test autonomous grocery delivery. The retailer is partnering with autonomous vehicle company Nuro. This concept may also be used to offer bulk ordering or create the circular systems of the future.

NEXT LEVEL GARDENING

How might we create new systems that redefine how people produce, purchase and consume products?



Agrilution (acquired by Miele)

Agrilution offers highly efficient and automatic vertical farming system for the home. It delivers fresh, pesticide-free produce all year round.

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The next step is to **identify the defensible and ownable opportunity** within each space for your specific company – depending on your individual assets, needs and ambitions for the future.

In case you're curious how to embark on such a mission, we're happy to talk.

By applying our tried-and-tested innovation process we help ambitious companies like yours to increase ROI of their innovation spend and minimize the risk of your investment.

We challenge the belief that innovation is inherently unreliable and have spent the last decade designing the method, building the model, and assembling the minds to make innovation a predictable driver of sustainable, profitable growth.

GETTING TO KNOW US

About Fahrenheit-212

Fahrenheit-212 is a global strategy and innovation firm that helps organisations unlock topline growth

We help the world's most ambitious companies to envisage a world that is different from today and help them to build the products, services and business models that win in this new world.

We combine the commercial rigour of finance professionals (Money), with the empathy of designers and creatives (Magic) to simultaneously solve for your business and your consumer.

As part of the Capgemini Group are able to deliver end to end solutions – beginning with growth and innovation strategy, and ending with a operationalised solution in market.

Innovation designed to deliver.



New York
2002



London
2014



Los Angeles
2018



Paris
2018



Munich
2018



Stockholm
2018

We solve multiple challenges across the ever-changing landscape of innovation



We define innovation strategies



We transform customer experiences



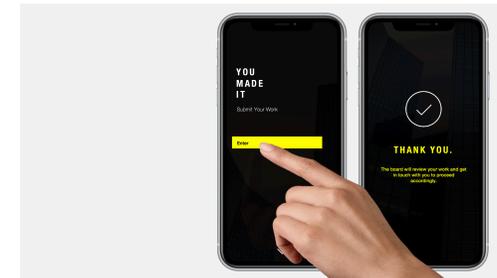
We build new brands & services



We create new products & services

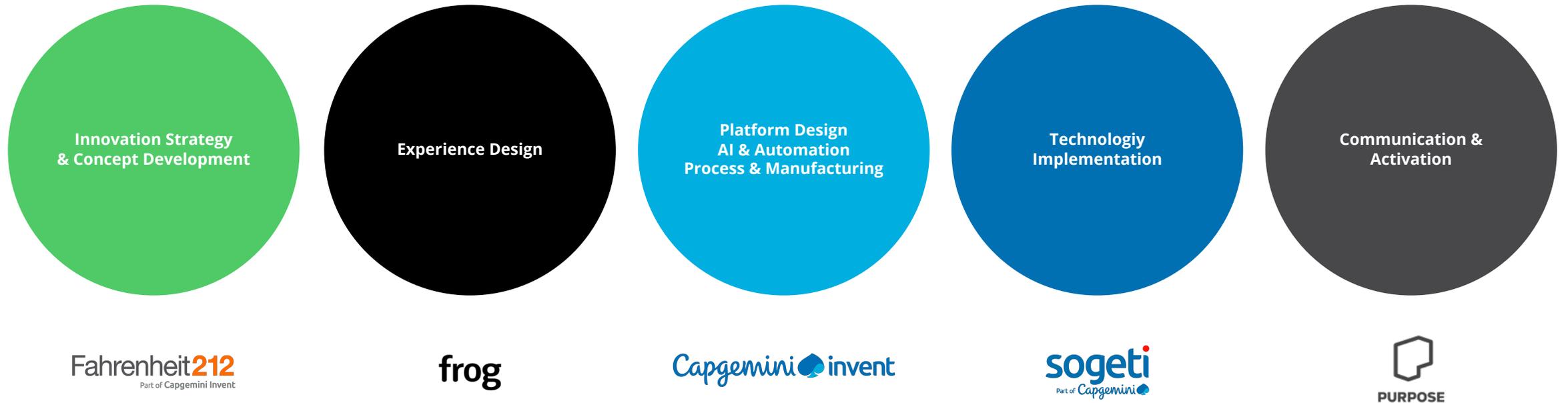


We exploit emerging technologies



We enable innovation capabilities

With our unique blend of capabilities, Fahrenheit-212 and its partners are capable of supporting companies in their innovation initiatives from strategy to execution



We've helped some of the world's greatest companies create sustainable, profitable growth through innovation. From private equity to Fortune 500, our expertise is both broad and deep, spanning a vast set of sectors, industries, and offerings



A band of restless minds
blending commercial strategy
with big visionary thinking,
united by the ambition to
make better things, and to
make things better.

If you're up to it, these are just a few of the
people that would love to speak further.



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