

INTERVIEW

Nitin Kalothia, Director, Sustainability Initiatives Practice, Frost & Sullivan

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Energetica India catches up with Mr. Nitin Kalothia, Director, Sustainability Initiatives Practice, Frost & Sullivan during Sustainability 4.0 Awards 2017 in Mumbai to get more insights into sustainability trends among Indian companies.

Energetica India: What are the current growth drivers for sustainability focus within organizations??

Nitin Kalothia:In this era of reforms, organizations are under tremendous and increasing pressures from shifting demographics, new technological challenges, shortages of skilled professionals, and increasing costs in many arenas. The company CXO's often pursue sustainability initiatives which has helped them to integrate the broader strategies to address larger organizational challenges and priorities. The sustainability focus/drivers within organizations often include - managing risk and regulatory compliance, cost benefits, increase employee satisfaction and retention, fostering good public image, improving brand Image and building reputation.

Energetica India: What business value can organizations achieve through their sustainability initiatives?

Nitin Kalothia:Today organizations are dealing with a complex and unprecedented brew of social and environmental trends. These require robust sustainability-based management system in place. Embedding sustainability to the core of business strategy clearly result in a positive impact on business performance. The business values experienced by organizations include -

- **Driving competitive advantage through stakeholder engagement:** Sustainable businesses are redefining the corporate ecosystem by designing models that create value for all the stakeholders, including employees, shareholders, supply chains, and the civil society.

- **Improving risk management:** Unlike traditional forms of business risk, social and environmental risks (climate change, water scarcity, poor labor conditions, etc) often affect the business on many dimensions, and are largely outside the organization's control. Adopting sustainability assist managing these risks by making investment decisions today for longer-term capacity building and developing adaptive strategies.
- **Fostering innovation:** Investing in sustainability is not only a risk management tool; it can also drive innovation. Redesigning products to meet environmental standards or social needs offers new business opportunities.
- **Improving Financial Performance:** Companies are realizing significant cost savings through environmental sustainability related operational efficiencies. Investors are now able to track the high performers on ESG (environmental, social and governance factors) and are correlating better financial performance with better ESG performance.
- **Building Customer Loyalty:** Consumers today expect more transparency, honesty and tangible global impact from companies and can choose from a raft of sustainable, competitively priced, high quality products. In fact, a study found that among numerous factors surveyed, environmental and social responsibility was one of the significant factors that affected respondents' evaluation of a firm and intent to buy.

Energetica India: How can sustainability initiatives keeping organizations better positioned as a brand?

Nitin Kalothia:Brand value and sustainability are related, and a company that seeks to do well in one area should consider also investing in the other. That means companies must make investment decisions that will benefit the environment and society, and guarantee the sustainability of its product or service.

There are several company case studies (ITC Limited, AkzoNobel, Johnson & Johnson, Walmart, Unilever etc) with strong sustainability program who has created demand for product and service by influencing customers buying behavior and leading to repeated purchasing. Therefore a strong sustainability program that is consistent in its positioning will create value for the company by creating more value for its brands.

Energetica India: How can we grow the adoption of sustainability practices within smaller organizations in the country?

Nitin Kalothia:Small- and medium-sized entities (SME's) are crucially important to the health and stability of the global economy. They are an integral part of the supply chain where there is a growing demand for sustainability management both from customers and suppliers. Today, SMEs are increasingly being faced with pressure to measure and manage their impact on the environment. While the sustainability commitment is there, implementation can be challenging, especially in SME's, where cash flow and financing options are the concerns. Given that SMEs are keen to realize the benefits by adopting more sustainable practices, it is important to establish the link to the cash flow achieved from minimizing costs and maximizing potential revenue streams. Further there are several lending organization in India and globally like Global Environment Facility (GEF), Asian Development Bank (ADB), World Bank, Small industries Development Bank of India (SIDBI) who are promoting and assisting financing options to SME's to implement energy efficiency and cleaner production technologies.

Energetica India: What are the challenges being faced by organizations to better adopt sustainable practices?

Nitin Kalothia:Implementing corporate sustainability strategies is increasingly becoming a standard practice. Despite this encouraging progress, a confluence of global challenges is putting more pressure on corporate sustainability strategies to get to the scale quickly. Having said that, it is important to note that change isn't an easy process in any organization. The key challenge for the experts in sustainable business is to drive and oversee these changes to ensure positive impact on business. A number of factors frequently stand between ideas and execution, like - making a clear business case for sustainability or in other words the goals of sustainability and financial strategy are not well-aligned, lack of metrics to assess the initiatives, engaging management and colleagues to the common cause, external factors such as climate change and water scarcity and not being integrated to long-term business strategy. The good news is that businesses are finding ways to overcome these barriers by adapting strategies and techniques already at their disposal.

Energetica India: On what elements of sustainability, are the organizations being assessed for the Sustainability Awards?

Nitin Kalothia: Frost & Sullivan and The Energy and Resources Institute (TERI) Sustainability 4.0 Awards is designed with an objective to identify companies that are well equipped to respond to the emerging opportunities and risks resulting from the sustainability trends. The assessment criteria's are broadly categorized under 4 parameters - Purpose, Partnership, Planet and People.

Purpose -looks at evaluating the process that an organization follows through its values, policies, risk management and strategy to meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing human and natural resources that will be needed in the future.

PARTNERSHIPlooks at the collaborations and programs undertaken by the organization along with the partners in its value chain (suppliers/vendors/retailers/customers/community) to underpin sustainability.

PLANETdelves with the systems developed and results achieved by the organization to showcase how organization optimizes its functions to reduce the impact on the planet.

PEOPLEelement looks at evaluating organization practices toward managing human capital and implementing safe working condition that contributes towards enhanced employee delight.

Energetica India: Are there any new categories under the awards umbrella in "Sustainability 4.0 Awards 2017"?

Nitin Kalothia:The awards platform, instituted in 2009 has been through a series of transformation in the scope of assessment, sector coverage and the program title itself. While

there are no new categories defined in the 2017 edition of "Sustainability 4.0 Awards", the 2016 edition was opened for the service sector industries which until then was only manufacturing sector focused. Also the nominations are accepted now for corporates, which until 2015 was only unit/facility specific.

Energetica India: What services does Frost & Sullivan offer in Sustainability?

Nitin Kalothia:Frost & Sullivan through its "Sustainability Initiative Practice" is working with companies to build Sustainable Businesses. The sustainability service model of Frost & Sullivan is based on the following broad principles **Analyze:** *assess risks & opportunities, engage with stakeholders and identify material issues*, **Plan:** *identify gaps, develop strategy and set goals (long and short term)*, **Measure:** *compile data, analyze and quantify impact*, **Report:** *design reporting approach and integrate financial & non-financial information*

Within the Sustainability consulting platform, we enable organization on its journey towards "Sustainability" and "Business Continuity". Few of the deliverables through this platform are:

- Formulation of roadmap towards sustainability,
- Empowering employees through training and capacity building on sustainability,
- Prioritizing focus areas,
- Defining goals such as mapping greenhouse gas emissions, formulate EHS requirements for the supply chain,
- Culmination of all activities into a "sustainability Report" based on internationally accepted frameworks.