

Knowing your risks

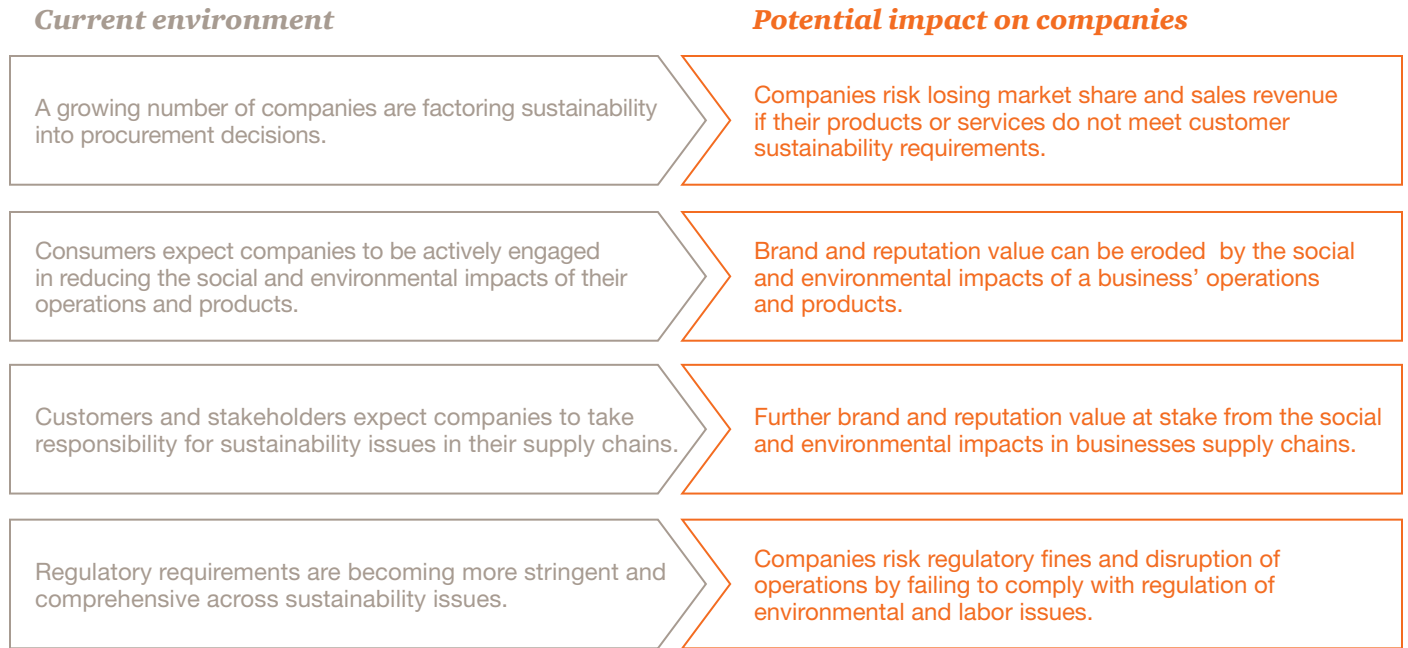
Managing the value at risk from sustainability issues

*Sustainable
Business
Solutions*



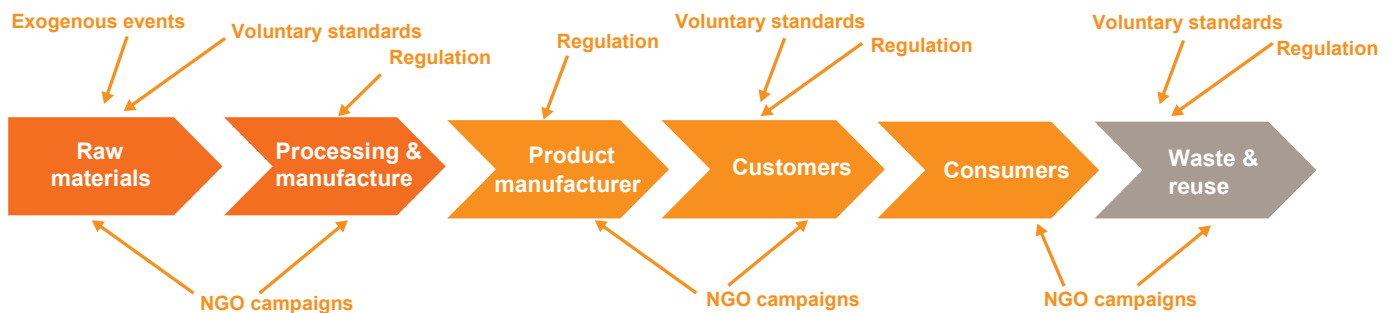
Business context:

Emerging sustainability risks driven by increasing consumer and stakeholder expectations



PwC's point of view: Enterprise risk management should include an evaluation of sustainability risks up and down the value chain

Often facing a diverse set of competing risks, companies need to understand the associated financial materiality to prioritize and inform the level of investment to mitigate their sustainability risks.



How PwC can help:

Our approach to sustainability risk management

We do this...

Risk assessment

Identify and assess the materiality of sustainability risk in value chains.

Risk mitigation strategy

Develop a comprehensive strategy to mitigate priority sustainability risks.

Implementation and assessment

Implement risk mitigation strategies and periodically assess their effectiveness.

So that...

Senior management can make informed decisions to mitigate the risk of its priority sustainability issues based on their potential financial and strategic value.

The company is more likely to avoid sustainability risk in its value chain and has a plan in place to mitigate risk when problems arise.

Management has effective risk mitigation strategies in place, can assess their effectiveness over time, and adapt strategies as new risks emerge.

Case studies in sustainability risk management

Client project	Challenge, solution and results
<p>Global food business Assess sustainability risk throughout its supply chain</p>	<ul style="list-style-type: none"> • Challenge: Our client had initiated numerous sustainability initiatives, but did not have an enterprise-wide strategy to manage sustainability risks or opportunities in its operations and supply chain. • Solution: PwC assessed sustainability risks across business units to identify priority, enterprise-wide sustainability issues. This analysis led to PwC recommending a supply chain strategy with performance standards to help the client manage its sustainability risks. • Results: Our client has tools in place to manage and mitigate operational and supply chain risks and has a credible performance standard framework to address stakeholder expectations.
<p>Global financial institution Review and enhance environmental risk management policy</p>	<ul style="list-style-type: none"> • Challenge: Our client wanted to know if its environmental risk management policies left it exposed to reputational risks associated with financing industries such as mining, forestry and energy. • Solution: PwC evaluated the client's existing policies and benchmarked them against the policies and practices of peer banks. PwC also evaluated stakeholder campaigns and shareholder resolutions to identify critical sustainability issues and provided recommendations to improve the client's policies based on these analyses. • Results: Our client has a clear roadmap for improving its risk management processes now that it understands the concerns of key stakeholders and its performance relative to its peers.
<p>Global pharmaceutical supply company Develop supply chain risk management system</p>	<ul style="list-style-type: none"> • Challenge: Our client was concerned over the reputational risks associated with suppliers in its global supply chain and had no process in place to monitor or influence supplier actions related to environmental, health, safety, or labor issues. • Solution: PwC developed a supplier sustainability risk assessment methodology to be implemented across select supplier groups, including a field audit methodology and checklists for high-risk suppliers. • Results: Our client immediately implemented PwC's supplier sustainability risk assessment tool, identified and conducted field audits of high-risk suppliers, and strengthened management of reputational risks associated with global supply chain partners.

PwC Sustainable Business Solutions:

Integrated services that link sustainability to business value

Widely recognized as a leader in sustainability consulting and thought leadership, PwC's global network of firms offers more than 700 dedicated partners and client service professionals with sustainability and climate change expertise.

Our services focus on helping clients increase financial, social, and environmental value through:

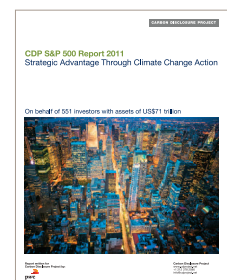
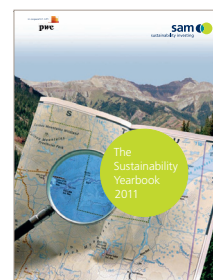
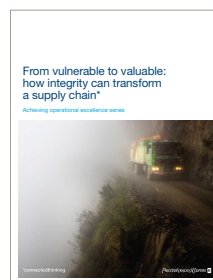
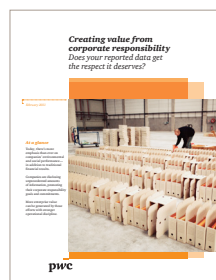
- **Strategy development:** Finding the right sustainability drivers to drive business value through risk management, revenue growth, and cost reduction
- **Performance management:** Integrating sustainability across the organization to achieve operational efficiency and transformational results
- **Sustainable finance and tax:** Capitalizing on green tax credits and incentives
- **Reporting and assurance:** Delivering actionable, investment-grade sustainability reporting and communications

Why PwC? Our sustainability risk management qualifications include:

- A strong track record for developing sustainability-driven risk management strategies in many sectors, including business-to-business and business-to-consumer companies.
- Deep sustainability relationships up and down industry value chains, providing a uniquely informed perspective on how sustainability drives decision-making for suppliers, customers and end users.
- Active contributor to the work of social responsibility organizations, including the World Business Council for Sustainable Development, Global Reporting Initiative, World Resources Institute, and World Economic Forum
- Sustainability expertise combined with our financial valuation and risk management skills, which enable us to efficiently assess the potential commercial impact of environmental and social issues.

PwC thought leadership on sustainability:

PwC's thought leadership and depth of knowledge enable us to meet our clients' business needs and surpass expectations by offering proactive solutions that identify and capitalize on trends. Below is a selected list of relevant publications. You can download our publications at www.pwc.com/us/sustainability.



To learn more about our services:

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