

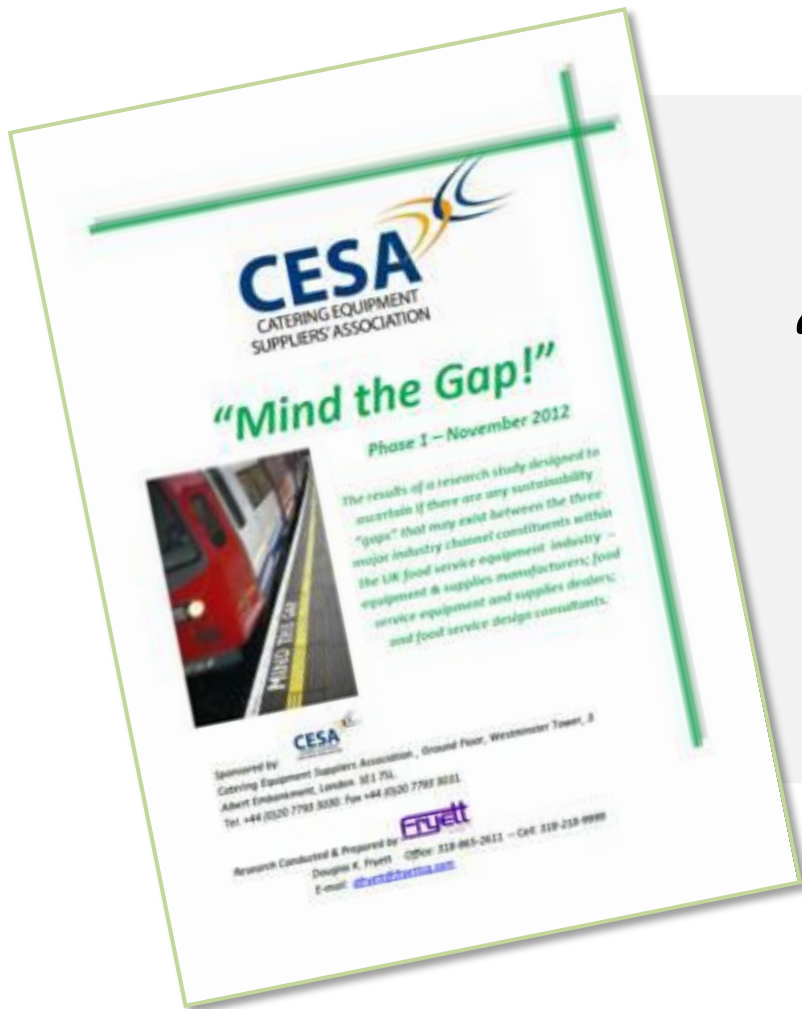
EU Environment Commissioner Janez Potocnik:



"To boost sustainable growth, we need to make sure that the most resource-efficient and environmentally-friendly products on the market are known and recognisable.

By giving people reliable and comparable information about the environmental impacts and credentials of products and organisations, we enable them to choose. And by helping companies to align their methods we cut their costs and administrative burdens."

10th April 2013



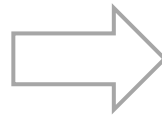
“Mind the Gap!” Research

“Mind the Gap!” Research Background & Objectives

Background

Industry under pressure to
'go green' from

- consumers generally
- green action/advocacy groups
- increasingly from Europe & Government, who will intervene if the industry does not do more



Research objectives

At macro level –

To ascertain level
of 'commitment' by
supply chain/channel
constituents

“Mind the Gap!” Research Methodology & Sample

- Quantitative online questionnaire
- 3 sample groups with tailored questionnaires
SUPPLY CHAIN
 - Manufacturers *27 respondents*
 - Dealers/Distributors *15 respondents*
 - Design Consultants *11 respondents*
 - TOTAL SAMPLE *53 respondents*
- Timing : November 2012

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**Research
findings**

Overall optimism but 'sustainability' initiatives are difficult to implement

Overall optimism...

- Supply chain optimistic about future demand & sales (from operators)....
- ...although Manufacturers & Design Consultants more so than Distributors
- All 3 supply chain groups said they support/drive sustainability initiatives
- Manufacturers see the importance of new 'more sustainable' equipment

....but difficult to implement...

The supply chain finds it difficult to maintain sustainability initiatives through to installation. Key challenges

- price
- specification claims
- staff quality & knowledge
- need for more investment from operators

Industry has a complex supply chain

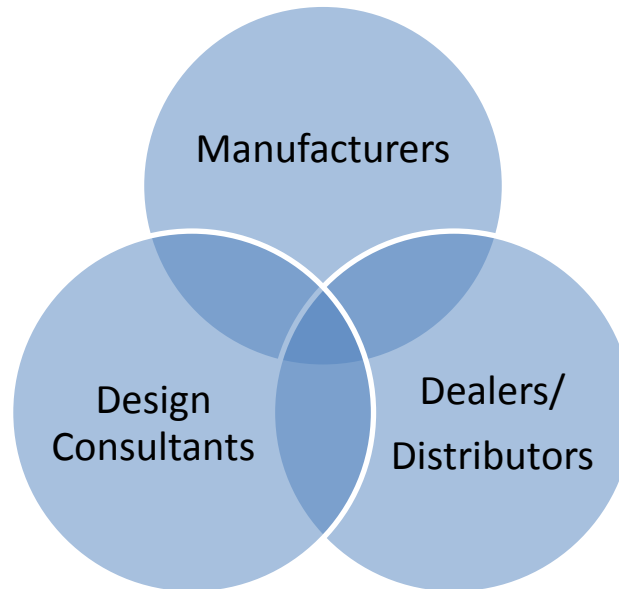
...requires all constituents to *do more* (to promote sustainability)

...and a more *holistic approach*

Complex supply chain

- complex in understanding of sustainability
- complex in how it thinks & acts as individual entities
- complex in how its constituents interact

(1) Needs to do more to promote sustainability



(2) Needs to take a more holistic approach

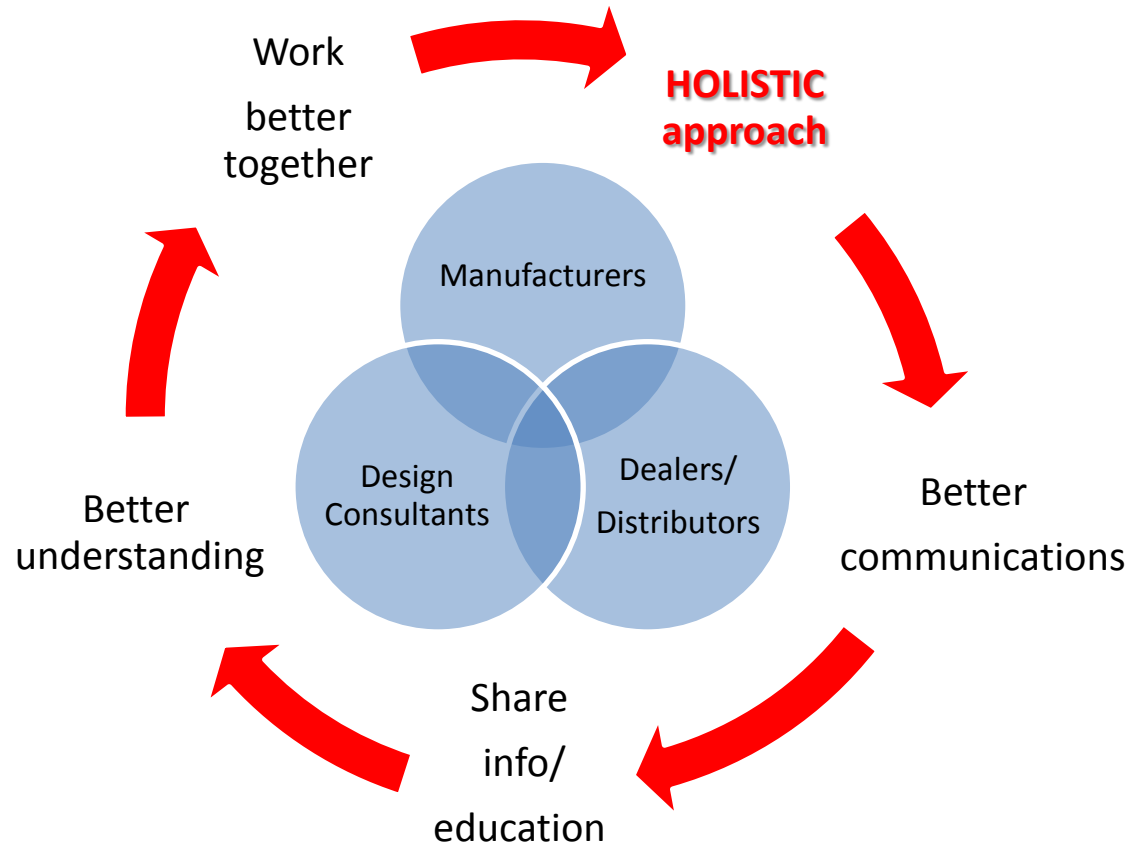
(1) Supply chain needs to DO MORE to *promote* sustainability

- Supply chain constituents need to do more to develop & implement ***their own sustainability strategies, objectives & metrics...***
 - internal : ‘improving overall internal operational efficiencies’
 - external : ‘meeting the expectations of the end user/customer’
 - issue with lack of metrics to *measure* sustainability
- More sustainability ***training***
 - Supply chain itself feels it only does an ‘average’ job of education
- Respondents agreed they need to do more to ***promote sustainability***

Design...manufacture...specify...and sell

(2) Supply chain needs to take a *more holistic approach* to sustainability

The inability to work with/“control” the supply chain was seen by its members as a key inhibitor in terms of successfully implementing a sustainability programme



Lack of investment in sustainable equipment by operators is an issue (1)

- *Perceived cost*

Primarily driven by (initial) price/cost, operators substitute more sustainable specified (higher priced) equipment with lower priced equipment

**HIGH PERCEIVED
PRICE/COST**

Recognition of the true lifecycle costs (& operational savings) would drive more investment in sustainable equipment

**REAL COST/VALUE
NOT UNDERSTOOD**

Needs independent & authoritative method to evaluate & compare equipment.

**NEEDS INDEPENDENT
EVALUATION METHOD**

Lack of investment in sustainable equipment by operators is an issue (2)

- Lack of promotion by supply chain?

- Dealers/Distributors ***not aggressively selling*** sustainable equipment as *they do not believe operators are willing to pay for it.*
 - Equates to less optimistic view of the future
- Research implies that ***operators may not be fully aware*** of all the sustainability options that are available to them

.....through lack of promotion by the supply chain

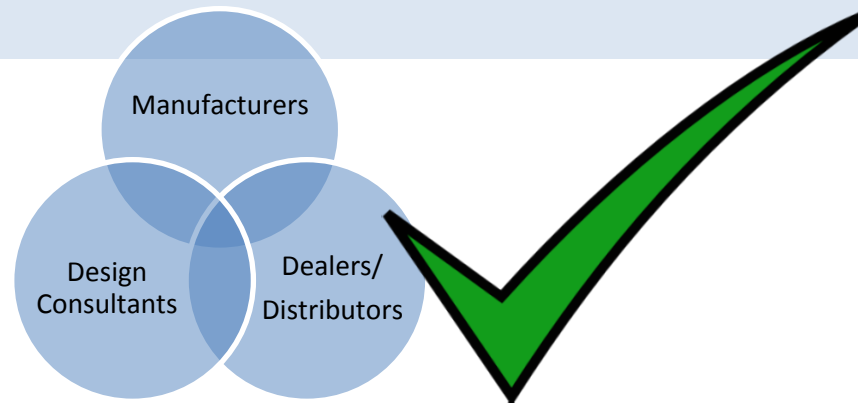
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Potential for a win-win situation

If industry & government can work together to develop a lifecycle cost evaluation tool.....

- Lower energy usage...lower costs....for operators
- Increased sales of higher value sustainable equipment for supply chain
- Lower carbon emissions etc...for government/Europe....& green bodies



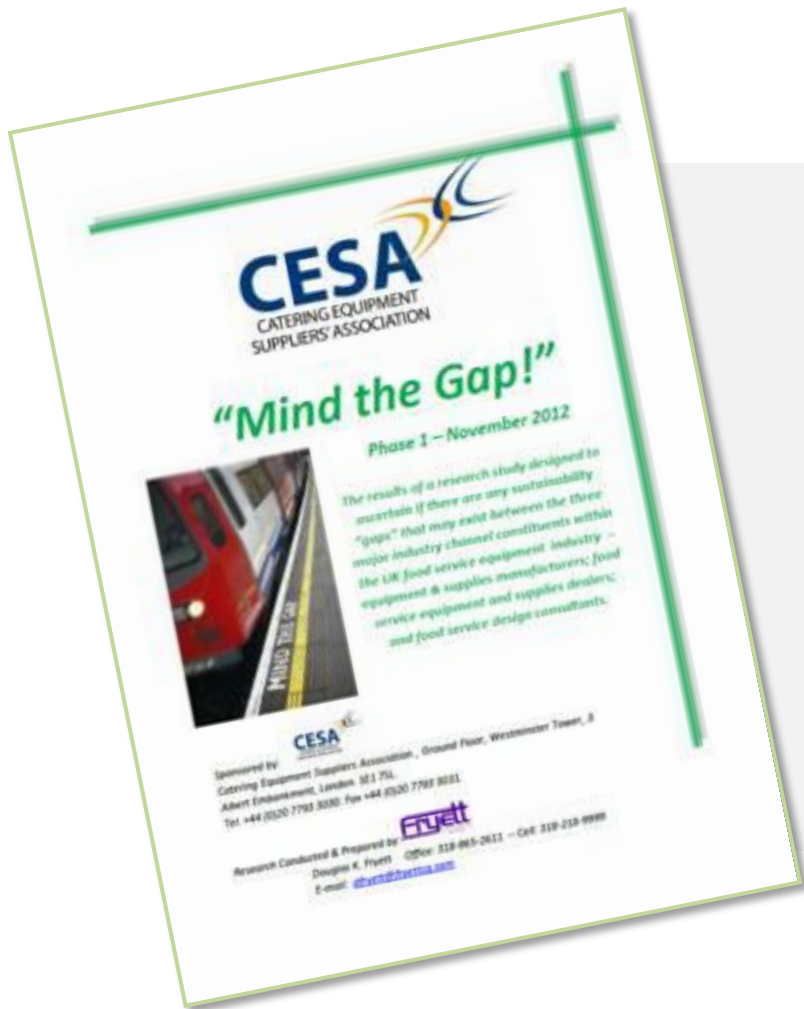
Going forward.....

**There is a 'gap' between
where the industry *needs to be...*
and where the industry *actually is...*
with regard to sustainability initiatives.**

Supply chain needs to increase the development/implementation of its *own* sustainability strategies.

Adopt a more holistic approach to sustainability, with raised levels of communication & working together more effectively.

There also needs to be a better understanding of the key *operator/end user* drivers on sustainability.



Thank you