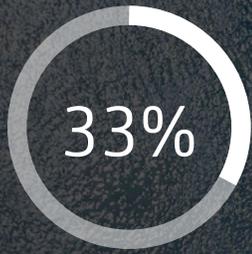


Enhance competitiveness and brand reputation with a sustainable and agile energy strategy

Powering a sustainable future for the retail and distribution sector



A study by Unilever revealed that a third of consumers now choose brands they believe are environmentally positive¹

The sustainable and agile future of retail

To attract today's environmentally-conscious consumers, retailers and their distributors need to demonstrate a genuine commitment to sustainability. A commitment to carbon reduction can help to differentiate retailers from their competitors and boost customer loyalty. 90% of retail and wholesale respondents in Centrica Business Solutions research agreed that becoming a low carbon/low emissions organization is important.²

At the same time, both retailers and distributors need the agility to respond quickly to ever-changing customer preferences and buying behaviors.

Advances in energy technology and new ways of managing energy present significant opportunities to improve sustainability and agility. We believe it's essential that retailers and distributors have an energy strategy to seize these opportunities – strengthening their brand and boosting competitiveness.

Changing retail responsibilities

Consumers, employees, shareholders and investors increasingly want firms to pursue environmentally-focused corporate social responsibility (CSR) goals. As a result, many leading retailers and their distributors have committed to ambitious carbon reduction targets.

For example, Walmart has committed to cut operational emissions by 18% by 2025, and has initiated Project Gigaton, an initiative to avoid 1 billion metric tons of greenhouse gas emissions from the global value chain by 2030.³

At the same time, retailers and distributors face tighter environmental regulations, putting them under pressure to improve energy efficiency and reduce their carbon footprint. 63% of Fortune 100 companies have set one or more clean energy targets.⁴

As well as improving their sustainability performance, retailers must respond to evolving consumer preferences and buying behaviors. They need to rapidly address changing demands by introducing new product lines, store formats and locations.

Consumers are increasingly expecting greater product choice, more channel flexibility and faster delivery times. 41% of shoppers say they would definitely go elsewhere if a retailer could not offer a delivery option to suit their needs.⁵ This places new demands on distribution operations and increases the importance of flexibility within the supply chain.

A forward-looking energy strategy is crucial to delivering a sustainable and agile retail and distribution operation.



Walmart has committed to reducing operational emissions by 18% by 2025⁶



The Project Gigaton initiative launched by Walmart aims to avoid 1 billion metric tons of greenhouse gas emissions from the global value chain by 2030⁷



The percentage of shoppers who say they would definitely go elsewhere if a retailer could not offer a delivery option to suit their needs⁸



The percentage of Fortune 100 companies that have set one or more clean energy targets⁹

The time to act is now

To ensure their long-term competitiveness, retailers and distributors need an energy strategy that lets them respond quickly to changing market conditions and demonstrates their commitment to energy sustainability. These objectives can be achieved by taking advantage of new efficient, flexible, low-carbon energy technologies, including:

- **Renewable generation**, such as solar PV panels, can help large retail stores or distribution centers with unused roof space enjoy significant reductions in carbon emissions and lower their costs.
- **On-site co-generation technologies**, such as combined heat and power (CHP), can also enable significant reductions in carbon emissions. For sites with a significant refrigeration requirement, trigeneration (CHP integrated with absorption chillers) can provide even more benefits.
- **Low-energy LED lighting**, which is up to 90% more efficient and up to 50 times longer lasting than traditional light sources, can contribute to lowering carbon emissions.¹⁰
- **Energy insights and sensors** can make it easier to improve energy efficiency across a large, geographically dispersed store network by providing centralized visibility of energy usage. This makes it easier to identify inefficiencies, to reduce usage and proactively address the necessary upgrade or maintenance.
- **Environmental reporting systems** are vital for retailers to realize the benefits of their sustainability initiatives, reporting on the progress they are making to consumers, regulators and other stakeholders. Of the world's 250 largest corporations, 92% now report on their sustainability performance.¹¹

Case study: A food chain organization reduced energy consumption by 7.5% by installing 1,300 energy insight wireless sensors at 30 restaurants, giving an accurate view of energy usage across all locations.

Most retailers recognize that there are opportunities to improve energy sustainability. However, many fail to develop a comprehensive energy sustainability strategy due to a lack of in-house resources or capital constraints. 90% of retail and wholesale respondents in Centrica Business Solutions research agreed that there were opportunities for an effective energy strategy to help them operate a sustainable business model,¹² but only 35% said they had a formalized energy strategy.¹³ Fortunately, new approaches to funding and managing energy infrastructure help retailers and distributors improve both agility and sustainability by enabling them to overcome capital expenditure constraints and reduce reliance on in-house resources. Flexible contract options have enabled many Centrica Business Solutions customers to deploy lower-carbon technologies without needing any upfront capital investment.

Outsourcing aspects of energy management to third parties, like Centrica Business Solutions, who can offer full end-to-end delivery and management of energy infrastructure, also helps to deliver greater agility by accelerating the deployment of new solutions.

Case study: A leading supermarket chain has improved the energy efficiency of its warehouses with a CHP unit and achieved \$522K in annual energy costs and 5.8 tons of carbon savings per year.

92%

The percentage of the world's largest corporations that now report on their sustainability performance¹⁴

90%

The percentage of retail and wholesale respondents in Centrica Business Solutions research who agreed that there were opportunities for an effective energy strategy to help them operate a sustainable business model¹⁵

75%

A large dairy that processes 35 million liters of milk per year is using a 190kW CHP biogas unit to help generate 75% of the site's energy via an anaerobic digestion system. The dairy is aiming to reduce CO₂ emissions by 1,200 tons per year

1 Unilever, 2017

2 Energy Advantage Research, Centrica Business Solutions. Statistics based on a six country survey of more than 1,000 energy decision-makers in large organizations

3 Walmart Sustainability Hub: Project Gigaton

4 Power Forward 3.0: How the largest US companies are capturing business value while addressing climate change, WWF, Calvert Investments, CDP and Ceres, April 2017

5 Shuttl survey, December 2016

6 Walmart Sustainability Hub: Project Gigaton

7 Walmart Sustainability Hub: Project Gigaton

8 Shuttl survey, December 2016

9 GRI and Sustainability Reporting, GRI

10 Centrica Business Solutions: <https://www.centricabusinesssolutions.com/energy-solutions/products/commercial-led-lighting>

11 Power Forward 3.0: How the largest US companies are capturing business value while addressing climate change, WWF, Calvert Investments, CDP and Ceres, April 2017

12 Energy Advantage Research, Centrica Business Solutions. Statistics based on a six country survey of more than 1,000 energy decision-makers in large organizations

13 Energy Advantage Research, Centrica Business Solutions. Statistics based on a six country survey of more than 1,000 energy decision-makers in large organizations

14 GRI and Sustainability Reporting, GRI

15 Energy Advantage Research, Centrica Business Solutions. Statistics based on a six country survey of more than 1,000 energy decision-makers in large organizations



476
TONS

We reduced carbon emissions for Ornu Foods by 476 tons, which is equivalent to saving 47,600 trees, by installing a new CHP plant.

Your priorities

Our experience working with leading retailers and distribution companies has highlighted the energy strategies you need to maximize profitability:

- **Ensure you have a sustainable energy strategy** that reinforces your brand values and meets regulatory requirements.
- **Gain better visibility of energy usage** across your retail and distribution sites to ensure carbon reduction opportunities can be identified.
- **Reduce carbon emissions** by implementing low-carbon, on-site generation technologies and energy efficiency solutions.
- **Improve energy agility** by taking advantage of new approaches to managing and funding energy.

Our solutions

We have extensive experience working with retailers and distributors to ensure they have a sustainable and agile approach to energy that helps them remain competitive in the market. We can make this possible for you through our suite of end-to-end energy solutions:

- **Energy insight and analytics solutions** help you identify opportunities to improve energy efficiency across your retail and distribution operation.
- **Expert advice and specialist skills** help you to deliver a sustainable energy strategy to enhance your brand.
- **Efficient and renewable technologies (including CHP, solar and storage)** help reduce your carbon footprint.
- **Flexible funding models** and our end-to-end delivery capability increase your agility.
- **Environmental reporting** helps you demonstrate the results of your sustainability program to your key stakeholder groups.

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