

Formway
Meridian Energy
BJ Ball Papers
Moxie

sustainableadvantage

CREATIVE SHOWCASE

From emissions threat to low-carbon opportunities

How do you turn the threat of compliance about carbon emissions and global warming into a strategic advantage? Smart enterprise is now re-examining how living in the new 'carbon neutral' world reveals new opportunities—in marketing, in cost savings, in the workplace, or other innovations. We profile four companies leading the pack in the way they are leveraging a place in a sustainable future.



Planet-friendly companies

Heard of carbon credits? How about product end of life? You probably have. Like it or not, sustainability is *the* business issue of the early 21st century. Is your business hiding from it, or embracing the opportunities?

Look at any publication and you'll find the word sustainability, somewhere in the fine print—or the headline. The release of Al Gore's documentary *An Inconvenient Truth* in 2006 marked a cultural tipping point, when 'green' issues moved from the periphery to centre stage of global awareness.

Because sustainability is on the table, the general public is looking harder at all the businesses they deal with. As a business you're now judged not only by your products, but also by the processes you use, the suppliers you deal with and what happens to your product after it's used.

It's simple: sustainability affects everything. In the past, consumers generally paid little heed to how a product was made. But now every element of a product's lifecycle is under scrutiny. The early adopters of sustainable business have lifted the game for everyone else, doing things differently and explaining how they do it.

Now it seems every week there's a list measuring how green companies are. The media apparently delight in reporting the

misdeeds of companies that don't make the grade, while celebrating those who do.

And inevitably, government regulation will make sustainable business practice compulsory. There's no industry that's not affected by the environment. After all, it's where we all live.

So what's a business to do? Hiding one's head in the sand hasn't proven too effective historically. The alternative: embracing the opportunities of transforming your business into a sustainable one.

Like John Hardy, a Bali-based jewellery brand known for its commitment to 'sustainable luxury'. At a recent meeting in New York of advertisers and agencies, Hardy told how his company made its advertising, as well as its products, sustainable.

John Hardy is the first major advertiser to completely offset the carbon footprint of its magazine advertising. Instead of buying random trees to offset its environmental impact, Hardy bought an island full of bamboo seedlings. "We're in the fashion

industry," said Hardy in an *Advertising Age* podcast, "we've got to make it sexy."

There's an increased cost to offset carbon emissions, but Hardy points out that the investment is less than one percent of the company's advertising budget.

"I believe we're moving from a world of conspicuous consumption to a world of conscientious consumption," says Hardy. "We don't want consumption to stop, but when people start making choices, we want to be there for them."

Kiwi consumers favour businesses that operate sustainably. In a ShapeNZ survey of over 3,000 people, more than 70 percent of respondents agreed or strongly agreed that a company's environmental practices had a strong influence over their choice of product.

The expectation is there, but the reality is not. Not yet, anyway. Only 37 percent of survey respondents agreed that New Zealand businesses are generally very environmentally responsible. But the problem may not be bad practices,

it may simply be companies' failure to communicate their environmental initiatives. "Don't know" answers comprised a staggering 23 percent of survey respondents.

Sustainability is here to stay—as implied by the meaning of the word—but the opportunity to lead in sustainability won't last long. On the following pages (produced from sustainable paper pulp), you'll read the stories of businesses who are winning from the strong public interest in sustainability.

They're establishing themselves as thought leaders, carving out a marketing niche, fuelling innovation to meet real needs, and increasing efficiency. They're also attracting customers and employees who care passionately about the planet we all call home.

None of these companies had an easy road. Switching to sustainability requires a company-wide shift in mindset, and a long-term investment in change. But as you'll see, it continues to pay off.



ENVIRONMENTALLY FRIENDLY MATERIALS

Riding the cycle

Formway profits from Lifecycle management

Environmental responsibility starts at the very beginning of product design—and it never ends. Formway Furniture is reaping the rewards that come when a company embraces, rather than avoids, that responsibility.

If you've ever sat in a Life Chair, you'll know what the fuss was all about. The chair, designed by New Zealand company Formway, adjusts to meet the specific needs of the person sitting on it.

The chair, launched in 2002, helped shape Formway's philosophy balancing people-friendly furniture with environmentally sustainable design. That balance has paid off, winning Formway industry accolades, customer loyalty and—perhaps most importantly—thought leadership that translates to bottom line success.

From the start

The Life Chair was the first Formway product to use environmental innovation as a major focus during product design and development. For their efforts, the Formway team won the INDEX/NeoCon 2002 Gold Award for Sustainable Product Design.

While some manufacturers may balk at the need to be environmentally responsible,

Formway has embraced the creative opportunities. Product innovation and design direction can flow naturally from environmental lifecycle thinking—gaining insight into the environmental impact of a product and building in features that minimise that impact.

To design the Life Chair, Formway collaborated with the Royal Melbourne Institute of Technology and Product Ecology, creating a detailed EcoDesign brief intended to eliminate or minimise environmental impact.

The EcoDesign brief specified what kind of materials and production methods could be used, as well as requirements for longevity in the final product. EcoDesigned products are built to last, and to be reupholstered, refurbished and reused. When the product ends its life, it is designed to be easily disassembled and recycled.

The finished product contained 30 percent recycled content, and was over 90 percent recyclable. It was made from approximately 18 percent fewer components than its primary competitor. Snap fits, hinge pins and spring clips eliminate the need for adhesives. And on the people side of the equation, user instructions are integrated into the chair itself (pull out from the seat).

Lifecycle as a lifestyle

Since the Life Chair, Formway has introduced lifecycle thinking into all its products. Formway has successfully bid on entire office fitouts designed to meet the Green Star standard in Australia (soon to be introduced in New Zealand).

The Green Star standard aims to help the building industry make the transition to sustainable development by rewarding environmental leadership. It requires all suppliers to disclose their environmental practices in sourcing products and designing processes.

Formway has developed office fitouts for the City of Melbourne's Council House 2 (CH2), and the Department of Conservation's Conservation House. Both organisations intended to showcase the offices, so they needed an unprecedented level of innovation in sustainable office design. CH2 was intended to be "Australia's first truly healthy office".

Specifically, the office fitouts for both the City of Melbourne and the Department of Conservation aimed to cut emissions, reduce solid wastes, and eliminate or significantly minimise the presence of potentially hazardous substances in products and processes.

As with the Life Chair, Formway has developed products that are both sustainable and extremely usable. The office fitouts create an atmosphere of collaboration and inclusion, as well as being specifically designed to enhance indoor air quality by using non-toxic materials.

Win-win-win

Formway has discovered how to successfully design sustainable products that also meet very real organisational needs. But sustainability has also had bottom line benefits. For over ten years Formway has enjoyed strong growth in products and distribution, including expansion into Australia, vertical development of distribution channels and entry into new markets. By taking leadership in sustainable products early, Formway has become recognised as a company of experts who get the environmental details right.

That recognition is only bolstered by significant hires such as Jake McLaren, an EcoDesign specialist from the UK who is now Formway's environmental manager.

McLaren says sustainability is for everyone. "Marketers, designers and engineers need to look for opportunities that add value to

a company and benefit the environment simultaneously," he says.

What's surprising is that sustainability doesn't cost any more for most products and services. Sustainability has become mainstream.

Five steps to sustainability

So how does Formway create products that are sustainable? It's a five-step process.

1. Eco Innovation (Product design)
2. Supply chain management
3. Environmental management systems
4. Product stewardship
5. Stakeholder communications

Like nature, the five steps are cyclical and overlapping rather than linear. Product design takes into account the entire lifecycle of the product. Supply chain management ensures that all suppliers are using sustainable practices.

Environmental management systems minimise the environmental impact of the manufacturing process. This is benchmarked through schemes such as the Landcare Research Enviromark scheme.

Product stewardship ensures the product can be refurbished, reused or recycled at the end

of its lifecycle. This not only includes practical innovations as with the life chair; it also involves the intangible element of fashion. If a product stays in fashion, it stays out of the landfill.

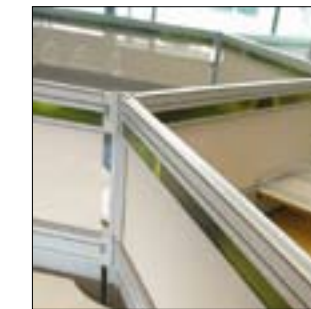
Throughout the whole process is stakeholder communications, which ensures everyone—all Formway's business units, its customers and suppliers, and industry groups like the NZ Green Building Council—is on board, and understands the importance of sustainability.

Built into the process is continuous innovation process, to ensure that both Formway and its suppliers use the latest advances in sustainability.

Formway's future is about developing products that are ecologically responsible, economically necessary, socially desirable and culturally acceptable.

For other companies, sustainability provides many opportunities. The New Zealand Building Council is introducing the GreenStar interiors tool, and the Environmental Choice New Zealand ecolabel will help identify sustainably built furniture.

For more information go to www.formway.com or email talktous@formway.com



Formway's Life Chair—the beginning of a journey to sustainable product development

Formway now applies its sustainable approach to office fitouts

Size zero

Meridian's journey to certified carbon neutrality

Businesses need to be sustainable. Awareness of that fact is growing not only among the business community but among the general public. As a result, pressure to reduce greenhouse emissions is becoming stronger, from both economic and regulatory sources. More and more organisations are considering what carbon neutrality means for them.

Research shows a significant, and growing, group of consumers who care about environmental issues. These consumers are seeking—even demanding—solutions that align with their personal philosophies and ethics, particularly where environmental awareness is already very high.

At present, being able to present yourself as a sustainable company is more likely to be a unique selling point than not, offering the potential for considerable marketing advantage. But the world is changing fast. Governments and consumers are forcing changes in the way we live and work, through legislative and market responses.

Demonstrating sustainability is set to become a business requirement. If you are not sustainable, you may not be in business.

For Meridian Energy, the need for action was driven by internal as much as external forces. In 2004 we made a public commitment to generate electricity only from renewable

resources, in line with our focus on generating electricity without harming our environment. Certifying our electricity as carbon neutral was a natural extension of our ongoing commitment to sustainability.

The carbon neutral certification means our core business activities—generating and retailing electricity—don't contribute to the build up of greenhouse gases in the atmosphere.

The journey begins

Carbon neutral certification is a journey, not an event. Through the certification process we discovered the disciplines of carbon accounting and emission reduction that underpin carbon neutral certification.

We began the journey for two reasons. Philosophically, carbon neutrality was part of our sustainable development policy, which requires us to 'consider the social, economic and environmental impacts on our communities, our country and our planet when making decisions'. Simply put, we believe it's the right thing to do.

Our customers and stakeholders see it as entirely consistent with the values that Meridian Energy stands for. But there are some very clear commercial advantages too.

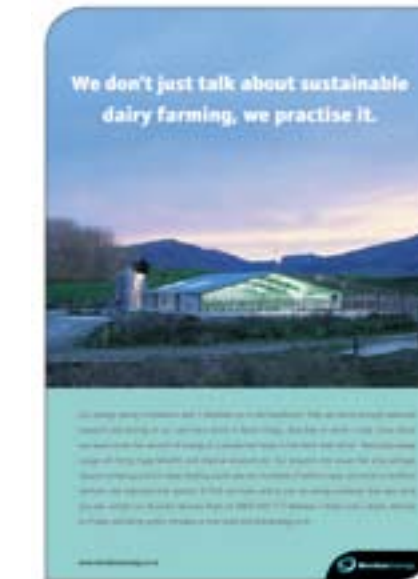
The carbon neutral certification process has three steps:

- Measuring carbon emissions
- Reducing emissions as much as possible through an emissions reduction plan (for which senior management are accountable)
- Offsetting any remaining emissions through purchasing approved carbon credits.

The greenhouse gas inventory for Meridian Energy for the year ended 30 June 2006 was prepared in accordance with the ISO 14064-1 Standard. ISO 14064-1 is an international standard for the quantification and reporting of greenhouse gas emissions. This Standard contains requirements and guidance on inventory quality, management, reporting, internal auditing and the organisation's responsibility for verification.

PricewaterhouseCoopers were engaged by Meridian Energy to assist in preparing the carbon neutral certification. Deloitte then audited the inventory in accordance with the requirements of the ISO 14064-1 Standard.

Certification has to be renewed each year, so it requires an ongoing commitment. At present Meridian Energy's carbon neutral certification covers our core business processes of generating and retailing electricity. We are working towards achieving certification of the



Previous page and above: Meridian Energy's advertising is centered around its renewable electricity generation and recently-gained carbon neutral status

remaining parts of our business.

Working through the process of certification has helped make carbon neutrality part of Meridian Energy's day-to-day vocabulary and the way we do business. It has now become a fundamental part of the sustainability ethos which defines and shapes the company.

It pays to be sustainable

We've adopted a staged approach to our carbon neutral certification, starting with our core business—generating and retailing electricity. That has meant we're able to deliver real benefits to our customers at an early stage.

Meridian Energy's certified carbon neutral electricity gives customers a choice—and a kickstart to being carbon neutral themselves.

Customers who buy Meridian Energy electricity can say the carbon footprint of their electricity consumption is neutral. They do not have to offset emissions produced through

their own electricity consumption, as Meridian Energy has already done this for them.

This helps individuals and businesses who want to reduce their own carbon footprint or to become carbon neutral themselves. Meridian Energy customers don't need to account for electricity consumption in their own emissions inventory, which means they don't need to purchase carbon credits to offset the emissions associated with their electricity consumption.

There is also a significant flow on effect down the supply chain. Increasingly, businesses of all kinds are looking for evidence of sustainable practices from their own suppliers. Purchasing carbon neutral electricity makes it easier for businesses to provide part of that evidence.

Measuring the return

On 26 February 2007 Meridian Energy announced that its electricity was certified carbon neutral. It is the first milestone in the

process of Meridian Energy becoming a carbon neutral company.

From Meridian Energy's point of view it is too early yet to measure any quantifiable commercial return on our investment in carbon neutral certification. We see it as a necessary investment in our commitment to sustainable and renewable development.

Our goal is to be the global reference company in renewable electricity. Carbon neutrality has moved us further in that direction and given us a clear position of leadership.

Meridian Energy's carbon neutral certification now provides our customers with a choice. It's a choice no other electricity supplier in New Zealand—perhaps even the world—can offer.

If you would like to know more about certified carbon neutral electricity and Meridian Energy, visit www.meridianenergy.co.nz



Read the paper?

Change the world; tell the world

Being sustainable is one thing; communicating it is another.

BJBall Papers faced a barrier from the outset—the perception that paper production causes disastrous consequences to the planet.

It was just that—a perception. In reality, BJBall sourced products from the world's most environmentally conscious suppliers. The challenge was communicating BJBall's commitment to the environment convincingly, without being too complicated.

The task was not only large, but ongoing. BJBall Papers had to reach its customers and its staff, and in conjunction with its Australian sister company, Raleigh Papers, it published a book, *Paper and the Environment*, in 2004.

The book summarised BJBall's stance on sustainable paper distribution, and also helped readers make sense of the information on sustainability coming from around the world. It offered a comprehensive overview of emerging trends and changes to the manufacturing and fibre sourcing of paper.

At the time *Paper and the Environment* was launched, many terms were being used without clear meaning or definitions. The 'smoke and mirrors' in the industry were beginning to become ineffective. BJBall saw the opportunity to tackle the perception of 'clean green' with a simple approach.

As well as the book, BJBall created an environmental section on its website, exploring some of the language associated with paper and the environment.

With communication came action—BJBall gained FSC Chain of Custody Certification in 2006. The FSC (or Forest Stewardship Council) is a global nonprofit group that supports environmentally appropriate, socially beneficial and economically viable management of the world's forests.

The Chain of Custody is a labelling system for wood and paper products, certifying that at each step of manufacture the product meets social, economic and environmental standards.

BJBall initially sought the certification because many of the mills it sources from are certified, and an increasing number of the products it on sells are manufactured using FSC-certified pulp.

Once BJBall was successfully certified, the company was in a better position to inform and encourage its customers to seek certification, making 'the chain' complete.

Internal communication was just as vital as customer communication, particularly as reps faced questions from their print and design customers around New Zealand.

Customers and their clients wanted to know about the paper they were ordering, environmental practices at the mills providing pulp, and what BJBall's role was. Reps

were asked to present to customers on the importance of stock selection from a sustainability point of view.

Demand for sustainable stocks—and information from the mills to back up BJBall's claims—began to come from all sides. The Ministry for the Environment, Watercare services, Unitec and Genesis Energy were just some of the customers with strong requirements aesthetically, budget-wise and sometimes most importantly, in line with their stance on sustainability.

Auckland Farmers' Market —Perfect fit

Design studio Buchanan Lowe approached BJBall with the concept of the inner city Farmers' Market. It was a perfect fit in terms of cultural compatibility, and perfect timing to coincide with the impending launch of BJBall's new uncoated stock, Eco100.

The Farmers' Market aimed to promote organic and sustainable produce in the city, so it required paper stock that would convey that message. Eco100 is an uncoated (non-glossy) paper stock manufactured from 100 percent waste paper at an Austrian mill with a number of environmental accreditations.

Trilogy Products —Natural quality

Quality can and should be achieved naturally. That's the philosophy behind Wellington-based Trilogy Products. When the time came to print 150,000 hair and skin care product brochures, their printer recommended BJBall's Harvest Recycled paper.

Harvest Recycled is manufactured at an FSC certified mill using 60 percent recycled sugar cane fibre, and has a minimal impact on the environment because it is biodegradable, recyclable and has a recycled element in it.

The new paper paradigm

Paper is paper is paper. In the past, the battle was often won on price. Today, paper suppliers like BJBall continue to seek new products that encompass either a recycled aspect, an alternative fibre, or the knowledge that the mill of origin is doing all it can to minimise environmental impact. A new paradigm is emerging.

More users of paper—whether designers, printers, or marketers—are becoming aware of their options. The onus is on suppliers of paper to back up their claims.

As the BJBall range expands into areas such as alternative fibre, recycled and sustainable product offerings, the team has witnessed a swing in customers' buying habits. "If we can show them where the pulp has come from, how it was made, and how that ultimately impacts on them and their business, we're half way there," says Tania McDougall, marketing promotions manager from BJBall.

Not just yellow paper

When environmental awareness first came into the public eye, sustainably produced paper was seen as off-colour and slightly 'herbal'. That's no longer the case.

Novatech is one of BJBall's top commodity grades, a silky white paper produced in one of the world's leading environmentally conscious mills. Since the publication of *Paper and the Environment* in 2004, plus a sales push through government agencies and increased public awareness, Novatech sales have increased two-fold.

It all shows that in an era of heightened environmental awareness, a company that learns and teaches can turn sustainability into a sustained competitive advantage.

For more information, or paper samples contact Designline on 0800 800-895



Paper and the Environment was produced to help people understand BJBall's stance on sustainable paper distribution



Left to right: BJBall's paperstock catalogue; print material for the Auckland Farmers Market used BJBall's Eco 100, a 100 percent recycled paper stock, while Trilogy hair and skin products use BJBall's Harvest Recycled paper to help communicate the environmental values of the brand



Bin there, never done that

Exploring the possibilities of sustainable design

Why don't people recycle more? That question was a key part of the brief Coca-Cola Amatil brought to Moxie Design.

Coca-Cola Amatil is a member of the Environmental Beverage Action Group (EBAG), part of the government's Packaging Accord, which aims to reduce the amount of plastic and other waste sent to landfills.

As part of EBAG, Coca-Cola Amatil enlisted the help of Moxie Design in creating a strategy to get more people recycling their plastic beverage bottles—particularly at outdoor events.

In Auckland alone there are over 1,000 events every year, generating a mountain of waste. Moxie's research began by identifying the barriers—why people don't recycle.

The problem

Most, if not all, people know they should recycle. The answer is not telling them more loudly to recycle; it's giving them an easy way to do it.

Providing recycling-specific drums was a first step. But research uncovered the fact that people found it more difficult to read labels and messaging at night or in a crowd. They also struggled to tell the difference between

recycling drums and regular bins, leading to higher levels of contamination.

A large logistical problem arose between events, when maintenance and storage of recycling drums became a strain on space resources.

An idea

Over an 18-month period of testing and monitoring results, Moxie Design developed a solution that surmounted all of the barriers to recycling identified, as well as solving a few other problems in the process.

The concept was a folding flat pack bin made of coreflute, a lightweight yet robust material that's easily moved and stored, and, importantly, recyclable.

The bin concept was more cost effective than the alternatives, and stood out clearly as a recycling bin. It could store the same amount as a recycling drum, without taking up the same space in storage.

The bin was also easy to print on, creating a marketing opportunity out of an operational issue. Both branding and specific messages could be printed on the bins.

If the bins were damaged, they could be

recycled (in areas that accept number five plastics) or returned to be chipped by the manufacturer and turned into new bins.

The idea develops

Moxie worked with product engineering firm Exactus to research and develop the bin, producing a large number of coreflute prototypes. The prototypes were put to the test in conditions including Wellington's notorious northerly winds and the rigours of a child's playpen. They survived intact.

Contamination is a huge issue in recycling. The bins were designed to help people make sure they chose the right bin for the right kind of waste. Unlike 44 gallon drums and other open-top bins, the new bins were rain-proof.

Results

The bins were first trialled during Christmas in the Park 2006. They helped divert 25 percent of waste from going to a landfill—double the amount of previous years.

In March 2007, the bins netted an even greater waste reduction—30 percent—in the Round the Bays Fun Run.



Innovation from sustainability

When Coca-Cola Amatil asked why people don't recycle more, they began a journey towards innovation.

Once the bins were launched, they received international attention. If it weren't for timeframes too tight to produce bins in, the new bins would have been used at the Live Earth events. Moxie Group is now working with Coca-Cola Amatil to commercialise the bins as part of a total events recycling solution.

Coca-Cola Amatil has discovered that pursuing sustainable business practices leads not only to a more positive brand image but also to hitherto undiscovered product and marketing opportunities.

For more information, contact
 Peter Salmon
 Moxie Design
 Phone 04 802-4033
www.moxie.co.nz



Rapid prototyping and rigorous testing led by Moxie to develop a sturdy, weatherproof bin

The recyclable recycling bins reduced waste by up to 30 percent at large-scale public events