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KPMG/CIES SURVEY 2008

Sustainability seen as driver of innovation rather than cost, says research by KPMG and CIES

Research released by KPMG International and CIES reveals that, far from regarding corporate responsibility as a cost, many leading retailers and manufacturers see sustainability as:

- a driver of innovation that can help build growth and profitability
- integrated into the core business
- driven by business need than formal requirements
- having a neutral or positive impact on the bottom line
- playing a crucial role in recruitment and retention

The wide-ranging research also pinpoints the impact the economic downturn is likely to have on companies' commitment to sustainability and the challenges many businesses still face in identifying priorities in this area.

The report, 'KPMG/CIES Survey 2008 – A survey into the growth and sustainability issues driving consumer organizations worldwide', synthesizes the views of over a quarter of the 750+ delegates attending the three-day CIES World Food Business Summit held in Munich, Germany – its focus 'Growth and Sustainability: Building Profit with Responsibility.'

Nearly half of those questioned (47.7 percent) felt sustainability was an important driver of innovation. This was true of companies worldwide. A majority (56.5 percent) stated that sustainability was now a core element of business strategy.

The results also help pinpoint the forces driving the sustainability agenda, with over a third of companies (34.9 percent) identifying 'stakeholder demand' over other pressures such as legal requirements, voluntary codes, taxes and carbon costs.

"This confirms that the adoption of sustainable business strategies is not primarily driven by formal requirements, but rather by the imperative of business need," says Neil Austin, Global Chairman, Consumer Markets, KPMG in the U.K.

Meanwhile, Gareth Ackerman, joint Chairman of the CIES Summit Committee & Pick 'n' Pay Holdings Ltd., points out the broad nature of sustainability issues facing companies: "Sustainability is not just about protecting the environment. It has to do with issues such as food security, food safety, job creation and individual prosperity, healthy eating, fair trade and ethical sourcing of products, labor rights, customer loyalty and poverty alleviation."

Just over 80 percent of the companies surveyed say that the greatest challenge they face in developing a sustainability strategy lies in identifying and prioritizing issues, developing strategies to meet those issues, and measuring performance.

"The focus has moved away from the publication of a glossy corporate responsibility report to the more challenging exercise of identifying and prioritizing material issues," says Wim Bartels, Global Sustainability Services, KPMG in the Netherlands.

However, the research reveals the surprising number of companies (15.5 percent) still without any sort of sustainability strategy; with businesses in EMEA the worst offenders (18.6 percent). Another cloud is the prospect of an economic downturn and how this might impact companies' commitment to sustainability. Just over half (52.8 percent) believe that sustainability investment will either be put on hold or reduced in an economic downturn. The remainder reported that the impact will have a neutral or positive impact on sustainability investment.

Further cautious optimism is echoed in the the parts of the survey quizzing executives about the prospects for growth in their sector. It reveals that a majority of businesses are turning away from diversification, acquisitions and alliances, and towards organic growth (54.8 percent).

The survey also highlights those companies most likely to tackle the recruitment and retention hurdle. Those companies most positive about the impact of sustainability on their bottom line appear also the most concerned about their human capital (39 percent). The link is significant given the majority of organizations surveyed regard recruitment and retention as top of the list of challenges to their growth (30.6 percent) – ahead even of a slowdown in consumer demand (29.7 percent) and increased costs of raw materials (27 percent).

Mark Smith, partner from KPMG in Canada, agrees that sustainability is now fundamental to meeting the recruitment challenge. "At KPMG, we consider our corporate responsibility programs to be a significant contributing factor in attracting high caliber graduates," he says. "After pay and reward the opportunities to volunteer and other such activities are one of the most frequently asked questions during the graduate interview process.

Notes to Editors

About KPMG

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 145 countries and have over 134,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss cooperative. Each KPMG firm is legally distinct and a separate entity, and describes itself as such.

KPMG International performs no professional services for clients nor, concomitantly, generates any revenue.

About CIES

CIES - The Food Business Forum is an independent global food business network. It brings together the CEOs and senior management of around 400 retailer and manufacturer members of all sizes, across 150 countries. CIES has been growing with the food business for 55 years. It provides a global platform for thought leadership, debate and networking between retailers and their partners.

The World Food Business Summit is a member exclusive annual event for leaders of the global food business and seeks to provide penetrating insights and knowledge on the key challenges facing the global food industry. For more information on the CIES World Food Business Summit, go to www.ciessummit.com

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The Survey

On 18-20 June 2008, over 750 senior members of the global food, drink and retail industry gathered to attend the CIES World Food Business Summit in Munich, Germany. This annual event carried the theme of 'Growth & Sustainability: Building Profit with Responsibility', bringing to the fore one of the most pertinent issues driving the industry at the moment.

KPMG and CIES took the opportunity to survey over a quarter of this audience to provide an insight into the industry's growth plans and strategy, and its approach and response to sustainability.

The resulting report (KPMG/CIES Survey 2008) was structured into four main themes:

1. Growth
2. Sustainability
3. Cost Optimization
4. Human Capital

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