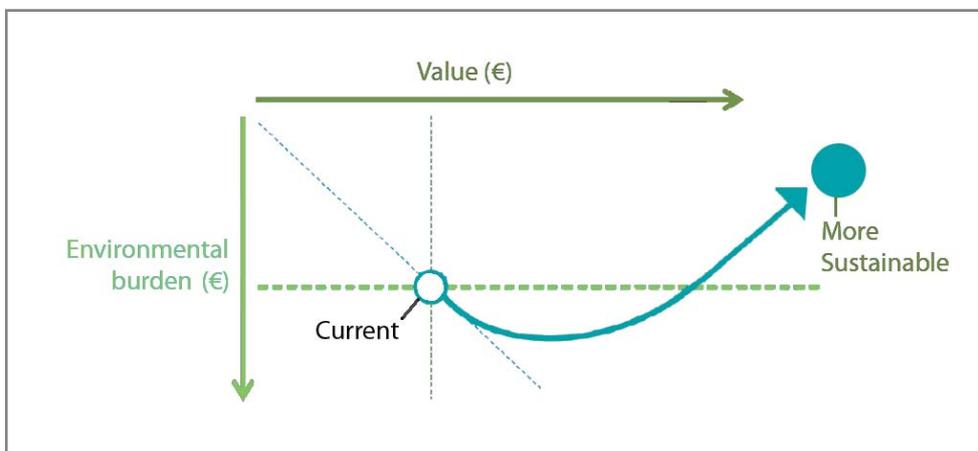




## Building Sustainable Profit



The case for sustainability is made. The wellbeing of the planet and of future generations requires us to reduce radically the environmental impact of what we do. High value companies recognise that for high quality products sustainability is no optional extra, but core to maintaining and increasing advantage in an ever more competitive market.

Putting this into practice is much more difficult. It may seem to be the right thing to do, but how to make your company more sustainable can be too complex, too costly and too uncertain.

This is where *Sustainable Endeavour* comes in. *Sustainable Endeavour* will work with you to implement a tried and tested approach to embed sustainability within your business, reducing risk, improving functionality and maximising sustainable profit for enduring market advantage.

### Building Sustainable Profit

The objective of Sustainable Endeavour is to help your business build sustainable profit. As the graph shows, this means reducing the environmental burden of your products and services while at the same time increasing their value. At present the profits of many companies come at the price of environmental damage which they routinely ignore. Sustainable profit is profit achieved once the costs to prevent that damage are factored in.

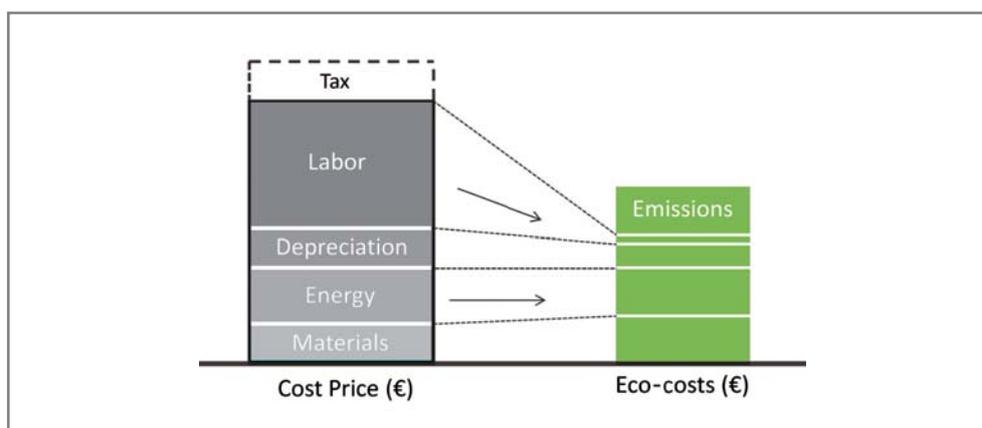
These prevention costs are known as Eco-costs. The Eco-costs are a single indicator which expresses the environmental burden of a product or business in terms of money. It represents the cost that have to be incurred to reduce the environmental impact to the no-effect-level. Of course, in some sectors the Eco-costs are very high, in other sectors relatively low. The more critical issue is the benchmark within each sector. This benchmark will clearly



distinguish the future-fit businesses from others and will soon become the basis on which competitiveness is judged.

### How are Eco-costs calculated?

Eco-costs are the environment burden prevention costs calculated on the basis of a material, energy and emissions inventory generally known as Life Cycle Analysis, or LCA. This calculation takes into account carbon and toxic emissions, land use and raw materials scarcity throughout the supply chain. The Eco-costs calculation is transparent and much more straightforward than damage based indicators which involve extremely complex calculations incorporating subjective weighting systems. Eco-costs are derived from regularly updated, scientifically generated data bases allowing them to be readily applied in the business environment.



In practice other indicators such as damage costs, shadow costs, carbon footprint, cumulative energy demand and recipe points may also be applied. Eco-costs are however the most comprehensive and most relevant business indicator.

### A business fit for the future

Reducing the environmental burden of products and services is an important part of the picture. Just as important, however is the creation of additional value and cost control to ensure sustainable profit. It is this combination of reducing Eco-costs while increasing the value of products that is the key to producing a business that is fit for the future. Extensive research over the past 15 years has found that, as shown in the equation below, sustainability is a function of the relation between Eco-costs and Value.

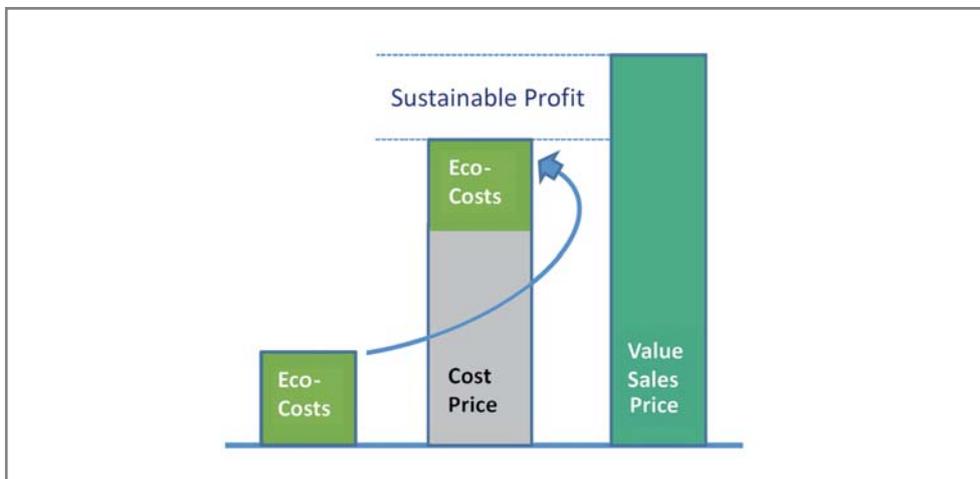
$$\frac{\text{Eco-cost €}}{\text{Value €}} = \text{Sustainability Index}$$

*The lower the index, the more sustainable your endeavour*



### Achieving future-fitness

There are numerous ways to achieve future-fitness. Being known for investing in sustainability will increase the value of your products, services and company as a whole.



Future fitness is achieved through an appropriate combination of:

- smarter design, improved functionality,
- increased fuel efficiency,
- applying alternative materials,
- waste reduction,
- use green energy,
- more efficient work processes and
- eco branding.

Becoming future-fit means thinking in a creative and connected way through the whole product cycle and across the different parts of your business. Monitoring achievements, stakeholder reporting, learning and communicating consistently throughout the company will be important contributors to this. The result will be to move sustainability from the margins to the centre of your operations, enabling Eco-costs to be reduced, sustainable profit generated, and competitive advantage secured through enhanced demand for high value products and services.





### Costs and the Eco-Costs of a building

Source: www.winket.nl

Subsystem	Quantity m <sup>2</sup>	Costs €	Eco-Costs €	Sustainability Index €/€
Foundation	133	29.887	8.744	0.29
Construction sceleton	294	49.134	13.479	0.27
Roof	177	35.526	7.936	0.22
Outer walls	263	56.434	15.799	0.28
Inner walls	294	12.777	3.000	0.23
Floor	294	14.202	1.620	0.11
Stairs	294	4.113	1.175	0.29
Ceiling	294	2.725	804	0.30
Mechanical / Electrical	294	27.180	3.718	0.14
Sanitation / Kitchen	294	22.869	6.275	0.27
Terras (outside)	467	1.692	197	0.12
General costs, overhead and profit	294	53.224	6.266	0.12
VAT	-	58.855	13.112	0.12
<b>Sub Total Construction incl VAT</b>	-	<b>368.618</b>	<b>82.125</b>	<b>0.22</b>
Land purchase	467	96.000	-0.00	
Architect, soil investigation and permits	-	73.724	9.215	0.12
Unforeseen	-	53.834	5.470	0.10
<b>Grand Total including VAT</b>	-	<b>592.176</b>	<b>96.811</b>	<b>0.16</b>



### Eco-Costs, Carbon Footprint and Sustainability index of some materials and processes

Source: www.ecocostsvalue.com / Idemat 2012

	Eco Costs €/kg	Carbon Footprint kg CO <sub>2</sub> eq./kg		Eco Costs €/kg	Carbon Footprint kg CO <sub>2</sub> eq./kg
Steel 21% secondary	0.60	1.61	Fertilizer-N	0.70	3.30
Copper primary	4.14	1.85	Nylon 6	2.16	9.27
Nickel primary	23.22	10.76	CO <sub>2</sub>	0.135	1.00
Nickel secondary	0.27	1.66			
Natural rubber	0.10	0.16	<b>Processes (gate to gate)</b>		
SBR	1.00	2.00	Rolling steel	0.11	0.05
Teak FSC	1.65	0.62	Extruding aluminium	0.14	0.74
Teak Natural forest	7.62	0.62	PVC extrusion	0.10	0.39
Paper woodfree coated	0.30	1.26			
Petrol excl. combustion	0.88	0.71	<b>Sustainability index (€/€)</b>		
Petrol incl. combustion	1.31	3.90	Personnel	0.05 - 0.15	
Cotton fiber (China)	1.48	3.47	Newspaper	0.3	
			Tires and inner tubes	0.78	

Sustainable Endeavour has developed a unique approach for mainstream enterprises to embed sustainability throughout business practice. This graph shows the main functions for which policy implementing tools are available.

## What does Sustainable Endeavour offer

- ▶ A clear explanation of the potential for sustainable profit generation.
- ▶ A strategy to embed sustainability throughout business practice.
- ▶ Custom-built tools for policy implementation at project level, procurement, R&D, marketing, production, monitoring & reporting and administrative systems.
- ▶ Implementation of business practices.
- ▶ Company-specific LCA and company dedicated databases.
- ▶ Calculations of product, services and business Eco-costs.

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