



Think ahead.

Sustainable Life Away from Home

Professional hygiene trend report







Introduction

Over the past decades, sustainability has become an increasingly important part of our lives, both as individuals and businesses. It's at the top of the agenda of both international political organizations, governments and companies of all shapes and sizes, and in all business segments.

Today, people are spending more and more of their lives in environments away from home – in workplaces, hotels, schools, restaurants and airports. As a result, the demand for solutions to make life away from home more sustainable increases. For Tork, as a global leader in professional hygiene, this is our mission. This report introduces key concepts and trends in sustainability today, with a particular focus on the Professional Hygiene segment.

Sustainability in brief



Sustainability is a broad concept. From a corporate perspective, it includes economic, social and environmental factors and activities. It ranges from being a good employer and engaging in the communities where you operate, to careful use of scarce resources such as energy and water, and responsible sourcing of raw materials. Increasingly, it's also closely linked to innovation, and to enabling sustainable consumer behavior.

Corporate sustainability at a glance

- Around 75% of large- and mid-cap companies globally publish a sustainability or corporate responsibility report. In some countries, the rate is much higher. For instance, 99% of UK companies issue reports¹
- More than 60% of all companies worldwide have set carbon emission reduction targets, however only about 20% of those targets will enable the companies to contribute to reaching the 2° target set by the Paris Agreement²
- Approximately 75% of companies globally engage with their suppliers to undertake common assessments of environmental performance³

The UN and the Sustainable Development Goals

In 2015, global leaders at a UN summit adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The SDGs call for action by all countries to promote prosperity while protecting the planet.

The SDGs recognize that ending poverty must go hand-in-hand with strategies that build economic growth. They address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental issues. However, meeting these goals will not be possible without cross-sector partnerships and the active engagement of the private sector.

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Often cited definition of sustainable development from the 1987 UN report “Our Common Future” (also known as the Brundtland Report)



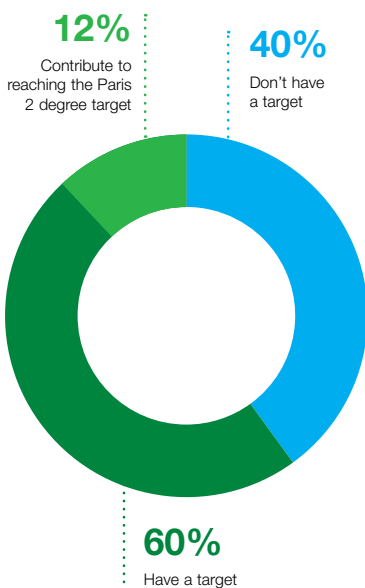
75%

of large- and mid-cap companies globally, publish a sustainability or corporate responsibility report¹

Global Reporting Initiative (GRI)

GRI is the most common framework for sustainability reporting. It is an independent international organization that has set standards for sustainability reporting since 1997. GRI helps businesses and governments understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being.

Companies carbon emission reduction targets



More than 60% of all companies worldwide have set carbon emission reduction targets, however only about 20% of those targets will enable the companies to contribute to reaching the 2 degree target set by the Paris Agreement²

Sustainability reporting

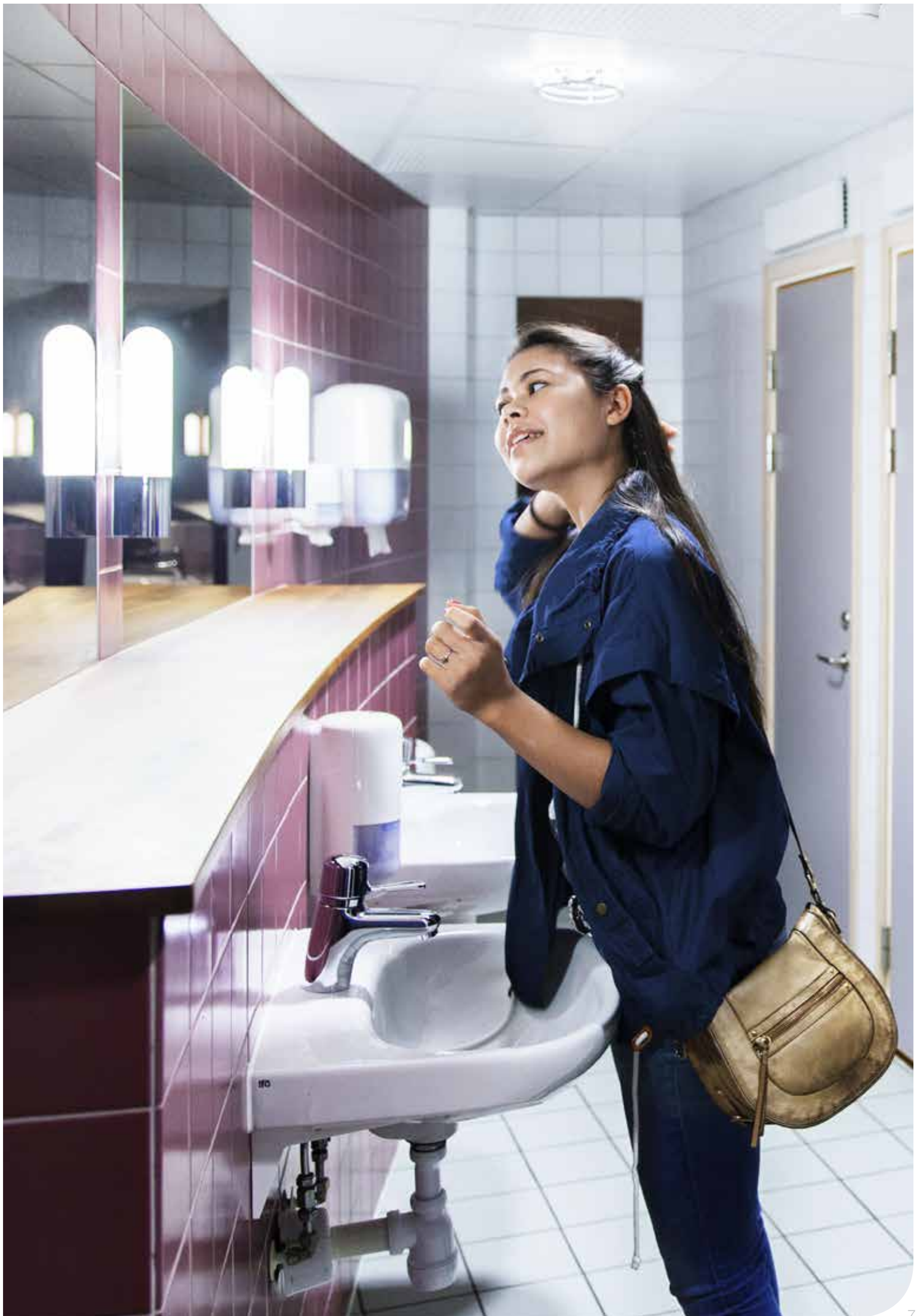
Expectations on companies to be transparent about their operations have grown, as digitalization continues to make information more accessible. Expectations about transparency, coupled with increased interest from investors, and regulatory demands (e.g. in the EU, where sustainability reporting is now mandatory for large companies), have taken sustainability reporting from a niche activity to a mainstream expectation.

Enabling sustainable behavior

In recent years, researchers, policymakers and sustainability professionals have become increasingly interested in behavioral science and how knowledge about psychological mechanisms and human behavioral patterns can be leveraged to promote more sustainable and healthy behavior.

One such theory, on “nudging”, was popularized by professors Richard Thaler and Cass Sunstein through their 2008 book of the same name. In 2017 Richard Thaler received the Nobel Prize for Economics for his work on nudging.

Using nudging theory, hotels have seen that the order in which food is placed on a breakfast buffet impacts how much meat is consumed, showing that a simple re-organization can yield significant climate benefits. Using smaller plates can also decrease food waste, as people are less likely to take more than they can eat.



The business case for sustainability



Historically, corporate sustainability has focused on minimizing environmental impact, for example by using less energy and water, avoiding harmful chemicals, or recycling. These types of efficiency improvements and cost savings are direct and easy to measure. Increasingly, companies and brands are now putting people at the forefront of their ambitions – employees, customers and people in production.

This shift in focus from environmental issues to also include social and governance aspects, goes hand in hand with a more holistic view on sustainability as part of the business strategy and model. The closer integration of sustainability and business also means a movement away from simply “doing good” to creating value – for business and society.

As the accumulated knowledge about sustainable business practices grow, more and more studies also show a clear link between sustainability and business performance. This development is partly driven by more conscious and demanding consumers, not least a new generation of decision-makers (the so-called “millennials”) that have grown up with an awareness of environmental issues and look for purpose, sustainability and social impact when it comes to the brands they buy, engage with and work for.

Theory of Shared Value

The Shared Value theory was introduced in a 2011 article in the Harvard Business Review by Michael E. Porter and Mark Kramer. Shared value, according to the authors, “...is not social responsibility, philanthropy, or sustainability, but a new way for companies to achieve economic success.”

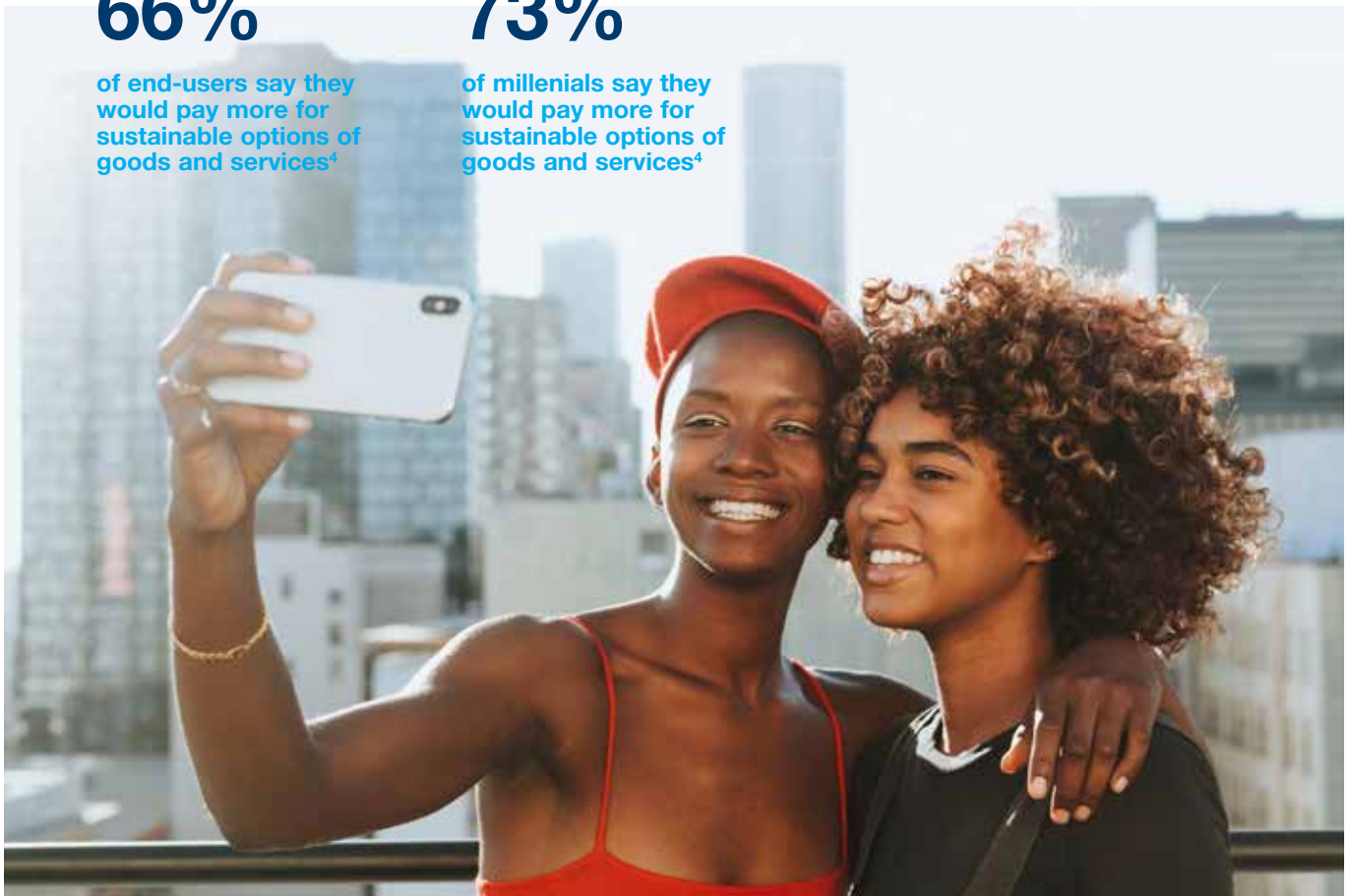
In the popularization of the concept, focus has been on recognizing that business and societal value can go hand in hand. This as opposed to traditional corporate CSR programs, which were seen as a complement to the company’s core business.

66%

of end-users say they would pay more for sustainable options of goods and services⁴

73%

of millennials say they would pay more for sustainable options of goods and services⁴



A 2016 Harvard study⁵ showed that companies with strong sustainability programs see an increase in employee satisfaction by

55%



“Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders.”

Larry Fink, CEO of the world's largest investment company Blackrock

New generations take their sustainable values with them also when they go to work. Studies show that young employees prefer working for sustainable companies. Regulators are also pushing the agenda, by introducing new demands in public procurement tenders or contracts. Ecolabels are a case in point, but many actors are also exploring other criteria, like the use of recycled materials, or the working conditions for suppliers and contractors.

Finally, the investment community has long been famed for putting profit before purpose, looking only at the bottom line in their valuation of corporate strategies. This is changing, as more and more investors realize that profit and sustainability often go hand in hand.

Globally, 67% of companies say that sustainability strategies are necessary to be competitive⁶. And they seem to be right. A 2014 report from the Carbon Disclosure Project (CDP) showed that out of the companies included in the S&P 500 Index, the ones with sustainability strategies were outperforming the rest. And a BCG study showed that in every industry investigated, investors rewarded the top performers in specific environmental and/or social topics with valuation multiples that were 3% to 19% higher (all else being equal) than those of the median performers⁷.

Environmental sustainability

KEY ISSUES

Carbon emissions and climate change

Since industrialization, the amount of carbon emissions from human activities has continued to increase, and we can now witness the effects. The resulting global warming and climate change have significant impact on our planet and the people that inhabit it. The effects include changing weather patterns, rising sea levels, melting polar ice caps, and more frequent extreme weather events.

These changes saw the nations of the world coming together under the Paris Agreement in 2015. Its aim is to limit carbon emissions and ensure that the global average temperature does not exceed the historic norm by more than 2 °C. Corporate carbon emissions are mainly due to energy use for production, material sourcing and transport. Switching to renewable energy, materials and fuels, in parallel with reducing consumption and increasing recycling, can deliver significant reductions in CO₂ emissions.

“It is our duty to reach for more and I count on all of you to raise ambitions so that we can beat back climate change.”

UN Secretary-General Antonio Guterres at COP24 in Katowice, Poland



“In the last decade, the share of renewables in the energy sector has doubled every 5.5 years. If doubling continues at this pace fossil fuels will exit the energy sector well before 2050.”

**Professor Johan Rockström,
Director of the Potsdam Institute
for Climate Impact Research**

Responsible raw materials sourcing

Wood pulp is an essential raw material for products such as napkins, toilet paper rolls, wipes, and other professional hygiene products. Recycled paper can't always be used, and paper fibers eventually break down if recycled enough times. A certain amount of fresh wood based fiber will therefore always be needed to produce new products. Luckily, if managed well, forests are sustainable, climate smart sources of raw material, as they bind carbon dioxide during their growth. To ensure that forests are managed responsibly, certifications such as FSC® (Forest Stewardship Council®) and other third-party control mechanisms can help guide companies in the sourcing process.

Water

Fresh water is one of our most scarce resources, and responsible use and disposal of it has long been on the agenda for governments. As it's essential for human survival, to ensure a safe water supply is of utmost importance. However, water is also a key factor in many manufacturing processes. From a business perspective, responsible water use means minimizing use of water in production processes where it's in scarce supply, and ensuring that fresh water sources are not contaminated with unwanted chemicals or by-products from manufacturing. But it can also mean enabling reduced water consumption, for example through the use of water saving faucets or water-efficient toilets.

Energy

The world is moving towards a more renewable and sustainable energy system. Where we used to burn coal and oil to run our businesses and societies, we are now increasingly using hydro, wind, and solar power. Not only are these new energy sources infinite, as opposed to fossil-based energy sources that will



eventually run out, but they also help bring down the level of CO₂ emissions to mitigate climate change. For businesses, it's about switching to renewable sources of power and minimizing the energy used. In industrial manufacturing, efficiency and reduction in resource consumption throughout the value chain has become the norm, and innovations and technologies that optimize efficiency are constantly being developed.

Bio-based materials

Fossil-based raw materials such as oil and gas are not only used for fuel and energy, but also to make materials such as plastic. Just like we need to reduce our dependency on fossil-based energy and fuel, we will need to find ways to make, for example, plastics from bio-based sources. Already, a wide range of bio-based plastics is available, made from raw materials such as sugar cane, and demand is high for these solutions.

The shift towards bio-based options is happening everywhere: Restaurants and cafés use wood-based, recycled and/or compostable single-use items, and hospitals look for bio-based alternatives e.g. for gloves and aprons.

Waste management

The view of what is considered waste is changing. Rather than sending truckloads of garbage to landfills or incineration, waste can be recycled and reused as valuable resources – if treated correctly. This is true for plastics, glass and metal, as well as all paper-based and cardboard products. More and more actors outside the waste management sector seek to help their clients recycle the products they put on the market, through innovations and partnerships. Recycling is often one of the most visible sustainability initiatives that a customer experiences in environments away from home.

More and more businesses are declaring “zero waste” ambitions, as are a growing number of cities and communities around the world.

Ecolabels and certifications



FSC®

FSC stands for Forest Stewardship Council®. FSC is a global, non-for-profit organization that sets the standards for what is considered to be a responsibly managed forest, both environmentally and socially.

For wood products, FSC certification bears the highest recognition. The certification ensures that all companies along the supply chain meet best practice standards in wood fiber traceability. In this way, FSC works to uphold sustainable, environmentally and socially responsible global forestry practices and counteract illegal forestry operations.

To learn more, visit: www.fsc.org/



EU Ecolabel

This is the European Union's labeling scheme for of environmental excellence that is awarded to products and services meeting high environmental standards throughout the lifecycle. Tissue products with the EU Ecolabel certification that meet this standard are made from recycled fiber or virgin fiber from 100% responsibly managed forests.

To learn more, visit: ec.europa.eu/environment/ecolabel



The Nordic Swan Ecolabel

The Nordic Swan Ecolabel was introduced in 1989 when the Nordic council of ministers founded “the Swan” to help consumers choose environmentally conscious products. It's criteria are developed from a life-cycle perspective: the product must fulfill requirements during its whole life, from when it's produced until it's recycled.

For more information, visit: www.svanen.se/en



Blauer Engel

Blauer Engel is the world's first environmental label, used in Germany. It sets high standards for environmentally-friendly product design and has proven itself over the past 40 years as a reliable guide for a more sustainable consumption. Products and services are always evaluated across their entire life cycle.

To learn more, www.blauer-engel.de/en

Ellen MacArthur Foundation

The Ellen MacArthur Foundation was launched in 2010 to accelerate the transition to a circular economy. Since its creation, the charity has emerged as a global thought leader, establishing the circular economy on the agenda of decision makers across business, government and academia.

The Circular Economy 100

CE100 is an Ellen MacArthur Foundation program established to enable organization to develop new opportunities and realize their circular economy ambitions faster. It brings together corporations, governments and cities, academic institutions, emerging innovators and affiliates in a multi-stakeholder platform to learn, build capacity, network, and collaborate with key organizations around the circular economy.

CIRCULAR ECONOMY

The next big leap to ensure a sustainable future for people and the planet will involve re-thinking business and consumption. Societies are slowly transforming from linear to circular business models that address a responsible use of resources through a mindset of “design, reduce, reuse, and recycle”. This means that already during the product development phase, there is a plan for how that particular product can live on after its initial intended purpose. Governments, businesses and end-users are looking for solutions that help them minimize their negative impact on the environment. The ambition of a circular economy is to do more from less and to save costs at the same time.

Another aspect of the circular economy is rethinking business models, like questioning ownership of seldom-use items such as cars or tools, in order to enable more efficient use of resources. In another famous example, the Philips “Pay per Lux” service for lighting, transferred ownership and responsibility for office lighting from facility managers to Philips. The sustainability rationale for these types of business models is that the producer retains responsibility for repairing and replacing products, giving them an inherent interest in making them last as long as possible, thus reducing overall environmental impact. Consumer giants like IKEA and H&M also lead the way with initiatives to “close the loop”, by recycling, re-using and developing new business models. When it comes to professional hygiene, recycling is more of a challenge as paper fractions need to be uncontaminated by other waste to be recycled, but there are a number of partnerships between businesses and waste management companies that explore the possibilities to recycle or compost everything that is produced.

A circular economy is driven by awareness amongst companies about their impact throughout the value chain and their willingness to reduce that impact, as well as by legislation and government ambitions. As an example, the EU has set a common target for recycling 65% of municipal waste by 2030, and U.S. paper producers have a goal of recovering 70% of the paper produced in the United States by 2020.



GREEN BUILDINGS

Within the public buildings sector, sustainability priorities are connected to reducing waste, energy use and emissions from facilities, green cleaning standards, health and well-being as well as sustainable procurement. For real estate companies, a green image, including ecolabels and certifications, can help attract tenants. And for businesses, a green building certification can both reduce operating costs due to efficiency savings and make the workplace more attractive to environmentally conscious employees.

Office buildings are one thing, but sports arenas, convention centers, airports and other venues with irregular bursts of high traffic, face other challenges. Common sustainability challenges include huge amounts of waste generated, energy used and enabling sustainable visitor behavior such as recycling in places they may visit infrequently and not be familiar with.

Green building certifications



LEED (Leadership in Energy and Environmental Design) is a set of rating systems for the design, construction, operation, and maintenance of green buildings, developed by the U.S. Green Building Council.

BREEAM[®] BREEAM (Building Research Establishment Environmental Assessment Method) is a British environmental certification system for buildings and large scale developments that is widely used globally.

WELL[™] WELL Building Standard, focuses on how design, operations and behaviors within the places where we live, work, learn and play can be optimized to advance human health and well-being.



Social Sustainability

Up to 70% of healthcare associated infections can be prevented, with the most effective and cost-efficient way being improved hygiene practices, both in terms of facilities and in the behavior of healthcare staff. Apart from improving health, investing in hand hygiene in hospitals also makes economic sense, with an estimated return of \$24 for every \$1 spent.⁸

Key issues

Work environment

A good physical and social work environment is essential to keeping employees healthy and motivated. And a well-organized, clean and functional work environment is must for businesses today. Whether you work in an office, a restaurant or a hospital, clean and functional hygiene facilities are an essential part of the work environment. For industrial manufacturing, safe and secure operations are key concerns.

Cleaning staff have a key role in all work places to ensure a good work environment for company employees. The challenge here is to also create a good work environment for cleaners by making their efforts as efficient as possible while reducing stress and physical strains of the job.

Diversity and inclusion

Diversity is about all the ways we as humans are different – for example gender, ethnicity, age, or physical ability. Inclusion means being valued for these differences.

Numerous studies show that companies that invest in diversity and inclusion in their workforce and succeed to leverage differences across their organization, marketplace and community, report significant business benefits. For example, senior executives of top-earning companies reported in a Forbes study that workplace diversity and inclusion drive innovation and business growth. In addition, companies that are highly ranked on diversity and inclusion reported a 45% improvement in market share and 70% more success in new markets.

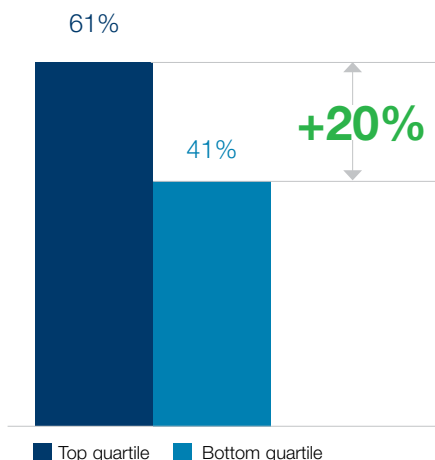
But diversity and inclusion is not just about your own workforce. Accessible facilities and making all guests feel equally welcome, are essential ingredients for hospitality businesses.

Human rights and labor rights

Long seen as an issue for states, the globalization of value chains and production patterns has led to an increased focus on the role of business in relation to human rights. In recognition of the need to be clear about the respective responsibilities of states and businesses, the UN issued a set of “Guiding Principles on Business and Human Rights” in 2011. Based on the duty of states to protect human rights, and of businesses to respect them, they have since been complemented by practical tools on how to implement them.

Human rights challenges in the professional hygiene sector are often closely related to the situation of the cleaning staff. Cost pressure on cleaning services, in combination with frequent sub-contracting and high levels of migrant workforces in many countries, lead to real risks of infringements on worker’s rights.

Ethnic diversity in leadership roles give a higher probability of above-average performance



Probability of above median performance - Ethnic diversity in executive team (US): Companies in the top quartile for ethnic diversity in leadership roles had a higher probability of above-average performance than those in the bottom quartile⁹

Improved hygiene standards in preschools and schools, for example through education about hand washing, can reduce absence rates by up to

55%

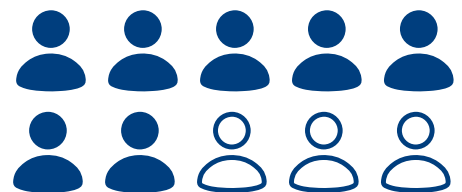


Hygiene

Hygiene, health and well-being are closely connected. In developing countries, access to clean water and improved hygiene practices are fundamental to preventing the spread of disease that threatens the lives of millions of children every year. Even in parts of the world where this is less of a threat, hygiene is essential for health and well-being.

In 2017, a survey by Tork showed that more than half of all children refrain from using school toilets, primarily due to unhygienic or messy facilities. Similarly, clean, accessible hygiene facilities and good hygiene practices in offices and workplaces are key to reducing absenteeism due to illness, which has a direct effect on employee health and productivity.¹⁰

In the healthcare sector, rigorous hygiene standards and practices can mean the difference between life and death. Hotels, restaurants and cafés are another case in point, where hygiene plays a key role not just from an employee perspective, but also for the reputation of the business. Hygiene is critical in preventing food poisoning and the spread of illnesses, both of which can severely damage the reputation of an establishment, especially in a time of online and social media reviews.



Up to

70%

of healthcare associated infections can be prevented

Capturing the value of sustainability

Sustainability is moving away from being a single activity at one point in time, towards becoming a continuous, strategic engagement.

Sustainability is increasingly affecting our choices, and there is no reason it should stop at the front door. With new living and working patterns, we spend more of our time away from home, and we want to feel assured that sustainability is taken care of, also when we go to work, eat out, or travel.

It becomes clear that there is an opportunity for businesses to strengthen their image and differentiate themselves from competitors by increasing their sustainability performance with new initiatives and products. In addition to the direct savings often achieved by investing in sustainability, a green and responsible image can boost internal pride and morale, as well as create engaging content for external communications and credibility.

But sustainability is not always easy. Some sustainability initiatives are simple, like swapping to more energy efficient lightbulbs, but others, like recycling, enabling sustainable consumer behavior, or ensuring socially sustainable supply chains, are more complex. In that context, partnerships are crucial, whether it's working with suppliers, customers, academic partners or NGO:s.



About Tork and Essity

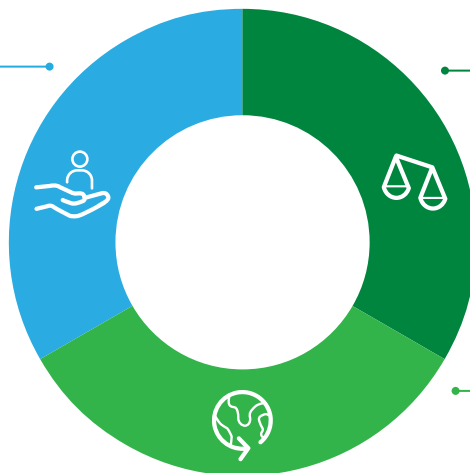
Tork is a global leader in the Professional Hygiene category, with high ambitions to shape the market going forward. That goes for contributing to a more sustainable world as well. We are committed to creating a more sustainable life away from home, and we focus on three areas where we know we can have the biggest impact.

Well-being

Raising hygiene standards for all and improving well-being in the workplace

Ambition by 2030:

60% of innovations shall be people innovations



More from less

Building value using less by enabling behaviors that support sustainable consumption

Ambition by 2030: Better

solutions with 33% lower environmental footprint

Circularity

Designing products and services that fit into a circular society

Tork is a part of the global hygiene and health company Essity, recognized as one of the world's most sustainable companies. For Essity, sustainability is an integral part of our business with a focus on contributing to well-being, responsible consumption and a circular society. Tork enables this ambition within the professional hygiene category.

Read more about our sustainability work here: [\[link to Tork online sustainability hub - need update for each country website\]](#) and here www.essity.com/sustainability



Sources

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