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TIØ 4195 Environmental Management and Corporate Governance
Monday, 5th December 2011
Time: 0900 - 1300

Help facilities, D : English Dictionary, otherwise no printed or handwritten material allowed.
Evaluation deadline: Monday 9. January 2012

Answers may be written in English or Norwegian

Exercise 1 – 20 points

Answer all of the following four questions. Each question gives 5 points; a maximum of 20 points is given for this exercise. Answers should include examples and references from course readings when appropriate.

- A. Explain the main steps in the implementation of an environmental management system; hereunder how the company identifies and evaluates the most significant environmental aspects of their processes, products and services. Discuss and give examples of practical problems that can arise during the implementation of an environmental management system in an organization.
- B. Give an overview of the main steps of the LCA-methodology and discuss how LCA-results can be used for the development of an environmental product declaration (EPD), and discuss how EPDs can be used to achieve more environmentally sound behavior.
- C. Explain why supply chain management is important for achieving good environmental performance of products. Discuss strategies a company can implement to manage the supply chain and provide information on the performance to its customers.
- D. Describe the Global Reporting Initiative and the role of performance indicators for benchmarking.

Exercise 2 – 20 points

Choose two of the following questions. Each question gives 10 points; a maximum of 20 points is given for this exercise. Answers should include examples and references from course readings when appropriate.

- A. Year 2010 was the 'Year of Biodiversity' – why is this an important topic for the planet, and what actions can a company take to preserve biological diversity?
- B. Vision 2050 includes a roadmap for companies to participate in the progress from the current situation to reach the stated goal: "In 2050, around 9 billion people live well, and within the limits of the planet." Describe the origin of the roadmap, how it is constructed, and discuss how a company could use the roadmap to set their own strategy.
- C. Compare the concepts of corporate (social) responsibility, corporate governance, and corporate citizenship. How do these concepts influence the way a company defines its role in society?
- D. Compare and contrast the social responsibility issues of a 'bricks and mortar' firm (such as Marks & Spencer, Nike, PepsiCo), 'clicks and mortar' firms (such as Amazon), and 'dotcom' firms (such as Google). Discuss the social responsibilities of firms with a high reliance on the internet in their business model.

Exercise 3 – 20 points

Read the news item provided on the last page of this exam. Discuss this decision and action on the part of PepsiCo in terms of all aspects of this course curriculum – global frameworks, sustainability, environmental management, stakeholder management, corporate governance, and corporate responsibility. Your answer should include a complete survey of the many themes undertaken in this course, and you may draw upon your project experience this semester.

NEWS ITEM (source <http://www.nextbillion.net/news/>)

PepsiCo counters inflation with small packs, low cost items

PTI Nov 15, 2011, 06.31pm IST

NEW DELHI: With high inflation making consumers think twice before spending, food and beverages major PepsiCo is turning to measures like reducing pack sizes and introducing very low priced items in order to keep sales volume counter ticking in India.

Despite hiking prices, the company is confident that steps like launching products specifically for bottom of pyramid consumers as well as for the premium-end segment will help it strike a balance between volumes and value.

"PepsiCo has taken a set of measures to combat inflationary pressure both on cost side and consumers while looking to manage volume," PepsiCo India Sales Head Samudra Bhattacharya said at a Nielsen event here.

In the recent past the company has taken price increases both in beverages and food portfolio and at the same time downsized some of the packets, he added.

"The price increases that we take on our product and downsizing them have to be carefully managed so that volumes do not get impacted," he added.

The company has introduced a host of products at Rs 10 price point in the beverages category and launched 350 ml PET bottles at Rs 20 across India. It also introduced value packs like the 1.2 litre family pack for consumers seeking good bargains.

PepsiCo India has launched products such as TataGluco, Iron Chuski' and Kurkure masala balls priced at Rs 2-5 per pack of 10-12 grams each targeting the bottom of pyramid consumers as it targets the mass market.

"We are working continuously to launch more products targetted at the bottom of pyramid (BOP) consumers," Bhattacharya said, adding the focus has also been on distribution and availability of these products.

He, however, said while focusing on BOP and mass market, PepsiCo is also focusing on premium end products such as Lipton ice tea for value growth.

"In an inflationary environment, we have to ensure that revenues keep flowing. So we are equally focusing on premium products to drive value sales," he said.

By doing all these, PepsiCo in the last 2 years has seen CAGR of 20 per cent in beverages segment and 25 per cent in foods business, Bhattacharya added.

India has been reeling under high inflation this year and the headline inflation rose to 9.73 per cent in October due to expensive food items and fuel, adding to hardships of common man.