

It's not easy being green... By Martin Goh and Kelvin Wu, JLT Risk Consulting Asia Actually it is... and it's good for business!

Emerging Trends

In an April 2010 survey by Ceres,¹ it was found that the majority of corporate risk managers are aware of and concerned about at least some aspect of climate risk. In fact, they considered regulatory, physical, competitive, and legal climate risks to be “very” or “somewhat” likely.

Amidst these growing concerns, firms that are implementing environmental friendly initiatives also have to manage the need to comply with the relevant regulatory guidelines and ensuring financial feasibility of such initiatives. After all, like all corporate initiatives, firms need to ensure that they get value for the money spent while keeping a close eye on the bottom line.

All hope is not lost

Before you throw in the towel, it is possible to manage climate risks and go green without breaking the bank (or the rules).

A San Francisco law firm called Nixon Peabody² – one of the first law firms to be environmentally certified by the U.S. Green Building Council under its programme for Leadership in Energy and Environmental Design (LEED) - is a prime example of a firm that managed to do just.

Nixon Peabody's office has extraordinary wood flooring and clear glass walls that offer a panoramic view of San Francisco

landmarks. Before you jump to conclusions about the apparent irony of us promoting wood flooring, you should know that these wood floors are made of Forest Stewardship Council certified orchard wood - wood from walnut orchards that have finished their mission of bearing fruit. The clear glass walls also ensure that not many lights will have to be switched on during the day.

Wooden floors and panoramic views? Clearly going 'green' can be done in style then! However, your thoughts are probably already drifting towards the costs. Does green necessarily cost more? With a commitment to innovative thinking and the application of cost-benefit analysis at various stages of the project, the expenditure for Nixon Peabody's office was only 1.5% more than what they would have paid for a similar non-green office build-out. Furthermore, this will be offset by energy and water savings, both immediate and over time.

How did they do it?

How Nixon Peabody successfully managed the risks associated with its green initiative was impressive, especially when you consider the scale and complexity of their initiative, which involved the building of a green office. However, there are some key pointers that we can take away from Nixon Peabody which will be applicable to all regardless of the scale and complexity of your firm or the initiatives you have in mind.

1. Ceres is a national coalition of investors, environmental groups and other public interest organizations working with companies to address sustainability challenges such as global climate change. Ceres directs the Investor Network on Climate Risk, a group of more than 90 institutional investors and financial firms from the U.S. and Europe managing over \$9 trillion in assets.
2. Jeffery S. Lesk, 'How One Law Firm Went Green', LegalTimes, 25 June 2007.
3. Boston Consulting Group, 'Capturing the Green Advantage for Consumers', January 2009.
4. G. Michael Maddock and Raphael Louis Vitón, 'Going Green's Unexpected Advantage', Bloomberg Businessweek, 2 February 2010.
5. Gregor Harter and Alexander Sova, 'Going Green Addressing Untapped Consumer Potential in The Telecom Industry', Booz and Company, 2008.

Set Clear Objectives

Setting clear objectives and identifying the constraints and priorities will enable the firm to

keep abreast of the situation and not be surprised by any unforeseen risks or budgetary constraints. Right from the beginning, Nixon Peabody was clear about their objective and 'what shade of green' they wanted to be and they identified their top priorities and constraints.

By clearly setting out the key objectives of your green initiative right from the beginning, your firm will be able to ensure that priorities and constraints are correctly identified, balanced and managed with the end in mind.



Be Creative & Innovative

Instead of being hampered by the financial constraints of their

limited budget, Nixon Peabody saw this as an opportunity to harness their creativity and innovation to come up with different ways of achieving their goals and objectives without breaking the bank. What ensued was an affordable design that married sustainability and aesthetic beauty, something which was previously thought to be not possible.

In addition, by consciously situating their office in an optimal location which encouraged their employees to take public transportation helped contribute to their green initiative in a free and efficient manner.

Such innovation will be crucial for firms who desire to go green without breaking the bank. Creative green initiatives need not always be on the scale of re-designing the office space, but could start from something as simple as replacing all rubbish bins in the office with recycle bins and refusing to use Styrofoam containers and plastics at the workplace pantry/ cafeteria and firm functions.

Involvement of senior management and staff will ensure that all decisions are

made with everyone on the same page. Nixon Peabody did not just rely on the architects they employed to come up with a certifiably green space. The senior management, staff and everyone else were involved in the planning of the strategy and contributed to the entire process.

For firms of a smaller scale, the advantage will be that staff and senior management involvement will be easier to facilitate and just as important in order to ensure that firms maximise the impact of any green initiative they implement. Working with staff will ensure that any green initiative stands a much greater chance of success as well.



Involve Staff & Senior Management

Nixon Peabody involved professional architects in the design stage on the structural safety of their office. Certification was sought from regulatory bodies to ensure that the firm's green initiatives met with the relevant standards.

While the aid of such professionals might not always be accessible, firms can always look to other industry-driven initiatives for help. For example, Malaysia's Green Building Index, which is a voluntary rating tool developed by Malaysian Institute of Architects (PAM) and the Association of Consulting Engineers Malaysia (ACEM), is expected to spearhead the drive towards more energy efficient and sustainable design and construction of buildings. Through this index, instead of having to re-design for a 'greener' workplace, firms can easily choose to house their practices in a building that saves energy and has less impact on the environment.

Engage the Right Personnel

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A 'Green' Law Firm... So What?

In a survey³ of over 9,000 consumers in North America, Europe, China, and Japan by Boston Consulting Group, they found that an increasing number of consumers systematically look for green products.

This finding is echoed by an article in Bloomberg Businessweek,⁴ 'Green is good for the consumer and our planet, but sustainability makes a key driver of innovation and carries a huge competitive advantage.'

A 2008 study⁵ by management consulting group Booz & Company estimated that the market of "green consumers" has an estimated global potential of Euros 200 to 400 billion. These consumers enjoy above-average income and spending, and their buying decisions reflect environmental considerations. They not only exhibit a willingness to pay an environmental price premium, green consumers also exhibit higher brand loyalty and greater involvement through word-of-mouth promotion, two characteristics that companies can successfully leverage for greater market share. With globalisation, it won't be long before green culture is the norm.

Can you really take the risk of not going 'green'? Still think that going green is the reserve of tree-hugging-Greenpeace activists? Think again.

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(Resource Center).



Recycle that Mobile!

On average, Mobile phones are thrown away after 12 months. Recycling 1 million would reduce greenhouse gas emissions equal to 33 cars being off the road for a year.



Unplug!

Standby mode is estimated to cause 1% of the world's greenhouse gas emissions.



Reduce. Reuse. Recycle.

75% of what is thrown in the trash could actually be recycled, only 25% is.