



ENVIRONMENT & RESOURCES

Many of us are barely aware of the fragility of the resources we depend upon for our survival. Even the basics, such as water, can no longer be taken for granted. The fact that there are more of us on the planet means the strain on our resources has increased. According to the WWF, our demands on the natural world have doubled since the 1960s. There is a wide disparity in the needs of countries. The WWF estimates that if every human being enjoyed the average US lifestyle, we would need the resources of four Earths to regenerate humanity's annual demand on nature. Furthermore, within the next two decades, an additional 3bn people are forecast to be added to the global middle class, ready to spend, acquire more goods, and increase our need for resources.

Advances in technology can produce more outputs for given inputs, but this requires investment. It's one of the biggest challenges we face: we need to think long term, and balance a narrow, localized view of the world against a recognition that we all share the same planet.

Where's the heat?

- / Resource scarcity
- / Extraction
- / Pollution
- / Waste
- / Biodiversity
- / Food security

/ Resource scarcity

There are more of us making greater demands. We do not just need more core commodities, such as steel or copper, but more scarce resources too, such as the rare earth metal cerium, used in flat-screen TVs. Prices are already climbing steeply.

/ Extraction

Our search for resources takes us to increasingly remote and inaccessible places – which pushes up the social, environmental and financial cost. There's a lively debate about how to minimize the impact, or whether we should extract at all.

/ Pollution

More industry, more manufacturing, more transport – all this means more pollution. Mining and industrial production, for example, generate hundreds of millions of tonnes of toxic waste each year – often polluting rivers and ground water. Air pollution causes more than 3m deaths a year worldwide.

/ Waste

Throwing away “stuff” does not make sense as resource scarcity bites. Waste can become a source of value and a spur to innovation. China is the world's largest importer of waste, taking material from the US, processing it and shipping it back.

/ Biodiversity

Ecosystems can be destroyed when land is used for building, agriculture and accessing resources. Most alarming is the continued destruction of rainforests around the world: where there were once 16m sq. km, today there are fewer than 9m sq. km.



/ Food security

More than 20 per cent of food along the global value chain is wasted. In developing markets food security is still very much a pressing issue; production is often small-scale, lacking investment and infrastructure. Meanwhile, global trade in food means that while for many food is plentiful, in a crisis no country is self-sufficient.

What's the context?

Advertising Age listed the word “sustainability” as one of the world’s “jargoniest jargon” words – alongside “monetize,” “360,” and “the new normal.” The magazine says, “It has come to be a squishy, feel-good catch-all for doing the right thing.” Whether you love or loathe the word, sustainability has become a hot topic because of growing concern about environment and resources. It is one of the biggest conversations in the world today: how can business be more sustainable?

Often, sustainability seems to be opposed to business growth; reducing your “environmental footprint” seems to imply you should reduce your “business footprint.” For some industries, this poses an even more direct challenge: what is the role for big energy companies in a low-carbon world? Forward-looking companies see it differently. They talk about sustainable growth: managing long-term business continuity, water supplies, raw material costs and waste reduction. For many, sustainable growth is about stimulating innovation in products and processes and refocusing their business activities to meet the new challenges.



Resources come out of people’s minds more than out of the ground or air. Minds matter economically as much as, or more than, hands or mouths

— JULIAN SIMON, ECONOMIST

After a century of cheap resources, few institutions, in either the private or the public sector, have made resource productivity a priority

— MOBILIZING FOR A RESOURCE REVOLUTION, MCKINSEY

Access to reliable supplies of clean water is a matter of human security. It’s also a matter of national security

— HILLARY CLINTON
ON WORLD WATER DAY



KEITH WEED
*Chief Marketing and
Communication Officer, Unilever*

Unilever’s “Sustainable Living Plan” is aimed at tackling some of the most pressing problems facing society and raises the bar for companies seeking to get involved in the big issues. The scheme set out the bold ambition to double the size of the company by 2020 while reducing its environmental footprint. The measurable goals include helping more than 1bn people improve their health and wellbeing, halving the environmental impact of Unilever products, and sourcing all of the company’s raw materials sustainably. *Keith Weed, Unilever’s Chief Marketing and Communication Officer, tells Brunswick’s Lucy Parker how businesses can make a difference.*

Can businesses keep growing in a world that is becoming increasingly resource constrained?

As a global population we’re consuming both renewable and non-renewable resources at a rate that can’t be replenished. Some people talk about how we have to consume less and scale down our lifestyles. But I’ve not seen any evidence of mankind’s ability to do that. Of the 2.5bn more people arriving in the coming decades, 90 per cent are going to be in the developing and emerging markets. They’re going to strive to improve their lifestyles from one generation to the next. So it’s more realistic to recognize that consumption will increase and we need to work out how to deliver *sustainable consumption*. I’d argue that if we can take on these big challenges it will inspire more fundamental innovation in our products.

In Unilever, are there any real examples yet of innovative products developed in response to today’s big social challenges?

Yes. To highlight one: drinkable water is a scarce resource in many parts of the world and a growing population is making this worse. Water-borne diseases are still responsible for

80 per cent of disease in developing and emerging markets. In India more than 90 per cent of people have to boil water to get rid of viruses and bacteria. Then they have to store it and it gets re-contaminated, so it's not a perfect system. We launched a water purifier called Pureit to tackle the problem. Because it works as a system of filters, it doesn't require any pressurized water or electricity, and you can simply scoop water out of a river and create clean drinking water. It's providing safe, affordable water for millions of people, so that's an instance of an innovative product driving business growth while addressing a fundamental challenge.

Are you saying that businesses won't be able to deliver long-term economic growth without recognizing the need for sustainable resource strategies?

Yes, I am, exactly. If we don't decouple economic growth from its negative environmental and social impact, it will create its own problems. I was speaking at the Advertising Association's conference on the future of the advertising industry and started off talking about sustainability. You could see a lot of people thinking, "What's this got to do with the future of advertising?" My answer is that the population is 7bn people today – there will be 2.5bn more by 2050. How can the advertising industry, which calls people "consumers," imagine that it won't be condemned as one of the forces that help drive consumption? To use a cliché: if you're not part of the solution, you're part of the problem. So one of the first things I'd put on the agenda for the advertising industry is how we create demand for more sustainable solutions.

Many people are skeptical about the commitment of business to the issue of sustainability. How has Unilever responded to that challenge?

I think what we've done organizationally is quite different. I'm the Chief Marketing Officer and in most companies that title means you're all about consumer-demand generation. But I'm also in charge of sustainability and communications, so sustainability isn't the little department in the corner, it's part of our fundamental business. We've created a global function and made it a priority – because we believe this all needs to be joined up.

What's the specific role multinational companies have in creating sustainable solutions?

What the multinationals can do is scale some of the solutions. To return to Pureit: it's become national in India, serving 35m people. We're launching in Brazil, Mexico, Indonesia, Sri

Lanka, Bangladesh, and more will follow – we're trying to reach 500m people. It would be tough, say, for NGOs to take on that big a task.

Much of your potential to shift to sustainable production is outside your own operations and relies on the supply chain. How difficult is that to achieve?

We did an enormous piece of work to map our total environmental footprint. Strikingly, one of the things we learned was that our own factories and offices only produce 6 per cent of the overall environmental impact of our business. Around 25 per cent sits in our supply chain, so we just couldn't ignore tackling sustainable sourcing. For example, we're the world's largest purchaser of tea – 12 per cent of the world's supply. All our tea bags for Europe are sourced sustainably now. By 2015 we want all our tea bags globally included and by 2020 all the loose tea as well. We have 38,000 smallholder farmers producing tea. We work with the Rainforest Alliance to certify the smallholder farms we work with. For the farmers, it means the security of an ongoing buyer, but we have to recognize that scaling this up is a massive task.

Doesn't this vision risk potential conflict with shareholders?

Shareholders *per se* are not an inhibitor to any of this. They know and we know that the only economically sustainable growth is consumer demand-led; putting that first creates a successful business. But it's true that with a business of our size and scale – every day 2bn people use our products – measuring our progress on a 12-week window is unrealistic. So we said we'd move to half-year reporting. Some people asked, "Won't you alienate some shareholders?" To which our response was, "Not the ones who are going to work with us for the long term to build a sustainable business for the future."

But if your focus is serving consumer demand-led growth, isn't there a problem that consumers won't lead you towards sustainable production?

You're right, if you just ask focus groups of consumers what they want now, they will likely describe what you are already offering. But let's talk about one of the most successful brands in the world: Apple. Their business is based on what the world *could* be like. They imagine that and then the consumers come to them. I'd argue what we're trying to do is get to the future first. We have a vision of the future – I think it's a compelling vision and we want to help consumers get there. ☺

4

If we all lived the average US lifestyle, we would need the resources of four Earths to regenerate humanity's annual demand on nature

x2

The price of copper has more than doubled since 2009, which has led to a big increase in theft, everywhere from railroads to church roofs

900m

Almost 900m people worldwide lack clean water and more than 2.6bn people do not have access to basic sanitation

2,500

It takes up to 2,500 liters of water to make a cotton T-shirt