

SMART Project Launch

Going SMART!

Delivering long-term prosperity – within planetary boundaries

Brussels, May 27 2016

Mike Townsend

Long-term prosperity within planetary boundaries...



Are we going to make it?

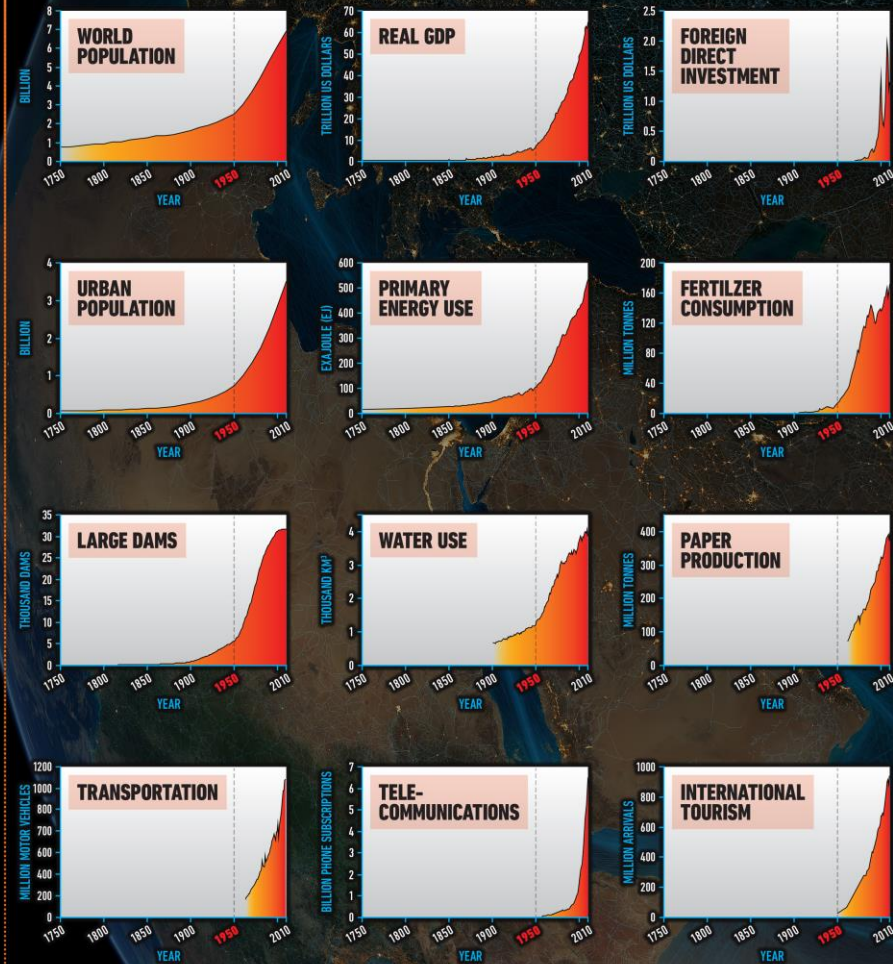
On current progress...



There are some doubts...

THE GREAT ACCELERATION

SOCIO-ECONOMIC TRENDS



EARTH SYSTEM TRENDS



REFERENCE: Steffen, W., W. Broadgate, L. Deutsch, O. Gaffney and C. Ludwig (2015), The Trajectory of the Anthropocene: the Great Acceleration, Submitted to *The Anthropocene Review*.

MAP & DESIGN: Félix Pharand-Deschênes / Globaïa

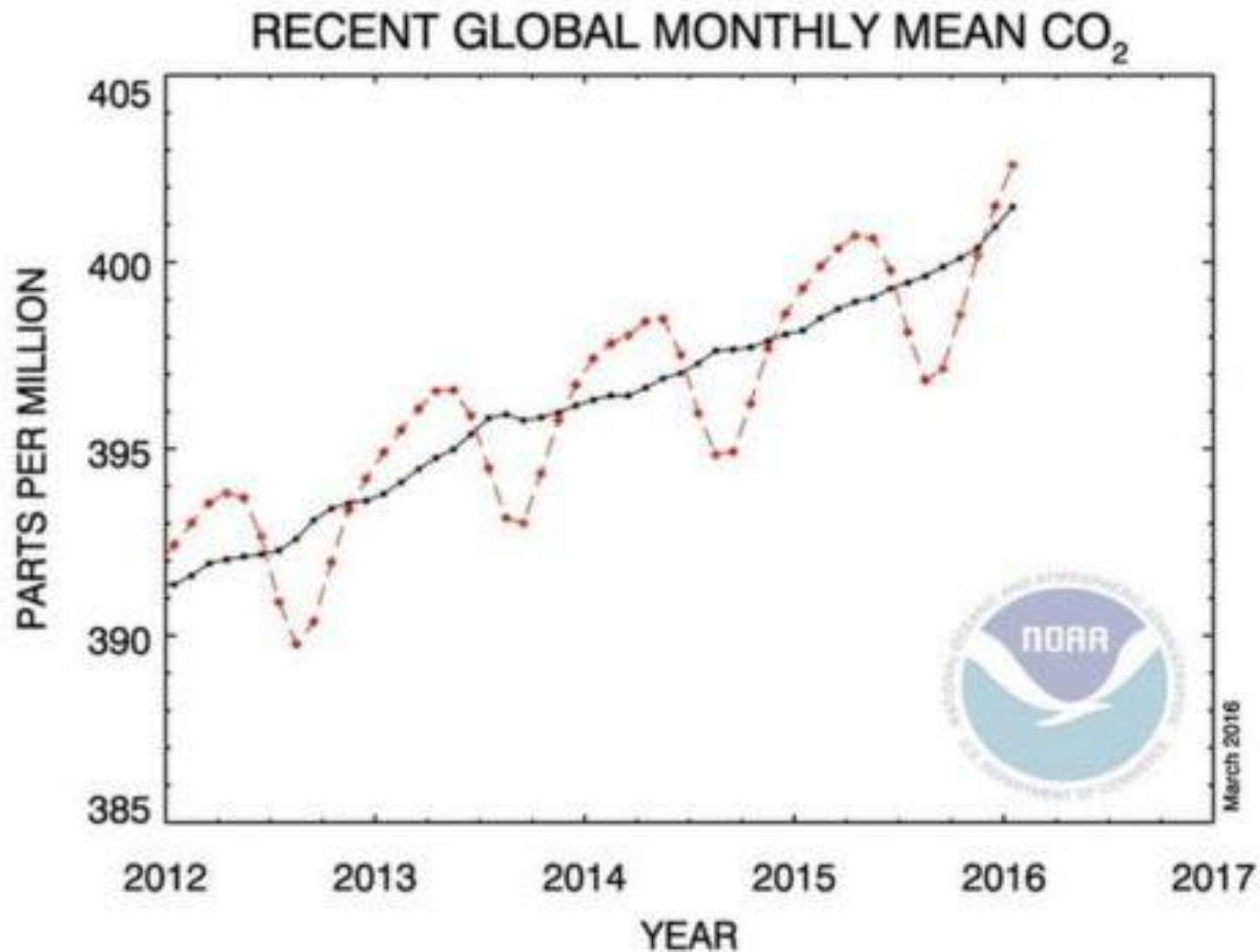
Source: Steffen et al. (2015)

Will Steffen et al. *Science* 2015;347:1259855

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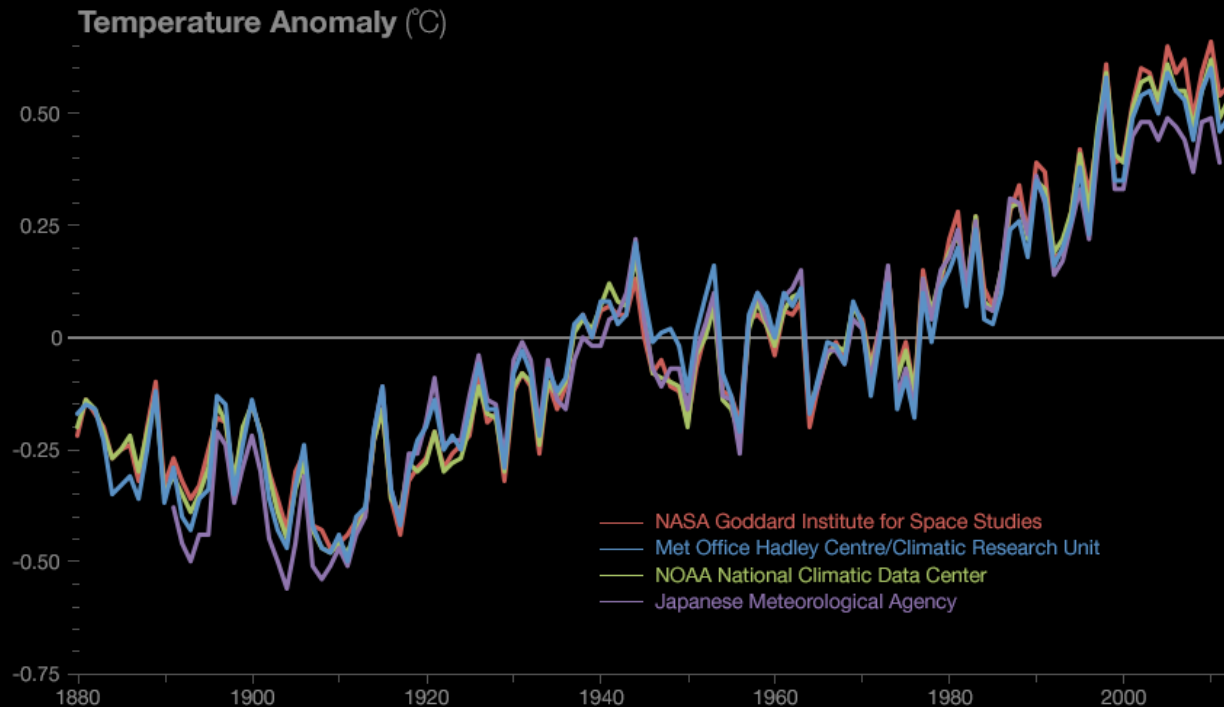


Looking at climate change only...



Looking at climate change only...

Some say scientists can't agree on Earth's temperature changes.



Here's what "disagreement" looks like.



CLIMATE 365

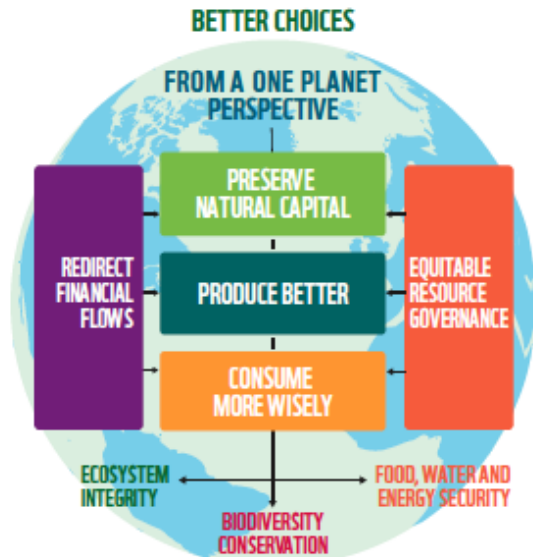
climate365.tumblr.com | go.nasa.gov/climate365

Not just data – our experience is real!

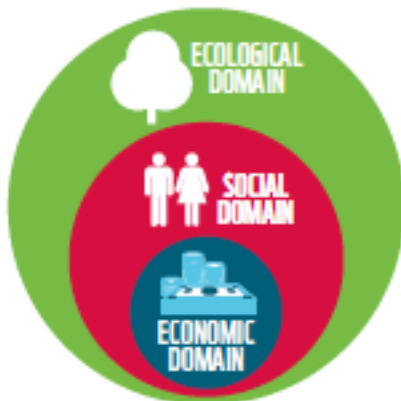


Living within limits?

Living Planet Indicators



WWF One Planet Living



Global Living Planet Index

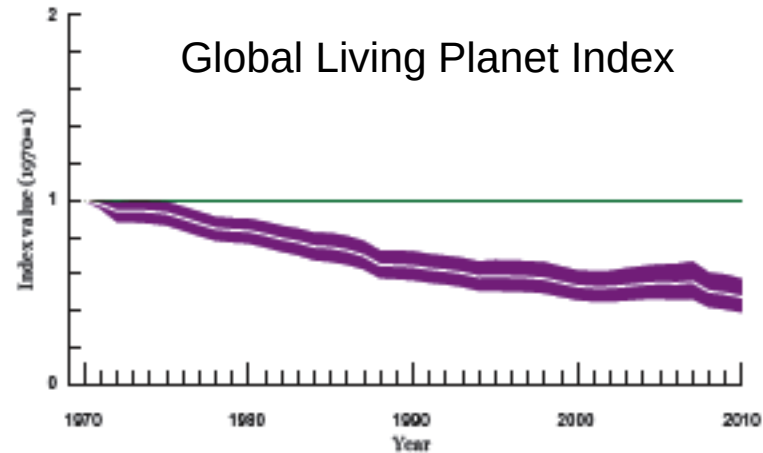


Figure 5: Global Living Planet Index shows a decline of 52 per cent between 1970 and 2010 (WWF, ZSL, 2014).

Key

- Global Living Planet Index
- Confidence limits

Global Ecological Footprint

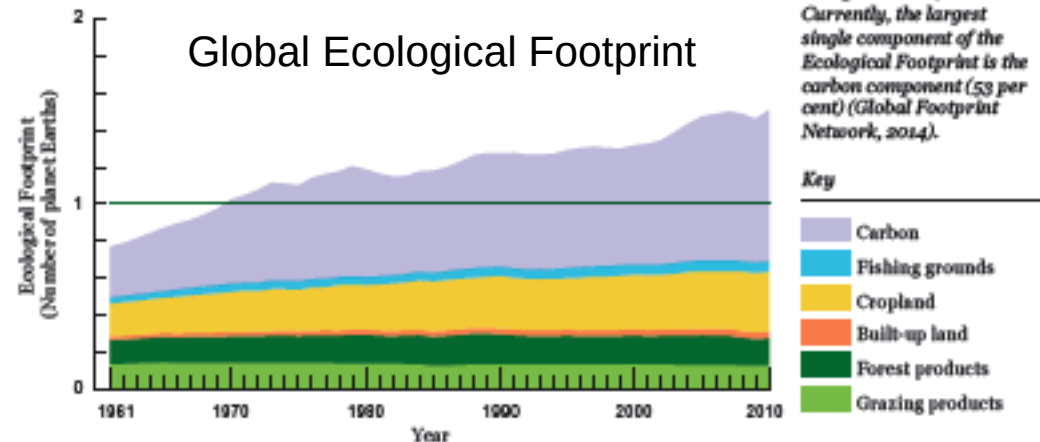


Figure 21: Global Ecological Footprint by component (1961-2010). Currently, the largest single component of the Ecological Footprint is the carbon component (53 per cent) (Global Footprint Network, 2014).

Key

- Carbon
- Fishing grounds
- Cropland
- Built-up land
- Forest products
- Grazing products

Social impacts



Extra complexity!

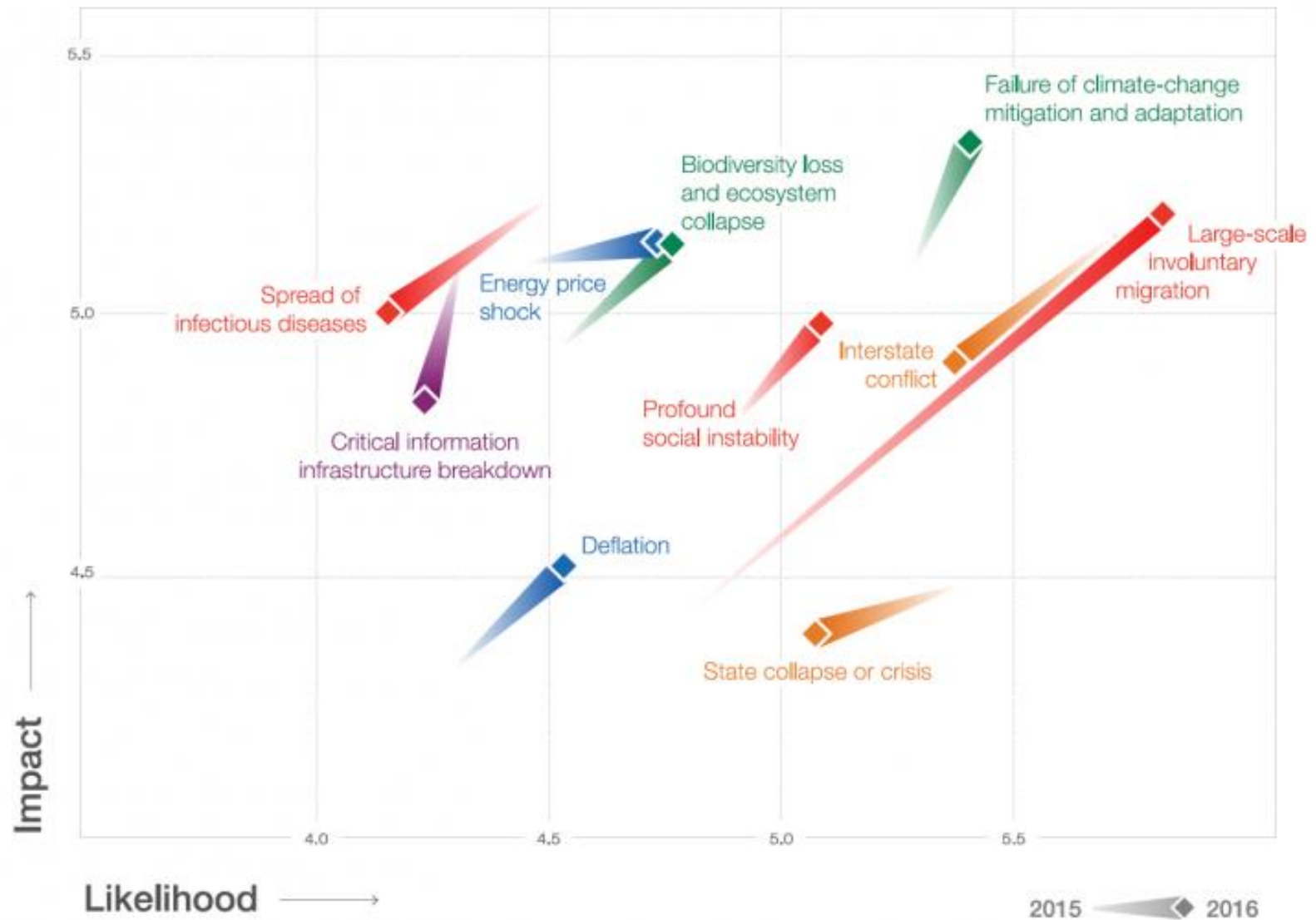


We are living and working in an increasingly volatile, uncertain, complex, and ambiguous (VUCA) world.

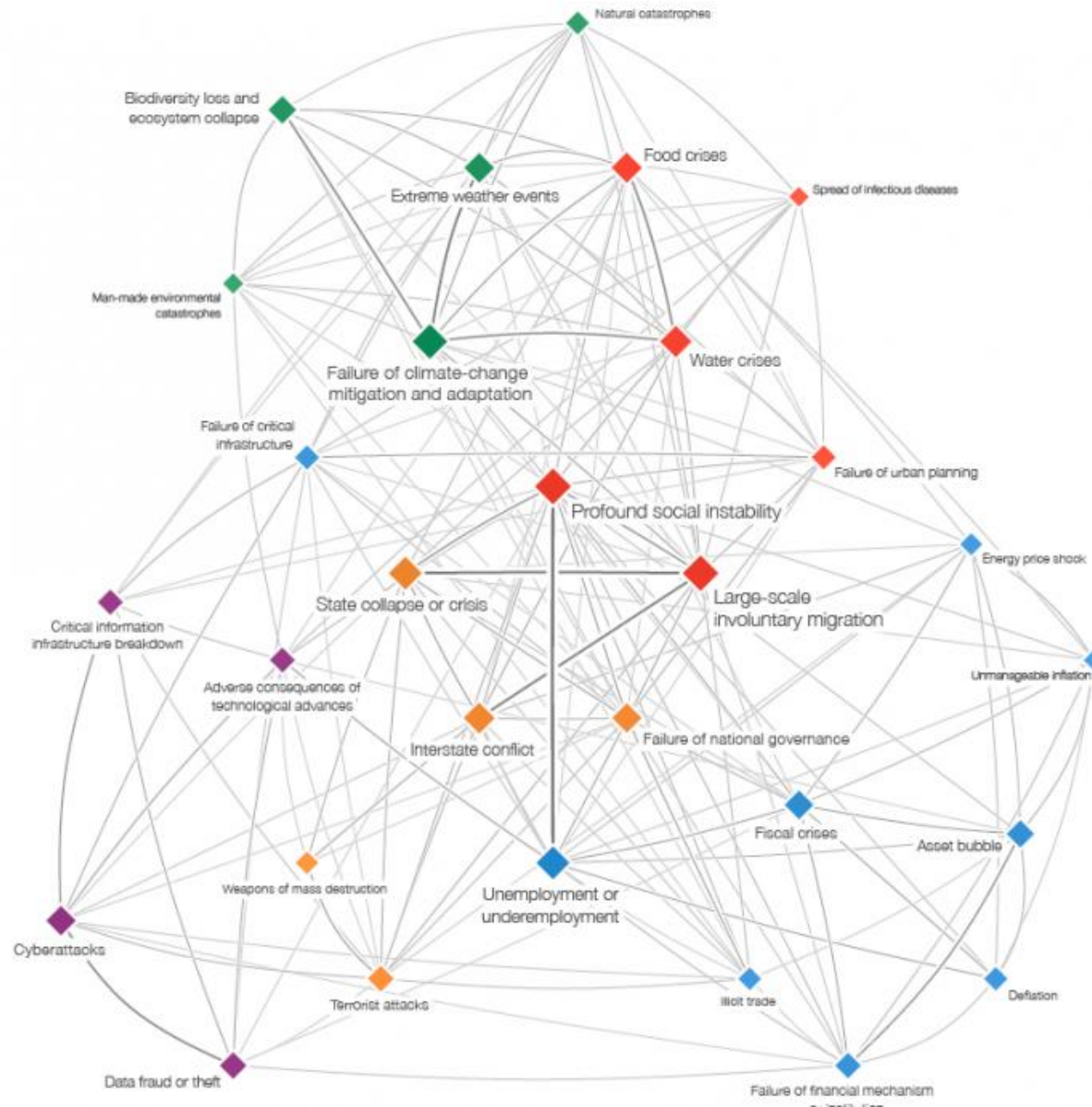
This means the context for delivering a sustainable transition is extremely challenging.

From a business risk perspective...

The Changing Global Risks Landscape 2016

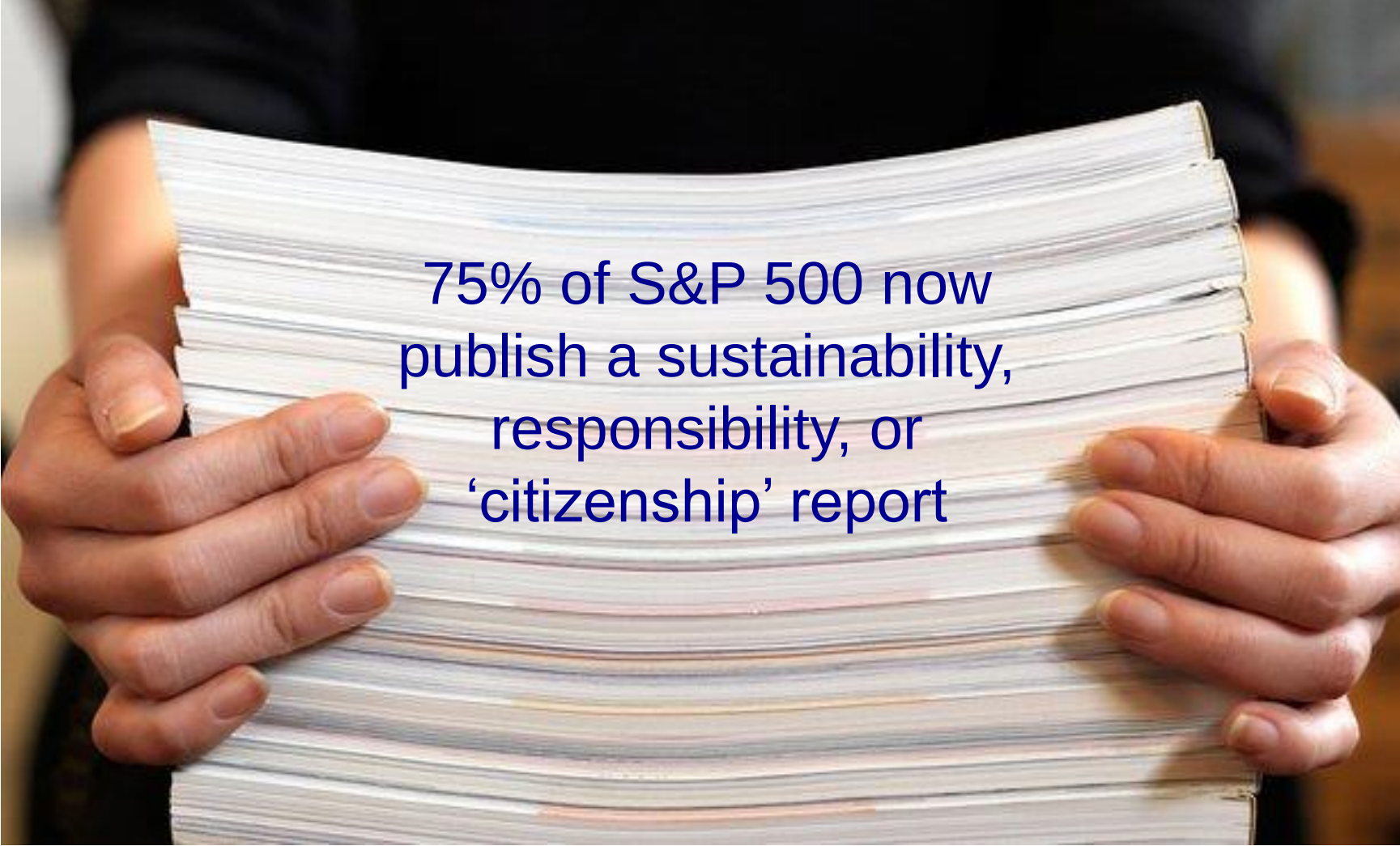


Dealing with complexity: Systems thinking applies...



Source: WEF Global Risk Report 2016

What's the business response?

A close-up photograph of a person's hands holding a very thick stack of white papers. The stack is curved, and the edges of many pages are visible, creating a textured, layered appearance. The text is overlaid on the center of the stack.

75% of S&P 500 now
publish a sustainability,
responsibility, or
'citizenship' report

A sustainable future...



“Do we really mean it?”

New analysis of 40,000 CSR reports developed by the Technical University of Denmark (DTU).

Less than 5% of organisations made references to planetary or ecological limits.

Only 31 organisations have actually engaged with these limits, to define science-based performance targets.

Of these, mainly for 2°C limit for climate change.

Not even ‘best in class’ are reporting on actual progress towards changes planned.

Data Source: Bjørn et al (2016) *Is Earth recognized as a finite system in corporate responsibility reporting?*

On current progress...



How many are still feeling optimistic?

Good news – there is cause for hope!



Important shifts are happening...

Responsible growth – within planetary boundaries!



OUR STRATEGY

OUR PURPOSE IS TO MAKE SUSTAINABLE LIVING COMMONPLACE

OUR VISION IS TO DOUBLE THE SIZE OF THE BUSINESS, WHILST REDUCING OUR ENVIRONMENTAL FOOTPRINT AND INCREASING OUR POSITIVE SOCIAL IMPACT

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UNILEVER SUSTAINABLE LIVING PLAN

In an uncertain and volatile world, we cannot achieve our vision to double our size unless we find new ways to operate that do not just take from society and the environment.

Launched in 2010, the Unilever Sustainable Living Plan is our blueprint for sustainable growth.

The Plan is helping to drive profitable growth, reduce costs and fuel innovation.

Our Plan sets out three big goals. Underpinning these goals are nine commitments supported by targets spanning our social, environmental and economic performance.

IMPROVING HEALTH AND WELL-BEING FOR MORE THAN 1 BILLION

By 2020 we will help more than a billion people take action to improve their health and well-being.

REDUCING ENVIRONMENTAL IMPACT BY 1/2

By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.

ENHANCING LIVELIHOODS FOR MILLIONS

By 2020 we will enhance the livelihoods of millions of people as we grow our business.

Our plan is distinctive in three ways.

It spans our entire portfolio of brands and all countries in which we sell our products.

Secondly, it has a social and economic dimension – our products make a difference to health and well-being and our business supports the livelihoods of many people.

Finally, when it comes to the environment, we work across the whole value chain – from the sourcing of raw materials to our factories and the way consumers use our products.



Paul Polman
@PaulPolman



Following

Need broader definition of growth which encompasses quality not just quantity. Peaceful inclusive & respectful of resources
[#collectiveaction](#)

RETWEETS
18

LIKES
21



2:22 PM - 16 May 2016



Disruption: towards sustainable business models

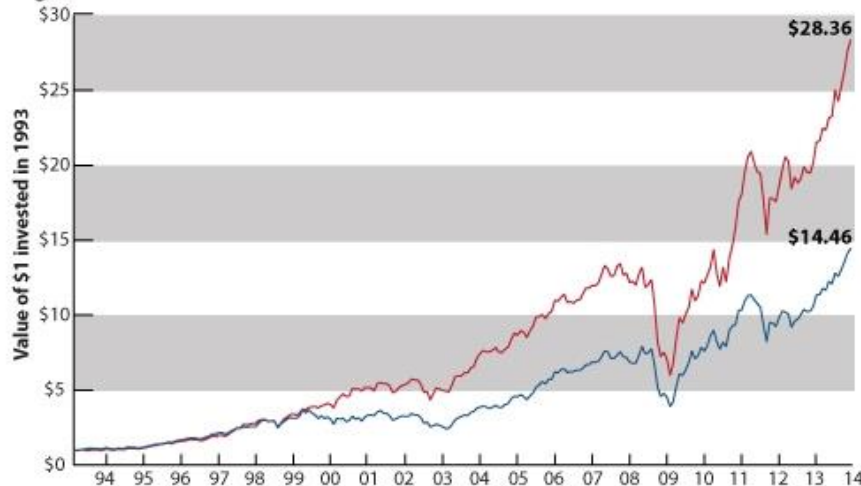


Eco-effective as well as eco-efficient in delivery!



The investor world is waking!

Figure VI: Investment Performance



The figure shows the evolution of \$1 invested in a portfolio of firms with high performance on the material sustainability issues versus competitor firms with low performance on material sustainability issues. Materiality of sustainability issues is industry-specific and it is defined by the Sustainability Accounting Standards Board. Source: Mo Khan, George Serafeim and Aaron Yoon, Corporate Sustainability: First Evidence on Materiality, HBS working paper, 2014.

“Companies that undertake true sustainability efforts outperform competitors who don’t.”
(Harvard Business School)

Morningstar: Investment industry's first sustainability rating on 20,000 funds globally – help investors avoid risk of stranded assets, and generate best long-term returns.

Table 1. Examples of ESG Issues

Environmental Issues	Social Issues	Governance Issues
- Climate change and carbon emissions - Air and water pollution - Biodiversity - Deforestation - Energy efficiency - Waste management - Water scarcity	- Customer satisfaction - Data protection and privacy - Gender and diversity - Employee engagement - Community relations - Human rights - Labor standards	- Board composition - Audit committee structure - Bribery and corruption - Executive compensation - Lobbying - Political contributions - Whistleblower schemes

Sustainable Development Goals: Our big pivot!



Commit to the #Businessworthy mission.

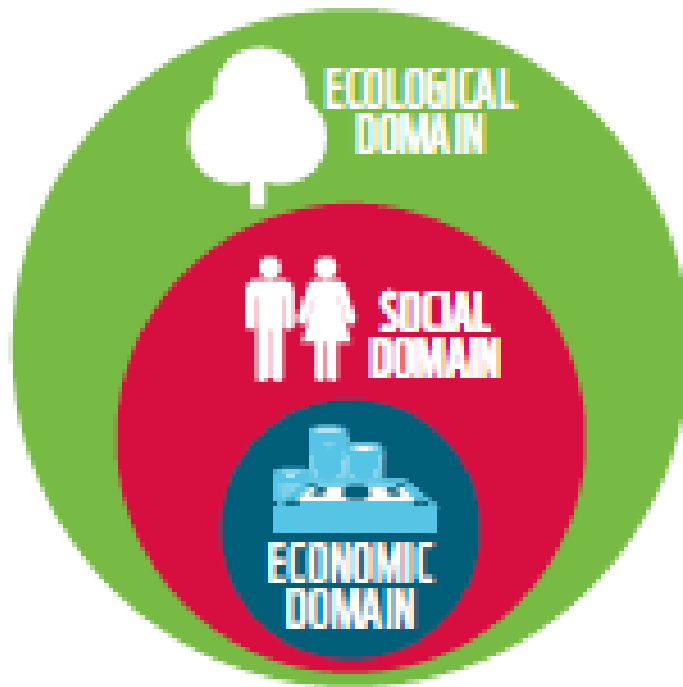
The sweet spot: aligning opportunities and SDGs

	NO POVERTY	ZERO HUNGER	GOOD HEALTH & WELL-BEING	QUALITY EDUCATION	GENDER EQUALITY	CLEAN WATER & SANITATION	AFFORDABLE & CLEAN ENERGY	DECENT WORK & ECONOMIC GROWTH	INDUSTRY, INNOVATION & INFRASTRUCTURE	REDUCED INEQUALITIES	SUSTAINABLE CITIES & COMMUNITIES	RESPONSIBLE CONSUMPTION & PRODUCTION	CLIMATE ACTION	LIFE BELOW WATER	LIFE ON LAND	PEACE, JUSTICE & STRONG INSTITUTIONS	PARTNERSHIPS FOR THE GOALS
																	
CLOSING THE LOOP	○	●	○	○	○	●	○	○	●	○	○	●	○	●	○	○	○
REGENERATIVE OCEAN ECONOMY	○	●	○	○	○	○	○	●	●	○	○	●	○	●	○	○	○
SMART OCEAN	○	○	○	○	○	○	○	○	○	○	○	●	○	●	○	○	●
ANTIBIOTIC-FREE FOOD	●	●	○	○	○	○	○	○	●	○	○	○	○	○	○	○	○
NEW BUSINESS MODEL FOR ANTIBIOTICS	○	●	○	○	○	○	○	●	●	○	○	○	○	○	○	○	●
PRECISION TREATMENT	○	●	○	○	○	○	○	●	○	○	○	○	○	○	○	○	○
FLEXIBLE MOBILITY	○	○	○	○	○	○	○	○	●	○	●	●	○	○	○	○	●
CROWD TRANSPORT	○	○	○	○	○	○	○	○	●	○	●	●	○	○	○	○	○
LOW TRANSPORT CITIES	○	○	○	○	○	○	○	○	●	○	●	●	○	○	○	○	○
FUTUREPRENEURS	○	○	○	●	○	○	○	●	○	○	○	○	○	○	○	○	○
THE DIGITAL LABOUR MARKET	○	○	○	●	○	○	○	●	○	●	○	○	○	○	○	○	○
CLOSING THE SKILLS GAP	○	○	○	●	○	○	○	●	○	●	○	○	○	○	○	○	●
NEW DIETS	○	●	●	○	○	○	○	○	○	○	○	●	○	○	○	○	○
SMART FARMING	●	●	○	○	○	○	○	○	○	○	○	●	○	○	○	○	○
REDUCE FOOD WASTE	○	●	○	○	○	○	○	○	○	○	○	●	○	○	○	○	○

Systems thinking, applied...

Can we become truly sustainable, if the system within which we operate is itself unsustainable, and if it does not support and enable sustainable behaviors?

Source: WWF Living Planet 2012



Pressure to deliver...
Continuous growth
Maximise profit
In the short-term



We need to explore our relationship with our economic & regulatory domain...

We need to get smarter...



Going SMART!

“Research that will serve to promote global, sustainable development within a circular, low-emission economy compatible with the planetary boundaries and in line with the international development goals.”



**HOW CAN WE
MAKE THE
JOURNEY OF OUR
CLOTHES AND
PHONES
A SMART ONE?**

Mission critical!

Global asset value losses, arising from climate change impacts only, could range from \$2.5 - \$24 trillion.

(LSE, 2016)

Translate into business impacts: if we lose up to 30% income, how much of our profits are left?



Thank you!

@mike_earthshine