

Sustainable Living Lab

2012

Highlights Report

Prepared by:
GlobeScan

Contents

A MESSAGE FROM PAUL POLMAN, CEO, UNILEVER	3
THE SUSTAINABLE LIVING LAB	4
WHY THE LAB?	4
LAB PARTICIPATION	4
NEXT STEPS	5
DISCUSSION HIGHLIGHTS	5
SUMMARY OF LAB DISCUSSIONS	7

A message from Paul Polman, CEO, Unilever

Thank you for participating in the Sustainable Living Lab. What a 24 hours it was. More than 2,200 people from 77 countries registered to take part, demonstrating the passion surrounding the issues of sustainable living.

I participated in several discussions over the 24 hours, and was struck by the richness of the ideas, new suggestions and constructive challenges.

So where do we go from here?

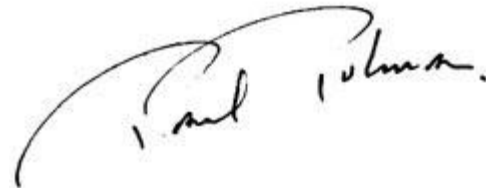
Already, colleagues have told me how many of the conversations have developed our thinking. Insights we've taken away include whether "handprinting" is a better way to explain consumer impacts, how new technologies can reduce the impact of showering, and how to develop the business case for sustainability for suppliers. I'm confident that we can take these many lessons back into the business and we will have more to share with you in due course.

This report is a distillation of some of the ideas covered in the Lab. They will help Unilever to drive the Sustainable Living Plan to even faster implementation and, hopefully, enable more companies to think about how to make their businesses more sustainable.

The next step for us will be at the Rio+20 talks, where we will be making our contribution to a set of Sustainable Development Goals to follow on from the Millennium Development Goals

(MDGs). We want to see new targets for all UN Member States covering water, carbon, energy and waste efficiency, along with issues such as deforestation, climate change, basic sanitation, and food security.

I am encouraged that we have enough people with passion to change the world, one step at a time. Leadership is about acting before the point of no return arrives. The ideas that you've contributed have helped to shape our thinking. I hope that the insights can serve as a source of inspiration and solutions for you too.



PAUL POLMAN, CEO

P.S. If you have any further comments to make, or solutions to offer, you can get in touch with me at

Paul.Polman.Sustainableliving@unilever.com.

THE SUSTAINABLE LIVING LAB

The Sustainable Living Lab was a live, online dialogue on sustainable living. The Lab launched at 9am BST on Wednesday 25th April 2012, and ran for 24 hours. It was an invite-only event, timed to coincide with the publication of the [Unilever Sustainable Living Plan Progress Report 2011](#). The objectives of the Sustainable Living Lab were to create a space for sustainability leaders to give Unilever feedback on the Plan, to co-create leading-edge ideas, and to share good practice with the ultimate aim of helping Unilever and others find solutions to their sustainability challenges. The Lab was hosted by Unilever and co-developed and facilitated by GlobeScan.

WHY THE LAB?

One of the principles of the Unilever Sustainable Living Plan is that its overall objectives cannot be achieved by Unilever acting alone. This means the company must learn from and work with other companies, organisations, and experts to create the changes needed. Unilever has made some progress but is finding some areas challenging. Continued collaboration is essential to drive progress on the difficult issues.

While Unilever already works in partnership with a broad range of organisations, from industry groups to NGOs and governments, it is clear that there are many more voices out there with a stake in the business. The Lab was a first step toward working with more of those who share Unilever's vision for sustainable, equitable growth.

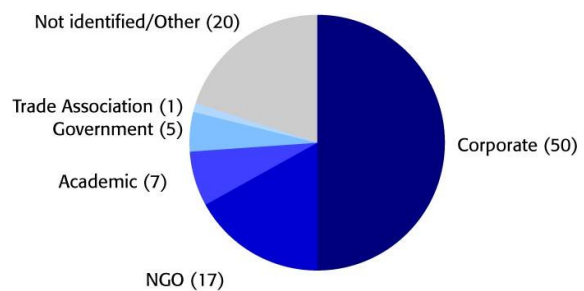
HOW THE LAB WORKED

The Lab was designed to stimulate co-creation through conversation – for participants to learn from others, develop solutions, and share good practice. Moderated discussions were held across four topics, with each theme representing a different component of the value chain: Sustainable sourcing; Sustainable production and distribution; Consumer behaviour change; Recycling and waste.

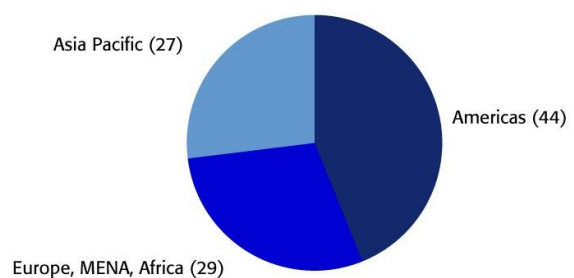
LAB PARTICIPATION

The Lab attracted a significant amount of attention from the sustainable development community worldwide. A total of 2,262 sustainability leaders and experts registered for the event, representing 77 countries. Across the four lively discussion streams a total of 3,948 posts were made over the 24 hours. The following breaks down the geographies and professional backgrounds of those who registered, and shows which of the discussion areas generated the most interest.

Registrants' Sectors



Registrants' Geographic Origins



Most Active Discussions

Comments over two-hour period



NEXT STEPS

This highlights report is shared with those who registered for the Lab. It will also be presented to the Unilever Sustainable Living Plan Steering Team, comprising senior managers from Unilever's Leadership Executive.

Over 100 Unilever managers from across the business, from R&D, procurement, marketing, and customer development, participated in the Lab discussions. Unilever will continue to report its progress against the Unilever Sustainable Living Plan through regular newsletters. To sign up to receive these newsletters see the final page of this report.

DISCUSSION HIGHLIGHTS

While much of the value of the Lab was inherent in the discussion process itself, we also need to make sense of its overall themes, and to try to identify the most salient points that were raised in the discussion. GlobeScan has reviewed the finished Lab's contents both quantitatively and qualitatively to produce some top-level takeaways. The discussion summaries in the next section go into further detail on the key points that came up in each stream.

The quantitative analysis led to a visualization of all the discussions held in the Lab (see following page). This helps to reveal the

themes and concepts covered, and how they were connected to one another.

The content analysis took several stages. First we created "discussion topics" out of groups of similar two-to-four-word phrases that appeared frequently in comments added to the Lab. An example would be 'young people,' which groups 'younger generation,' 'younger people,' 'young children,' 'young people,' and 'young world.' These topics are illustrated as the bubbles in the diagram: the larger the bubble, the more frequently that discussion topic occurred.

A statistical cluster analysis further grouped some of these topics together to form linked "meta-topics" which are colour coded (e.g., supply chain, smallholder farmers, certification, etc.). To some degree these meta-topics reflect the way the discussion was divided into separate streams and discussions, although the analysis was neutral with regards to these, so reveals some connections across the streams.

The discussion topics are distributed across the map according to how frequently they occurred alongside each other. Topics that were often mentioned in the same comment are near each other on the map, while those that never occurred together are far apart.

Examining which topics tended to be co-mentioned tells us about the linkages between ideas discussed in the Lab, and can be used to point toward some general conclusions about the discussion. Alongside the real-time observations of the moderators and analysts, and post-lab review of the discussions, this analysis has led us to the following top-level conclusions. Note that there was a great deal of richness and variety in the Lab, so these

should only be taken as a guide to what the major, cross-cutting themes were.

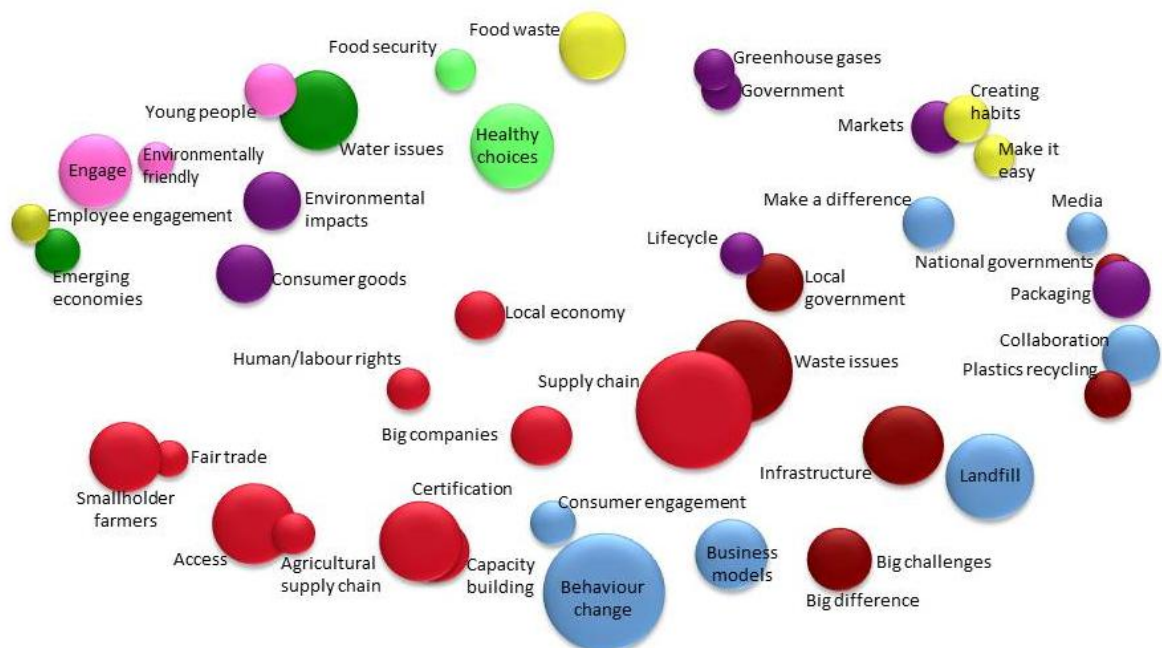
“Whole system” approaches: participants steered toward addressing challenges at the system, rather than issue, level. This is illustrated by the overlap of ‘waste issues’ with ‘supply chain’ (both red, in the lower right quadrant of the map) – seeing these challenges as part of the same system could help to eliminate entire categories of problem, or open up new opportunities.

Products to services: from ownership to shared access and from packaging to refills, the notion of rethinking delivery models came up in both the Consumer Behaviour Change and Recycling and Waste discussions. Rethinking goods like soaps and soups in this way is a challenge, but contributors suspect that the right new business model is out there.

Collaboration: moderators and observers of the Lab noted that collaboration ran through many of the discussions across all four streams, an observation confirmed by the quantitative analysis. While ‘collaboration’ in the topic map

– which encompasses mentions of ‘partnerships’ – is not among the largest bubbles, it occurs at the centre of an arc of issues, especially around waste: ‘landfill,’ ‘infrastructure,’ ‘plastics recycling,’ ‘packaging,’ and of course potential collaborators such as ‘national government’ and ‘media’ (all on the right edge). Furthermore, the almost complete overlap between ‘certification’ and ‘capacity building’ (red, to the lower left of the map), arising due to commenters favouring supply chain capacity building over audit-only approaches to sustainable sourcing, illustrates how the concept of collaboration pervaded the diverse discussions in the Lab.

Participants’ enthusiasm for collaboration in theory was reflected in practice as many of them expressed the surprising extent to which they felt part of a community while taking part in the Lab. In our follow-up survey, 95 percent of respondents said that they would participate in a future Sustainable Living Lab, reaffirming that Unilever’s stakeholders worldwide have a healthy appetite for engagement and collaboration.



Summary of Lab Discussions

SUSTAINABLE SOURCING



Third-party verification: opportunity and burden?

- Research from GlobeScan and Fairtrade, shared on the Lab, shows that the consumer impact of third-party verification is significant, with high levels of recognition and confidence in sustainability labels with third-party verification. Anecdotal evidence from participants backed this up.
- However, the proliferation of certification places burdens on farmers trying to accommodate the many third-party schemes as well as their customers' compliance mechanisms.
- *Comments from the Lab:*
 - "Farmers should stay farming and not become accountants..."
 - "We are very acutely aware that there is too much 'farmer bothering' going on..."

From compliance to capacity building

- Commenters advocated moving from a compliance model to one of collaboration and capacity building with suppliers. This could help them transition their whole business to a more sustainable way of working. Collaboration and capacity building involve training and more general education on business and sustainability. One expert contributor cited research showing collaborative, problem-solving approaches out-perform audit-only approaches in ensuring labour rights.
- Additionally, such engagement can lead to greater innovation among suppliers, commenters said.
- *Comments from the Lab:*
 - "Nike has some excellent numbers on how innovation has been driven by capacity building / supplier training in the supply chain. The secret seems to be NOT to talk about ethics and sustainability (small business/factory owners on 1-3% margins are prioritising!) but to talk about just doing smarter business that improves productivity, and to show them how it can be done."

The sustainable business case for suppliers

- Part of the challenge in supply chain engagement around sustainability is demonstrating the business opportunities inherent in sustainability – as opposed to the costs of

compliance. Suppliers need to know that something is in it for them when they make changes. New research from Rainforest Alliance suggests that sustainable producers see greater economic returns than others, but there is still work to be done to establish sustainability as a default for producers.

Big social tasks lie ahead

- The discussion on human and labour rights showed that some challenges are only beginning to be addressed.
- Migrant workers are particularly vulnerable to rights abuses, and have specific needs relating to separation from family and other support networks. Understanding how companies can play a role in protecting their rights is currently rudimentary, although work is being done to define and disseminate best practice.
- Defining a “living wage” was described as “virgin territory.” The Fair Labour Association and some companies have taken steps, but commenters said more coordination is needed.
- *Comments from the Lab:*
 - “[The FLA’s] new Workplace Code of Conduct, revised last year, includes the following provision: ‘Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply

with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers’ basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does.”

- “It would be a good idea to bring together the relatively small number of companies (from different industry sectors) that have either implemented or are developing a more comprehensive approach to addressing the challenging ‘living wage’ issue in order to share the specific tools and models they are using.”

SUSTAINABLE PRODUCTION AND DISTRIBUTION



Government can provide a framework

- Across the Lab, but in this stream particularly, participants highlighted that collaboration enables progress that cannot be achieved by single actors. This includes national governments utilising the various levers at their disposal. At the global level, this could mean adopting “Sustainable Development Goals” as successors to the MDGs.
- *Comments from the Lab:*
 - “SDGs are key – MDGs have worked well in getting attention and action on some specific issues but the economic ‘pillar’ is weak. So there's a real opportunity here. And governments – who are the ones who must in the end sign up to SDGs on behalf of their peoples – need a bit of help getting it together. I say that as someone who has had roles in all three sectors: it really helps sometimes to have others making the case.”

Employees make it possible

- Many industry representatives spoke of the importance of engaging employees around sustainability. Their motivation and capacity to meet targets is a big part of achieving them, while they are also a source of new ideas on sustainability in their own right.
- *Comments from the Lab:*
 - “[Employees] often have the best ideas on how the company can increase and improve its sustainability strategy. They are the front line of transforming sustainability strategy.”
- Commenters also highlighted that there are tried-and-true systems of employee engagement in related industry areas to learn from, including the DuPont Safety System and Total Productive Maintenance. The best engagement practices use the full range of channels to employees.

Learn from across sectors

- For water conservation, electronics / high-tech manufacturing is a useful sector to look to for examples – their processes (mainly cooling) require a lot of highly purified water, so there is a lot of pressure to reduce use. Commenters noted a system that Sony has implemented in Japan where they ‘offset’ the water they use (which is drawn from groundwater) by helping local farmers irrigate their paddies with river water. Via the paddies, the groundwater stock is then replenished.

Water pricing

- Just as a number of companies (e.g., Shell, Dow) have successfully used an internal price of carbon to justify investments needed to significantly reduce their carbon footprint, commenters suggested that setting an internal price for water should help prioritize investments in water use efficiency.

Free your data

- Open data policies allow for reuse, combining and remixing of data to produce unexpected results and open up channels for innovation. Changing your understanding of data from it being a “strategic asset,” which should be protected, to a stimulus to new ideas from outside, could unleash new opportunities.

CONSUMER BEHAVIOUR CHANGE



High interest, high energy

- Consumer Behaviour Change was the most visited and most commented-on

discussion in the Lab. The potential and the need for consumers to become drivers of sustainability clearly excites a lot of interest, and if the Lab participants make for a representative sample, there are certainly a lot of sustainability experts engaged with the topic.

Handprint vs. Footprint

- Contributors highlighted the imperative to approach consumers with positive messaging, activating aspirations as opposed to guilt, embarrassment or fear.
- *Comments from the Lab:*
 - “When you try to motivate people by eliciting negative feelings – distress, guilt, shame, alarm – they focus their efforts on relieving their distress, make minimal effort, then tune out. But if you give people a small, manageable – and positive – goal, they will keep going.”
- One novel approach to accentuating the positive with consumers that was highlighted in the Lab discussion is the “handprint” (www.handprinter.org). Rather than making people feel bad or guilty over their use of carbon and other resources, this calculator focuses them on the steps they can take to make improvements.

The potential of entertainment

- As in all of the discussions, contributors were interested in how partnerships can help produce better solutions and reach scale quickly. Large companies could form strategic partnerships with entertainment

media to conduct major-impact consumer education initiatives.

- *Comments from the Lab:*
 - “NBC in the USA trialled ‘behaviour placement’ in their programmes during their green week . . . Not huge green storylines but simply background behaviours proving how normal being green is. In the UK we now allow product placement in our TV shows. Could ‘behavioural placement’ by Unilever make a difference?”

Services not products

- B&Q is currently considering leasing, rather than selling, drills. Car sharing companies like Zipcar and AutoShare are growing quickly. What would be the equivalent for Unilever? Contributors noted that a different model may be needed for ephemeral rather than for durable products, but suspect there is an idea out there.
- *Comments from the Lab:*
 - “Well the obvious one is leasing rather than buying a product. But I don't think that is the solution. I suspect there are new ways of doing things out there which none of us have thought of yet. We need to stimulate and support businesses to come up with new ways of working that are profitable for them and which support less consumption.”

Here, ironically ‘more’ pack = less product waste.”

RECYCLING & WASTE



Take a broad view

- Participants looked at waste in a holistic way, addressing it as part of the wider value chain ecosystem.
- It was noted that corporate targets like “zero waste to landfill,” can be useful, but such blunt approaches may not be helpful if they lead to unsustainable behaviours such as incineration.
- Regarding packaging, contributors discouraged companies from only seeking to reduce it, as packaging innovations can have positive sustainability impacts in other parts of the value chain without necessarily reducing weight or materials used.
- *Comments from the Lab:*
 - “A first thought on ‘what next’ beyond reducing, reducing. First, would be packaging that helps reduce/avoid product waste (often the bigger impact area). I recall a recent grocery packaging innovation where the life of strawberries is increased by a ‘magic’ clay strip in the pack.

Technology for local packaging

- It was suggested that modern technology and supply chain practices may make possible smaller, decentralized packaging plants that would increase efficiency in transport and allow for easy return of reusable packaging to the plant.

Value and price

- Realising the true value of “waste” could be the key to replacing it with “resources” instead, Lab contributors suggested. An efficient economy would connect the producers of waste to the places where it can be valued, whether as raw material for new products or as fuel. Governments have a role in setting incentives, for instance landfill pricing, and the private sector needs to develop the business models to derive value from putting waste back into the supply chain.
- *Comments from the Lab:*
 - “If we are to stop wasting the waste, pricing is crucial.”
- Post-consumer waste is valued differently between developed and emerging economies. Brazil has made progress in improving the working conditions of waste pickers, helping them to become recycling entrepreneurs. India is setting out on this journey as well.



GLOBESCAN

evidence and ideas. applied

For twenty-five years, GlobeScan has helped clients measure and build value-generating relationships with their stakeholders, and to work collaboratively in delivering a sustainable and equitable future.

Uniquely placed at the nexus of reputation, brand and sustainability, GlobeScan partners with clients to build trust, drive engagement and inspire innovation within, around and beyond their organizations.

www.globescan.com



Unilever

Unilever is one of the world's leading suppliers of fast moving consumer goods with operations in over 100 countries and sales in 190. Consumers buy 170 billion Unilever packs around the world every year, and our products are used over two billion times a day. In November 2010 the Unilever Sustainable Living Plan was launched. Unilever publicly committed to a ten year journey towards sustainable growth across the value chain; taking responsibility not just for its own direct operations but for their suppliers, distributors and – crucially– for how consumers use brands like Dove, Knorr, Lipton, Lifebuoy and Pureit.

To sign up to receive regular updates on the Unilever Sustainable Living Plan, please visit:

www.unilever.com/sustainable-living