

## 'We train both internal and external associates to apply a new way of thinking'

**Unilever staff receive training in applying a new way of thinking. This no longer involves merely enhancing the key qualities of innovations. Instead, it focuses on sustainable development and the circular economy as a driver of innovation and growth. Outside the company, Unilever offers educational programs in several countries. Consumers need to be made aware of the value of waste products.**



Gavin Warner



Louis Lindenberg



Christiaan Prins

"When CEO Paul Polman introduced the Unilever Sustainable Living Plan in 2010, he talked about a vision that set out to decouple growth from resource constraints," recounted Gavin Warner, Director of Sustainable Business at Unilever. "This is the exact same principle behind the circular economy model. Polman was strengthened in his conviction when he met Ellen MacArthur in person. He was inspired by how the circular economy model could act as a catalyst to identify new ways to tackle and to extract value from waste."

### Sustainable Living Plan

The Unilever website explains the Sustainable Living Plan: "Our purpose is to make sustainable living commonplace. The Unilever Sustainable Living Plan will help us double the size of our business while reducing our environmental footprint and increasing our positive social impact. We can help to change things on a global scale: deforestation and climate change; water, sanitation and hygiene; and sustainable agriculture and smallholder farmers." "The targets are an integral part of our organization," according to Christiaan Prins, Head of European External Affairs. "They have become part of our DNA. That is a train that cannot be stopped." Warner added: "Our managers want innovations that will help to reduce the use of resources, energy and water. Circular thinking can help in this respect; there is no need for coercion. Today, I receive more requests than ever before to explain the principles of the circular economy to colleagues."

### Mindset

Many of the Unilever researchers responsible for the development of products and packaging already have a circular mindset. Before, they would design for a one-year life span, and thought that recycling of detergent bottles, for instance, was not worth the hassle. "The basic idea was that once products were shelved in stores, they were no longer our responsibility," Prins stated. These days, product designers give serious consideration to value creation for the materials that are left over after consumption of the products. This circular thinking has resulted in refillable detergent packages as well as deodorant aerosols that use 33 percent less aluminum than the conventional aerosols. There is

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still a lot of work to be done, for Unilever markets four hundred global brands and their corresponding packages, including Omo, Dove, Axe, Knorr, Ola and Lipton. People are not put under pressure, though. "We do not force or coerce people to think in terms of circular processes. We do not even provide incentives, for that matter. We want our people to take this journey in their own way, step by step. As there are savings to be made, especially in packaging, the first steps are already being taken," according to Warner.

### Lighthouse

Louis Lindenberg, Packaging Sustainability Director, points to several projects, the so-called Lighthouse Projects, that the group kicked off in 2014 for the purpose of piloting a set of circular principles which can be applied across Unilever's product categories and portfolios, starting with packaging.

*'Ellen MacArthur made us understand that fast-moving consumer goods had not yet been included in the circular economy to a large scale'*

Ellen MacArthur had such a powerful message, it sent a jolt of excitement through Unilever, as he perceived it. "For many, many years, in many, many countries, companies have focused on repairing and recycling. Ellen MacArthur made us understand that fast-moving consumer goods (FMCG) had not yet been included in the circular economy to a large scale."

In the United Kingdom, Unilever is taking part in a two-year project entitled 'Project Reflex'. Companies from across the supply chain work together in this project, including Amcor, Axion Recycling, Dow Chemical, Nestlé, SUEZ (former SITA UK), TOMRA, Interflex Group, and Unilever. Lindenberg outlined the basics: "The project aims to create a circular economy for flexible post-consumer packaging, such as plastic pouches. The government co-funded the project under the Innovate UK scheme, because as much as 32 percent of consumer waste in England consists of flexible plastic packaging.

### Soup

Reflex is important to the FMCG industry as increasing quantities of products are packed in flexible bags. For example, whereas soup used to come in tins, today a large portion of it is packed in pouches that are lighter and take up less space. This allows savings on transport costs as well as CO<sub>2</sub> emissions. The disadvantage is that the pouches consist of composite materials for which there is currently no technology to separate them. The plastic pouch is, therefore, not recyclable. In addition, the research aims to unlock new sorting techniques that will allow for recyclable flexible plastic packaging to be separated from other nonrecyclable flexible materials in a Materials Recovery Facility (MeRF). Lindenberg emphasized that Reflex is looking for practical and cost-effective solutions for this purpose, both for brand manufacturers and retailers. Prins raised a delicate question on this subject: "What if the study results show that separating materials is more expensive than producing these bags from new materials?" He feels that the government should create consumer demand for recycled packages

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so that the tipping point can be reached through increase in scale. Warner underscored the importance of instruments such as the extended producer responsibility (EPR). "I would support economic instruments like EPR, which are likely to be deployed in more and more countries around the world, provided they meet important criteria such as ensuring all members of the value chain share responsibility and that costs are proportionate to the environmental benefit realized. This would encourage companies to take greater consideration for type and amount of materials used in packaging."

### Lessons

Unilever considers education and creating awareness to be the second main condition for the development towards a circular economy, and relative to other multinationals, the company invests heavily in these aspects, both internally and externally. Warner is responsible for the internal paradigm shift and has developed a three-year program for this purpose that was launched in 2014. "The principles of the circular economy are being included in the management training programs, with key design principles already integrated into training for R&D pack designers. They are actively promoted by our managers and directors and they inspire employees to adopt a new way of thinking. Unilever is a global partner of the Ellen MacArthur Foundation. I use the educational materials of the foundation in the training programs for our researchers, product designers and marketers. Moreover, these three departments themselves are actively involved in this partnership." Lindenberg added: "Unilever globally employs around eight hundred packaging engineers. We continually train

and develop our people in design for recycling principles and other elements of designing for a circular economy. We develop most of our products and packages at group level, and they are rolled out at a local level."

## 'We continually train and develop our people'

Due to lack of technology or infrastructure in some countries, to recycle some of the materials which Unilever uses, the company is setting up projects to promote waste collection and recycling. One successful project is the Waste Bank in Indonesia. Unilever teaches local communities how to set up a waste management system that will earn local residents a profit to boot. Special dedicated Unilever trainers assist in the implementation of a professional approach, in which different types of waste products are separated and collected, people are reimbursed for their waste products, and the waste products are sorted further and where possible sold. Yet another example is located in Brazil, where Unilever works in partnership with companies such as Coca-Cola, Nestlé, Johnson & Johnson and the NGO Cempre to encourage increased recycling through cooperatives (formalized waste pickers). Materials are collected from various drop-off points and taken to the cooperative, where the materials are hand-sorted, baled and sold to recyclers.

### Government

Prins emphasized that governments should take their responsibility in influencing consumer behavior and setting up a waste treatment infrastructure. Unilever advocates a harmonized footprint methodology in Europe. Prins explained: "This methodology will

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enable us to label products, for instance A through G, in which A stands for 100 percent sustainable and G for anything but sustainable. This will set the market in motion, for every company will want to obtain the A label." This seems like a simple solution, but without so much as pausing for breath, he added a warning. "This type of methodology is fairly tricky, though. One can wonder, for instance, what is more 'sustainable', the package that is easiest to recycle or the package that optimally extends the shelf life of the product it contains? Or is it the package that can be reused, such as glass, but the sheer weight of which causes relatively high CO<sub>2</sub> emissions?"

"We will have to meet in the middle," Lindenberg argued. "Through materials innovation, and sorting and reprocessing technology innovation, brands and recyclers can come closer together, ensuring maximum value for resources utilized."

### Education

Prins stated: "European Commission President Juncker proposed a European investment plan in July of 2014. He wants to generate 315 billion euros in investments, predominantly in energy networks, energy-efficient transport and renewable energy. To realize such an investment, the European Commission has to paint a long-term vision for the circular economy. There are countries in Europe, even today, where waste is landfilled – if it is collected at all. There is no point in putting a recyclable packaging material on the market when it is not recycled. Fortunately, the European Parliament adopted a resolution in July of 2015 that called on the EU to set binding recycling targets. "Waste is business. In the best-case scenario it is a resource, in the worst-case scenario it

is energy. The internal market should equally apply to resources from waste. Countries with a proper infrastructure, such as the Netherlands, that even has overcapacity, should be allowed to process waste streams of other European countries. The rules and regulations governing the transport of waste and hazardous materials should be adjusted to accommodate this." Unilever and a number of other companies, including Philips and DSM, advocate government policies that will enable closing the loops.

### Ball

Warner expressed the warning that we are still far away from delivering fully circular innovations. To start the ball rolling, he feels that we need more than just encouraging European policies; the middle managers of companies should be encouraged to focus on the long term. "They need support in building the business case for circular initiatives that consider externalities like EPR (Extended Producer Responsibility) and even longer pay-back periods. He also feels that changing consumer behavior is one of the greatest challenges. "Their current behavior is consistent with a system that was built up over many years. You cannot change that overnight." Although he does not have many examples of 'fully' circular innovations in packaging in fast-moving consumer goods – beyond the returnable bottle system of the beer industries – he is definitely passionate about the circular economy, "even though we still have a long way ahead of us to get there."

