



HUMAN8

THE CHINA EDITION

CONSCIOUS CONSUMPTION

How sustainable is sustainability for brands?

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A THREAT TO OUR PLANET AND HEALTH

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2020 ranks as the second-hottest year in history after 2016, with a record number of Atlantic hurricanes and tropical storms, a string of wildfires from the Arctic to, crop-eating locust swarms, and seasonal monsoon floods destroying more than 1.4 million homes in China (*EcoWatch, 2020*). The physical impact of the climate crisis is impossible to ignore, but experts are becoming increasingly concerned about another, less obvious consequence of the escalating emergency: the strain it is putting on people's mental well-being.

ECO-ANXIETY



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According to researchers, increasing rates of depression, anxiety, post-traumatic stress, and other mental-health disorders are a by-product of climate change. More than 1,000 clinical psychologists have signed an open letter to highlight the impact of the environmental crisis on people's well-being, predicting 'acute trauma on a global scale in response to extreme weather events, forced migration and conflict' (*The Guardian*, 2019).

Our research has shown that 80% of Chinese consumers share this feeling of concern about wasting the planet's resources. The phenomenon is labelled 'eco-anxiety' and refers to a persistent worry about the future of the Earth and the life it shelters. It is characterized

by symptoms such as panic attacks, loss of appetite, insomnia, and obsessive thinking about the planet. It even goes as far as some of the younger generations (i.e., Gen Z and Millennials) deliberately choosing not to have children, as that is the most destructive thing one can inflict on the environment. A study by Lund University, Sweden found that having one child less per family can save an average of 58.6 tons of CO₂-equivalent emissions per year. BirthStrike, for example, is a voluntary organization which connects these 'eco-DINKs' ('Double Income No Kids') who decided not to have children in response to the coming 'climate breakdown and civilization collapse'.

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FROM ECO-WORRIERS TO ECO-WARRIORS

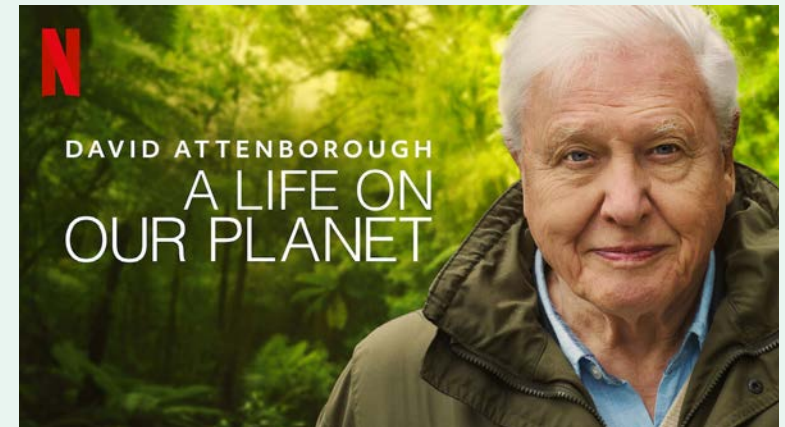


This increased eco-anxiety and environmental worry have sparked people to fight for change. In fact, nearly 80% of consumers want to make a difference in saving the planet for future generations (Capgemini, 2020). Especially younger generations, whose future is threatened by the rise of the global temperature, are increasingly demanding action. We are experiencing a shift from eco-worriers to eco-warriors.

This was clearly visible in September 2019 during the climate summit in New York with more than 7.5 million people participating in climate protests across 2,500 events in over 163 countries around the globe. And it wasn't just Greta Thunberg and other youngsters; older generations were involved as well (EcoWatch, 2019).

The Attenborough effect

Sir David Attenborough, aged 95, is famous for his documentaries. The airing of his 'Blue Planet' series brought a noticeable uplift in community awareness and engagement with plastic reduction and biodiversity protection. Hitwise, a company that measures online behaviour, stated that internet searches for 'plastic recycling' rose by 55% after the last 'Blue Planet' episode had aired. Equally, organizations like the Marine Conservation Society, WWF and Plastic Oceans International saw huge spikes in website visitors which allowed them to use the messages from the series to tell their own stories to this broader audience.



And it goes beyond taking the streets. People are also consciously voting with their wallets. Our research has shown that 36% of Chinese consumers have participated in boycotting a brand because they deemed it 'not sustainable'. The most common reasons for boycotting brands are the use of packaging and plastics (44%), not reducing CO₂ emissions (43%), and not paying attention to circular-economy initiatives (39%).

CLEAN IS THE NEW GREEN



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94% of Chinese consumers indicate that the topic of sustainability is important to them, and 53% feel the COVID-19 pandemic is a consequence of a global eco-disbalance, the globalized economy, and food chain problems.

The pandemic had its impact on people's perception of sustainability. 78% of Chinese consumers say the COVID-19 lockdown made them

revalue nature and the importance of clean air. For many, walking and exploring the local neighbourhood were some of the few activities allowed during lockdown. But the pandemic not only brought people closer to the environment; the economic and social slowdown also made the impact of men on nature very visible, as air pollution in urban areas dropped by up to 45% during lockdown (*Bonardi, et al., 2021*). Delhi, one of most polluted cities in the world, reported a decrease of 71% in nitrogen dioxide. But the impact on nature and the surrounding wildlife was also clear. The Bosphorus, for example, a usually very busy narrow waterway connecting the Mediterranean to the Black Sea, became a nice swimming area for dolphins (*Euronews, 2020*).



Delhi, one of most polluted cities in the world, reported a decrease of 43% in particle pollution (PM2.5) and 71% in NO₂

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Moreover, the COVID-19 pandemic added a safety dimension to sustainability that consumers and organizations must now balance. 78% of organizations agree that their business models and practices will be reassessed from a health and safety perspective, and that they will explore new models in sourcing, packaging, etc. (*Capgemini, 2020*).



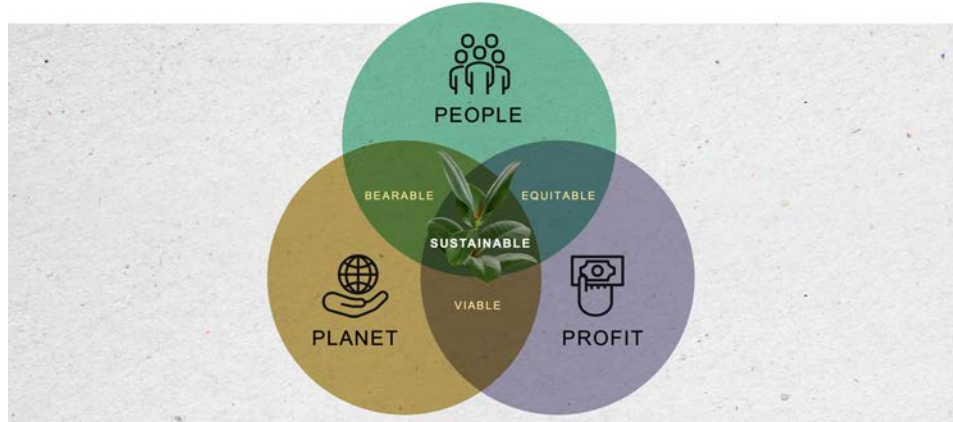
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SUSTAIN- ABILITY

Yet sustainability is nothing new. The term can be traced back to Hans Carl von Carlowitz, an 18th-century German miner who was responsible for forestry management. Wanting to ensure that there would always be wood available, he established principles to keep the forest sustainable (e.g., every tree that was cut down would be replaced), i.e., 'Nachhaltigkeit' or sustainability. In 1987, the World Commission on Environment and Development defined sustainability as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'.

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THE TRIPLE BOTTOM LINE



The classic model of sustainability is the so-called 'triple bottom line', a model brought forward in 1994 by John Elkington, an authority on corporate responsibility and sustainable development. While traditional accounting and business frameworks solely focused on the bottom line (i.e., the business' monetary profits), the 'triple bottom line' theory expands the traditional accounting framework to include two other performance areas: a company's social and environmental impact. These three bottom lines are often referred to as the three Ps: people, planet and profit. According to this definition, sustainability means still going for profits while also doing better for people and for the planet.

However, in 2019, with the model's 25th anniversary, Elkington recalled it, declaring he was wrong as the model gave companies an alibi to not invest in sustainability if it is not profitable. "Fundamentally, we have a hard-wired cultural problem in business, finance and markets. Whereas CEOs, CFOs and other corporate leaders move heaven and earth to ensure that they hit their profit targets, the same is very rarely true for their people and planet targets. Clearly, the triple bottom line has failed to bury the single-bottom-

line paradigm" (Elkington, 2018). This is quite exceptional as a thought-model recall is very rare. But it is indeed not the way forward, as we can see earth overshoot day coming earlier every year.

Earth Overshoot Day

Earth Overshoot Day marks the date that the demand for ecological resources and services exceeds what the Earth can regenerate in a year. It's the day we have exhausted the planet's resources for that year. The impact of COVID-19 pushed Earth Overshoot Day to August 22 in 2020, while it was July 29 in 2019. Yet, in 2021 it falls on July 29 again. This means that worldwide we need more than 1.6 planets to cater for all the needs we have (Earth Overshoot Day, 2021). When looking at a country level, we saw an even more painful reality with countries like Luxemburg, the US, Australia, China and Belgium having hit Earth Overshoot Day before July in 2021.

Country Overshoot Days 2021

When would Earth Overshoot Day land if the world's population lived like...



Source: National Footprint and Biocapacity Accounts, 2021 Edition
data.footprintnetwork.org



GREEN SWANS



An example of a green swan is the 30 km² Eco-City project in Tianjin, which promotes a more sustainable urbanization. The goal of the project is to create an economically sustainable, socially harmonious, and environmentally friendly city which will become a model that can be replicated by other Chinese cities. Today, Tianjin is home to more than 100,000 people and 8,500 companies, and it uses several smart technologies. For example, in the city you can find China's first near-zero carbon emissions charging station for electric vehicles (*People's daily online*, 2021). Inhabitants can also earn virtual credits by helping each other with small tasks (e.g., picking up and delivering a package), which they can redeem in supermarkets. Or they can have a rest on a 'solar-panel charging' bench in a park where they can charge their mobile devices (*CGTN*, 2021).

In response, Elkington published a new book in 2020 titled 'Green Swans', illustrating how sustainability should not be about doing less harm, but rather about becoming regenerative, i.e., restoring and replenishing what we destroy. Green Swans is a manifesto for system change designed to serve people, planet and prosperity. This implies rethinking our systems and the way we produce products and organize our businesses, and how we are living.

One could say it builds on Nassim Taleb's 'The Black Swan', a book on unpredictable and large-scale events or challenges. While 'black swans' are problems that take us exponentially toward **breakdown**, 'green swans' are solutions that take us exponentially toward **breakthrough**.



CLIMATE-PLUS COMMERCE



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Brands and businesses thus need to actively pursue what we could label 'climate-plus commerce', which is doing commerce whilst renewing and/or replacing the planet's sources. The C40 Climate-Positive Development programme, which brings together leading climate-positive projects in cities around the world, is such an initiative. All projects endorsed under the programme seek to achieve a 'climate-positive' emission target and serve as urban laboratories for cities that want to grow in an environmentally sustainable and economically viable way. An example of such a project is the 'New Shougang Comprehensive High-end Industry Services Park' - green buildings, clean energy, green spaces (i.e., 47.2% of the site is a green space), responsible waste management, and the rehabilitation of contaminated sites are the core elements of this low-carbon urban development

project. "We are delighted that the Shougang Park has been accepted into the C40 Climate-Positive Development programme," said Jin Wei, then chairman of Shougang Group. "The project will demonstrate that it is possible to turn areas that were once responsible for creating the most emissions into sustainable, low-carbon communities for people to live and work in, in Beijing and across China." (C40, 2016).



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Similarly, 'Certified B Corporation' is a new business model initiative that tries to balance purpose and profit. The movement tries to use business as a force for good, where members are required to consider the impact of their decisions not only on the environment, but also on their workers, customers, suppliers, and the community. Today, the movement connects 4,010 companies across 153 industries in 77 countries. Example companies are Ben & Jerry's, Stonyfield, Danone Waters China, and Patagonia. Brands can participate by completing the B Impact Assessment (BIA) where they need to score at least 80

out of the possible 200 points to qualify for certification. Patagonia is leading the pack with a B Impact Score of 151, while the average score for ordinary businesses lies at 50. The brand knows that their business activity – from lighting in stores to dyeing shirts – is part of the problem. They are working towards gradually changing their business practices, and they share what they've learned. They not only seek to do less harm, but actively try to contribute to the good.

“For Danone, being B-Corp-certified serves as a catalyzer for sustainable growth. During meetings where we discuss innovation, for instance, we always have a one-pager in the standard deck to discuss how an innovation will impact B-Corp. Just by doing that, we reflect on how we can ensure that our innovations contribute to the bigger picture such as the Paris Agreement on Climate Change.”



Tine Ryssaert, Sustainability for Growth Director EDP Belgium at **Danone**

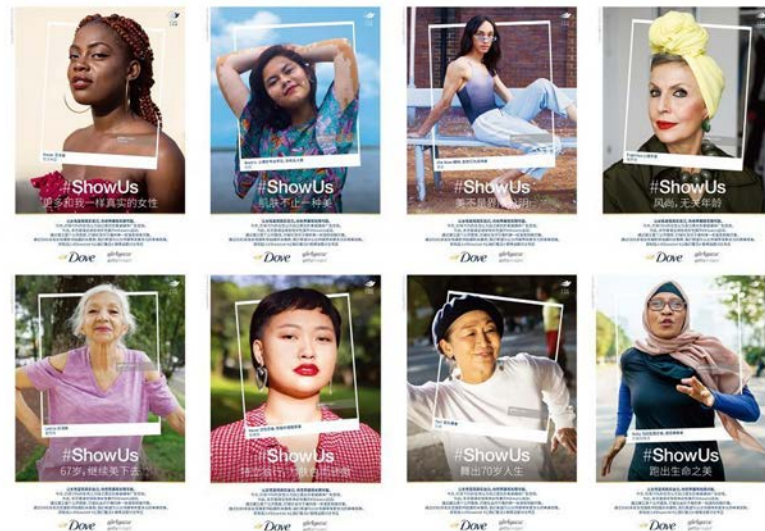
EQUALITY, DIVERSITY AND INCLUSION



Ever since John Elkington launched (and recalled) the ‘triple bottom line’ model, ‘people’ or human rights have been an integral part of sustainable development. Yet, with Black Lives Matter, #metoo and pride movements gaining momentum, conversations around a sustainable future actively started to address topics such as equality, diversity and inclusion. With the public – and especially younger generations – demanding a more equal society, brands

cannot lag behind. Chinese-American tech company Lenovo, for instance, has set clear objectives around diversity and inclusion. By 2025/2026, the business wants to grow the global representation of women in executive roles to 27% (vs 21% in 2020), vet 75% of Lenovo's products by inclusive design experts to ensure they work for everyone (regardless of physical attributes or abilities), and grow the representation of executives in the US from historically underrepresented ethnic and racial groups to 35% (from 29% in 2020) (Lenovo, 2021).

Likewise, Unilever is determined to create a more socially inclusive world. As one of the world's biggest advertisers with 400+ brands sold in over 190 countries, Unilever has formulated the ambition in advertising to 'increase the purposeful inclusion of diverse groups both on screen and behind the camera'. They want to create marketing that will help influence the next generation of people to be prejudice-free. An example is what they did for their personal care



brand Dove – in partnership with Getty Images, the brand created a collection of 10,000 images that offer a more inclusive vision of beauty for all media and advertisers to use.

Neiwai is a Chinese lingerie brand that celebrates women of all body shapes and ages. The brand focuses on female empowerment and asserts that its underwear is 'not just made to be worn, but made to live in'. For International Women's Day 2020, Neiwai produced a short film, 'No Body Is Nobody', to challenge the prevailing stereotypes in the Chinese (social) media of slim legs, a tiny waist, and white, radiant skin. The movie features six different women who express their feelings about their body, highlighting that there is not one definition of beauty. The campaign was very well received on social media, leading to 262,000 views on Weibo and 100,000 reads on WeChat (DAO Insights, 2021).

NO BODY IS NOBODY
没有一种身材,是微不足道的。



NEIWAI



HOW BEIERSDORF CELEBRATES PRIDE AND TOLERANCE

Interview with Björn Böge, Senior Brand Manager NIVEA Body, Creme & Hand at Beiersdorf

Every year in June, many large corporations hang out the rainbow flag and display slogans like 'Love is love' to show their support for the gay community. Equally so at Beiersdorf, where togetherness, respect and tolerance are important topics. And the personal care brand goes beyond merely expressing their support for the LGBTIQ+ community; they practice what they preach and actively stand up for lifestyle and identity diversity via several campaigns and initiatives.

During pride season in 2020, Beiersdorf launched a Limited Edition design of NIVEA cream in rainbow colours, as part of its 'More togetherness' campaign. With this initiative, the brand promoted a world where everyone can be who they want, without having to justify themselves. "We deliberately selected the NIVEA cream to convey this message of diversity as the 'blue tin' is iconic, it's how it all started," says Björn Böge, Senior Brand Manager NIVEA Body, Creme & Hand at Beiersdorf. "This is the skin care product most people are familiar with, and we want to bring the message across that pride and tolerance are part of our core value 'CARE' too. In fact, our campaign also features images of Beiersdorf employees, so, it's really human-driven."

Beiersdorf's employees play an important role in fuelling a tolerant and open-minded work environment. As such, they founded the 'Be You @Beiersdorf' employee network in 2020 to champion LGBTIQ+* topics among the workforce. Today, it is an important pillar for diversity and inclusion within the organization. In August 2021, the network hosted a two-day public 'Pride Festival' with celebrity guests such as drag icon Olivia Jones to discuss diverse LGBTIQ+* topics and share authentic stories. "More than 4,400 people joined the event digitally, featuring 16 sessions around relevant LGBTIQ+* topics, all of them so touching and inspiring," says Björn.

** The acronym LGBTIQ+ stands for lesbian, gay, bisexual, trans, intersex, queer and more*





THE SUSTAIN- ABILITY PARADOX

So where does the problem lie? How come that although awareness around sustainability is at an all-time high, Earth Overshoot Day still comes earlier every year? What causes this sustainability paradox?

ECO-CONFUSION

Sustainability is a very complex matter. It's a holistic, all-embracing concept. This also shows when people share what comes to mind when they think of sustainability. Chinese consumers link a broad range of concepts to sustainability, from circular-economy initiatives (59%) and the preservation of biospheres (54%) to CO₂ reduction (56%), less packaging and plastics (55%), and recycling (51%).





HOW CONSUMERS DRIVE PERRIGO'S APPROACH TOWARDS SUSTAINABILITY

Interview with **Fleur D'Haenens**, Global Category Lead Skincare and **Tom Van Avondt**, Director Consumer and Market Intelligence, at **Perrigo**

Sustainability is a broad topic; for global brands like those of consumer healthcare company Perrigo, it is key to understand what matters to consumers across brands and product categories. As Fleur D'Haenens, Global Category Lead Skincare explains: "At Perrigo, we are convinced that with smart strategy and a collective effort, we can make lives better. What we do has an impact on planet and society and so we try to create awareness around this. We focus on product categories/ brands and various aspects of sustainability, depending on what's important for the consumer. Within our derma cosmetics category, for instance, we know we need to ensure that our products are gentle to the skin and kind to the environment, while in other categories, we might concentrate more on packaging and pay more attention to that element from a sustainability point of view."

Another aspect of sustainability – that has come more to the forefront during COVID-19 – is mental health. "This is a topic that we address both on a corporate level via fundraising for initiatives such as World Mental Health Day, and on a brand level," says Tom Van Avondt, Director Consumer and Market Intelligence at Perrigo. "In Poland, for example, we set up 'the Academy of Puberty' with Lactacyd, our intimate hygiene and care brand. This platform, targeted at young girls, their parents and schools, contains relevant information and content that goes beyond female hygiene. Think for instance about body confidence and body positivity, which are closely linked to mental health and well-being. By doing this, we want to show that Perrigo understands the life challenges of our target group and supports them, even when it's not core to the category."

They apply a similar approach to their derma-cosmetics brand ACO in the Nordics, with the 'My skin won't stop me' campaign. Skin health is strongly related to self-esteem. As such, ACO wanted to express what isn't always visible



on the surface, but often felt on the inside. For instance, a woman suffering from acne accentuated her spots with colour paint, reflecting how she feels.

"It shows that we look at sustainability in a broader perspective and not only directed at a brand, a product, or packaging, but really at what impacts consumers. Credibility is key here. It's at the core of any sustainability topic," concludes Fleur.

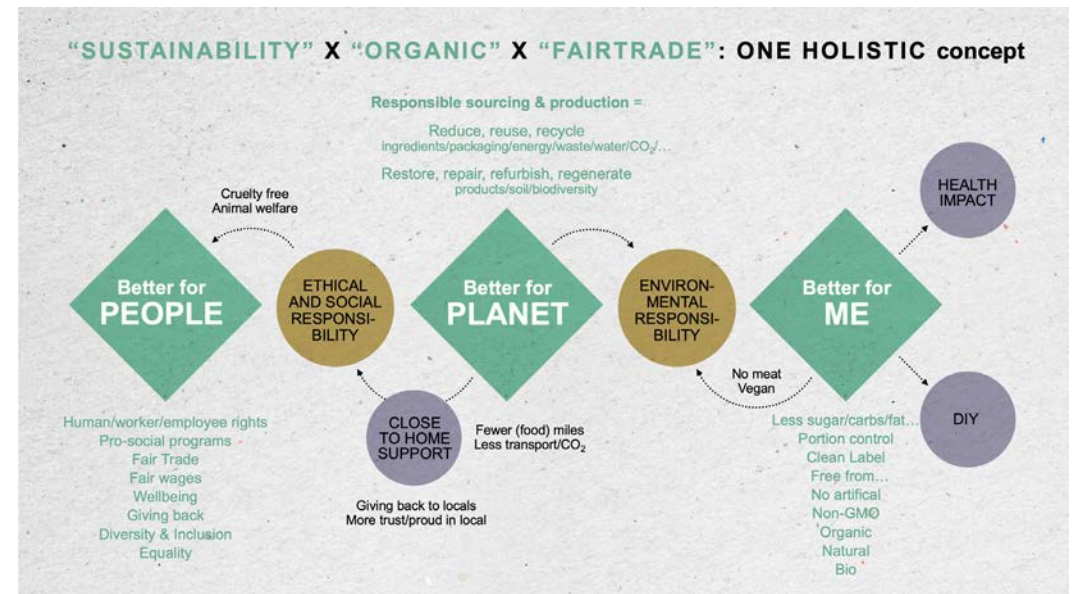
Another factor that adds to the confusion is the overload of claims and labels out there. According to the global Ecolabel Index, more than 455 eco-labels are used in 199 countries across 25 industries (Big Room Inc, 2021). From a frog, a green tree or a blue fish to labels like 'organic', 'free from', 'natural', 'fair trade'... there is a magnitude of labels trying to signal some environmental aspect to consumers. This surplus in sustainability claims has shown to be a core barrier for consumers to buy sustainable products (The Conference Board, 2020).

“There are so many labels and people don’t understand them. It seems like putting multiple labels on packaging is the new greenwashing, as large organizations just want to ‘tick the box’.”

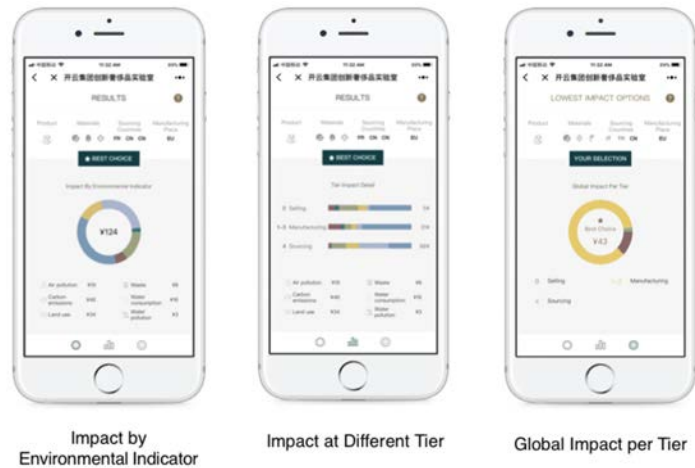


Tine Ryssaert, Sustainability for Growth Director EDP Belgium at Danone

Besides, having a certain label does not mean a product is 'sustainable', it may just tick one of the sustainability dimensions while ignoring the rest. This can lead to inconsistencies. Think for example about organic products being packaged in plastics; it makes consumers eco-confused, as they expect organic products to be made and packaged sustainably. The same goes for the 'fair trade' claim, as consumers often assume fair trade equals produced in an environmentally responsible way. In reality, these are often different things. Not surprisingly, 81% of Chinese consumers say claims about sustainability should be subject to a clearer regulation.



Moreover, 81% of Chinese consumers believe there should be more reliable and accessible ways to evaluate whether a brand is sustainable or not. French-based luxury brand Kering helps to bring clarity for Chinese consumers via its EP&L (Environmental Profit & Loss) WeChat mini programme. Through this programme, users can measure the environmental impact and learn about the 'hidden' cost of their purchases.



Similarly, tech firm Tencent launched the 'One Object One Code' function which allows business users to create a micro QR code to stick on their products. When scanning such a code, consumers enter a brand-specific mini programme on WeChat. Since product safety is an important topic in the Chinese market, many brands have successfully built a product traceability platform via this WeChat function. This not only allows to track the origin of the product from a sustainability perspective, but also prevents counterfeit products.

There clearly is a need for a more holistic classification system, one certificate providing a rating for brands' efforts in supporting people

and planet, across industry or region. 45% of Chinese consumers say that receiving guidance from experts would positively impact their willingness towards adopting a more sustainable lifestyle. The B-Corporation certificate (cf. supra) tries to create such a holistic label for sustainable commerce, yet 34% of Chinese consumers have never heard of the initiative, and only 12% have seen the label on the one or the other packaging.



Consumers' 'eco-confusion' is also fuelled by the lack of awareness of what brands are doing. When asking Chinese consumers to name the most sustainable brand they know, 43% could not name a single brand. Research has shown that in fashion, for example, only 17% feel informed about the industry's environmental and social impact. Yet the problem goes beyond communication, as there also exists a lack of trust amongst consumers. The same study has shown that only 19% consider information provided by clothing brands themselves to be the most trustworthy source as to how sustainable a brand is (*Changing Markets, 2019*). The Fashion Transparency Index reviews 250 of the world's largest fashion brands and retailers, ranking them on their disclosure of social and environmental policies, practices and impact. Those who participated within the reporting index received an average of 35%, compared to non-participating brands that scored an average of 11% (0% meaning they would disclose nothing, +80% meaning that they publish detailed information about their supply chain).



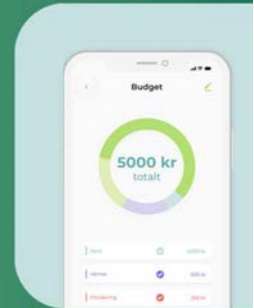
HOW FINTECH START-UP SPARLY IS HELPING CONSUMERS TO LIVE A MORE SUSTAINABLE LIFE

Interview with Jazgul Ismailova, Co-founder and CEO at Sparly

Sparly is a FinTech start-up with a mission to help consumers make more informed and sustainable financial decisions. Or as Jazgul puts it, “there is a growing need amongst consumers to live more sustainably, yet they don’t know how to do that. They don’t know what actions to take and how much impact this can have. Current solutions such as the carbon calculator are quite cumbersome and time-consuming. And that’s where we want to make a difference, by creating this new category we call ‘sustainable personal finances’.” The company challenges the old business models in the financial industry which are all about more transactions, more loans, and thus more profits for the banks.

The app wants to showcase that with every purchase people make, it matters how they spend their money. To do so, the app recently launched a gamified educational model featuring sustainability content on how to live more sustainably (e.g., how to buy food and clothing, which elements to consider when thinking about a holiday...). After finishing a module, users get points which they can exchange for exclusive discounts on several sustainable brands. In a next release, the app aims to show users to what extent their purchase transactions were sustainable or not. For this, the start-up is awaiting the new European taxonomy, as it will provide a common truth as to which companies are managed sustainably.

“The biggest part is actually how you spend money, and there we wish to raise awareness. We want to create products to show that every purchase makes a difference, and help especially young adults by making it easier to live in line with their values. Our mission is to break the curse of overconsumption and help people live and spend money mindfully and more intentionally,” says Jazgul.



ECO-BARRIERS



“For me, the fundamental question is: why should the consumer pay more for trusting a brand in terms of sustainability performance? If a brand truly believes in its license to operate, its responsibility and its long-term vision, it should not only ensure a total quality of its products, but also demonstrate that environmental and social sustainability are an integral part of the product proposition - from its design stage to the moment it is consumed by pets in our case.”



Fabrice Mathieu, Global sustainability director and administrator of The Royal Canin Foundation at **Royal Canin**

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A second dimension driving the sustainability paradox is the so-called ‘say-do gap’, where intentions are high, however actual behaviour is low. Research has shown that although 65% of consumers say they want to buy purpose-driven brands that advocate sustainability, only 26% actually do (*Harvard Business Review, 2019b*). So, what is holding people back?

1. AFFORDABILITY

A first barrier is affordability – consumers perceive sustainable alternatives as more expensive. This is often true and the result of two factors. The first is the lower demand which does not allow sustainable products to enjoy the economies of scale that other more established non-sustainable alternatives do. A second factor is that doing business ethically and sustainably often comes at premium cost. The affordability issue has also opened the discussion of how sustainable products leave lower-income individuals behind. Can sustainability itself be sustainable if it is not inclusive?

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Our research has shown that willingness to pay changes depending on the product, with 39% of Chinese consumers being prepared to pay extra for sustainable durables, 39% for sustainable energy sources, 36% for sustainable clothing, and 34% for sustainable home-care products. Yet, 46% of Chinese consumers feel they should not have to pay more for sustainable products. In fact, better pricing models could boost the consumption of sustainable products with 48% of consumers saying they would adopt a more sustainable lifestyle if products were cheaper.

An affordable yet sustainable solution that is gaining ground is refillable packaging for household and beauty products. Slowood, for instance, offers a range of eco-friendly products such as cleaning products in refillable packaging, but also food in bulk (e.g., snacks, herbs, dried fruit...). Since its launch in 2013, the brand has been gaining momentum and popularity in Hong Kong’s eco-friendly shopping scene.



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Yet, the idea of bringing your own bottles and containers to buy refills is nothing new. Wang Shihai, store manager of a local shop owned by the Shanghai Soap Corp, says: “More customers have come to visit the store in recent months, as they are becoming more aware of the importance of environmental protection.” Next to causing less harm to the environment, the immediate benefit for consumers is the price. “Our store has had this business model for over 30 years. What we offer is about 70% cheaper than the products in separate packaging sold in supermarket,” adds Wang (*China Daily*, 2020).

2. ACCESSIBILITY

A second barrier is accessibility. 38% of consumers feel environmentally friendly products are hard to find (*Delmas, 2018*). Getting hold of sustainable options is not always easy. Apart from the lack of information as to which products are sustainable, many stores don't have (m)any sustainable alternatives available, requiring consumers to invest a lot of time and effort in finding sustainable solutions.

Yet accessibility is an important dimension, with our research showing 38% of Chinese consumers stating they would adopt a more sustainable lifestyle if products were widely and easily available.



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Eco&More, for example, manufactures and sells plant-based, biodegradable home and personal care products made in China. Like Shanghai Soap Corp, Eco&More works with a refill system. “Most people are unaware that 80 tons of plastic waste goes into our oceans,” says founder Jeni Sae-Yang. “Our refill stations mean people can send their drivers or Ayis or come in themselves and refill their bottles, so less plastic ends up in the oceans.”

To make refilling bottles accessible to all, the brand even worked with mobile refill stations, removing as many barriers as possible (*Threads & Travel*, 2018).

3. PERFORMANCE

Next, consumers feel they are forced to make a trade-off between sustainability and other valued product attributes. In fact, research has shown that when a brand highlights a product's sustainable attributes, consumers implicitly think that the product will perform worse than its less sustainable counterpart. Consumers often see sustainability as a sign that a product is less effective (Usrey, 2020).

Just think of high-performing cars like Lamborghini, Ferrari or Porsche. If these makes launched an eco-friendly model, consumers will possibly assume it is not as fast as the original. Tesla however has been a gamechanger in the car industry, matching both sustainability and performance. Tesla's flagship Model S, for example, accelerates faster than a sought-after Ferrari supercar.



Therefore, offering a sustainable solution is not enough; brands and businesses need to make sure they tick off all important performance characteristics to boost adoption by consumers. This is especially valid for functional performance characteristics, which are considered the Olympic minimum where no trade-offs should be made. This is also confirmed by research, which shows that consumers are more likely to trade off hedonic value (e.g., aesthetics) rather than utilitarian value (e.g., functional performance) to support sustainability (Luchs & Kumar, 2017).

“At Ecover + method, we continuously innovate to improve, but we can’t win by trying to lead with performance. People need to try our products and decide for themselves if they perform in line with their needs. But this can be very different for different people. For example, some consumers are looking for products with a strong fragrance while others find such a strong smell off-putting. So, for us, performance is more about tapping into a lifestyle of making sustainable choices with as few compromises as possible.”



Tom Domen, Global head of Long-Term Innovation at Ecover + method

4. CONVENIENCE

A last barrier is the disconnect that exists between convenience and sustainability. In fact, 56% of Chinese consumers say they would adopt a more sustainable lifestyle if it required less time or effort. Today's IWWIWWIWI consumer (i.e., I want what I want when I want it) does not want to make any trade-offs, especially not on convenience. 48% of consumers agree that although they know they should care more about the environment through their purchasing habits, convenience still takes priority (*Getty Images, 2020*).

A great example of a brand matching sustainability with convenience is Aihuishou, the largest electronics-recycling company in China. In 2018, Aihuishou installed 2,000 'cell phone recycling' machines in Shanghai and Beijing to facilitate handing them in. This recycling machine works via a buy-back-by-deposit principle: you deposit your phone, leave your details, and receive part of the payment. After your phone gets to the sorting centre and is checked, you receive the rest of the money. In 2019, these machines resulted in up to 10,000 phones being received daily (*NSYS Group, 2021*). Apart from the recycling system, the brand currently owns more than 900 stores in over 190 cities in China that facilitate recycling.



Another brand that marries sustainability with convenience is BIOfarm, one of China's pioneers in organic farming. Located on the outskirts of Shanghai, this 500-acre farm sells more than 300 types of vegetables to e-commerce sites, restaurants, supermarkets and hotels, and they also deliver to consumers' doorsteps. BIOfarm uses a subscription formula with organic, seasonal vegetables and farm-fresh organic eggs delivered in boxes which come in three sizes so consumers can select the box that best fits their household. The products come in recyclable boxes without excess packaging, which can be returned to the driver.



COMBINING PERFORMANCE AND CONVENIENCE: ARÇELİK'S FIBER-CATCHER

Interview with Bahadır Tomac, Consumer Insights Manager at Arçelik

Arçelik, multinational manufacturer of household appliances, is serious about addressing plastic waste and pollution. The brand launched multiple innovations in this area, from washer-dryers with a recycled pet tub, to ovens containing recycled fishing nets, and even washing machines with built-in FiberCatcher technology. The latter prevents up to 90% of microfibers from leaking into water resources, by filtering them out through the filter box in the detergent drawer. "For me, this is the perfect example of combining performance with convenience," says Bahadır Tomac, Consumer Insights Manager at Arçelik. "People don't have to do much, just continue using a very high-power and high-performance washing machine. After six months, the fibers are gathered in a recyclable bag and we collect them. So, it's really taking the burden away, providing convenience." Arçelik made this microfiber-filtering technology available to its competitors in the industry, encouraging them to save the environment.





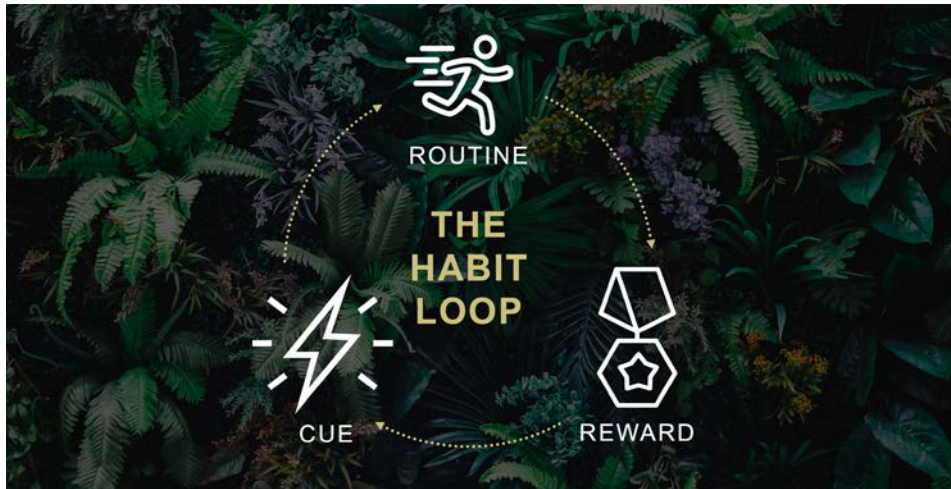
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BRIDGING THE SAY- DO GAP

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Our research has shown that more than 79% of Chinese consumers wish to change their habits, in order to have a positive impact on the environment, and the number is even higher among Gen Y (86%). Yet, adopting new habits does not happen from one moment to the next. Many aspects of our lives run on autopilot, including most decisions we take daily. Just consider a visit to the grocery store where you are likely to stock up on recurrent items without considering their (sustainable) alternatives.

FROM HABITS TO NORMS



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It turns out that every habit starts with a psychological pattern called a 'habit loop', which is a process consisting of three elements: a trigger, a routine and a reward. Understanding how the habit loop works can help reshape old habits into new ones, such as adopting a more sustainable lifestyle.

According to Charles Duhigg, author of 'The Power of Habit', every habit kicks off with a trigger or cue (Duhigg, 2014). After putting on your socks, you probably put on your shoes without thinking twice. Similarly, for sustainable behaviour we need these cues or triggers to guide us to routine. Doug McKenzie-Mohr touches upon this in his book 'Fostering Sustainable Behavior', where he talks about how prompts and cues can act as triggers for sustainable behaviour (McKenzie-Mohr, 2011). Yet, it's important that the prompt is as close as possible to where the action should take place. Think about a sticker on a washing

machine stating 'only use with full load', or 'only use with cold water'. McKenzie-Mohr also highlights the importance of educating consumers by describing desired actions in clear, easy-to-remember steps, and describes the use of incentives to foster desired behaviour.

Brands can play an important role in this by supporting consumers in installing sustainable habits and by providing 'rewards', fuelling repeated action. Unilever, for example, joined forces with Alibaba Group, to develop an AI-powered recycling system. Consumers can deposit their plastic waste using Alipay, Alibaba's e-wallet service. The system will automatically recognise the type of plastic and sort it, so it can be recycled and reused in another Unilever product packaging. As a reward, consumers can choose to receive vouchers for Unilever products, or virtual 'green energy' points in Alipay's 'Ant Forest' project.



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In fact, since its launch in 2016, the 'Ant Forest' has been encouraging people to integrate a range of low-carbon activities into their daily lives (e.g., paying utility bills and purchasing tickets online via a mobile device) and live a greener lifestyle. This behaviour is recorded and converted into 'green energy points' that are used to grow a virtual tree on the user's app. Once the tree is fully grown, Alipay and its partners plant a real tree in Northwest China or commit to protect a particular conservation area. Since its launch, Alipay's Ant Forest has helped plant more than 200 million trees in arid areas of China (Unilever, 2021).

Habits can turn into norms once social pressure kicks in. A nice illustration of this mechanism is the 'shower experiment' from the University of California (*McKenzie-Mohr D. & Associates, 2021*). Although a sign was installed in the shower room to remind bathers to turn off the water while they soaped up, only a small number was doing so. This changed when one person in the shower started to display the desired behaviour. In fact, the simple act of compliance had a striking effect on water consumption in the shower room. When only the sign was used as prompt, a mere 6% of bathers turned off the water while soaping up. When a fellow university student modelled the desired behaviour, 49% complied; and when two fellow students did, 67% followed them. Clearly, well-known/ well-respected people and influencers make norms visible and will speed up social diffusion, turning them into habits.



THE 'REFILLUTION': HOW ECOVER + METHOD REALIZED IT'S ALL ABOUT BEHAVIOURAL CHANGE

Interview with Tom Domen, Global head of Long-Term Innovation at Ecover + method

Ecover + method, manufacturer of ecologically sound cleaning products, has been encouraging people since 1989 to refill their plastic bottles and coined it the 'refillution'. "It's a big challenge," says Tom Domen, Global head of Long-Term Innovation at Ecover + method. "Just two generations ago, people were used to reusing their packaging, so the question is: how can we bring that mindset back?" As such the 'refillution' is not solely a technical innovation; it's about switching habits. "It is so engrained in our generation to go to the store and just grab something and walk away," adds Tom. "We are realizing now more and more that the challenge is in the behaviour-change element. Therefore, we're doing a lot of work on consumer research and gaining deep insights to better understand these behavioural-change dynamics. A first very simple experiment we started is a collaboration with a UK designer who created a collection of graphics to put on people's phones around the theme 'reuse and rewind'. In a funny and playful way, these images serve as a checklist, reminding people to bring back their water bottle, coffee cup, etc." Tom ensures more of these initiatives will follow, as refilling is a big opportunity for both planet and businesses, since people feel better about their behaviour and more engaged with the brand, which ultimately leads to increased loyalty.



THE GREEN BUNDLE

Magali Delmas, author of 'The Green Bundle: Pairing the Market with the Planet', says brands need to work on creating a 'green bundle' to bridge the gap between consumers' willingness to act and buying sustainable products (Delmas, 2018). According to her book, 'dark green' consumers, those willing to accept trade-offs for the environment, remain a small minority. Most people will not buy environmentally friendly goods if there is any perceived sacrifice in quality. It is essential to reach the so-called 'convenient environmentalists', people who talk green but have lots of excuses for not buying sustainable products. They can be reached by creating a 'green bundle', which links a product's environmental benefits with the product's advantages that appeal to consumers' personal values. An example is status; people care what others think and like to display the good things they are doing. The unusual appearance of the Toyota Prius, for example, became a selling point after the car was used to bring Hollywood stars to the red carpet at the Academy Awards. People suddenly realized this strange-looking vehicle could make them look like stars themselves.



Skincare brand NIVEA is aware of the so-called 'green bundle thinking', and its 'WonderBAR' is a great example of great performance bundled with sustainability aspects. "We are very proud of the recent launch of 'WonderBAR', because it is the most sustainable facial cleanser we have developed to date," says Manola Olguin, Sustainability Product Innovation Manager at Beiersdorf. This face cleansing bar combines gentle and effective face cleaning with a multitude of sustainability

benefits. For example, the vegan formula with at least 99% natural origin ingredients is certified under ECOCERT Cosmos Natural, is fully plastic-free and comes in a 100% recyclable paper packaging.



SUSTAINABLE CONSUMER HABITS



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Luckily, consumers are already taking action. Our research has shown that 87% of Chinese consumers self-report being sustainable, and only 2% say they aren't. This implies that there are 11% of neutrals, those that are not sure they're living sustainably. When it comes to actual behaviour, 81% of Chinese consumers use leftovers, 80% recycle at home, 78% use a sustainable form of transport, 77% try to limit their energy use at home, 76% actively choose for seasonal products, and 76% use renewable energy.



FIGHTING THE PLASTIC DEMON

According to our research, reducing (single-use) plastic is a key area for consumers, with more than one in three Chinese consumers (36%) indicating it as a core action point in the fight for climate change. 73% avoid using single-use plastics, 69% refuse plastic shopping bags, and 50% of consumers indicate they no longer buy water in plastic bottles.

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Since 1950, the world has created 6.3 billion tons of plastic waste, 91% of which has never been recycled. The coronavirus pandemic has sparked a rush for plastic. During lockdown, many chains banned the use of reusable cups for safety reasons, while disposable face masks have been mandatory in many places. From Wuhan to New York, the demand for face shields, gloves, takeaway food containers and bubble wrap for online shopping has surged. With major consequences for the environment (*Reuters*, 2020).

Chinese brand HowBottle is a pioneer when it comes to recycling. Since its start in 2017, the HowBottle team has upcycled more than 600,000 plastic bottles into fun bags with a low environmental footprint. In 2018, they collaborated with Coca-Cola to create the '24bag', made of 24 recycled plastic bottles, and patched with recycled rescue tents from earthquake sites. In 2019, they launched a rain jacket with Coca-Cola, to create awareness among the Chinese youth about the impact of plastic waste. The back of the jacket said 'I don't care', which – after getting wet – showed 'I do care'. As HowBottle is tracing sustainability through its entire supply chain, the brand received the B-Corp certification in 2020. In 2021, they were awarded by social media platform Little Red Book with the '2021 WILL Future Brand Award' for its computer case that also acts as a 'pillow'.



Nudepeche is a Chinese yoga-wear brand that uses recycled plastic bottles as its primary material. Each clothing item is made of high-quality, recycled polyester which contains up to 25 water bottles, and its production uses 90% less water and 50% less energy than virgin polyester. The brand also offers a recycle programme where consumers can send in their old Nudepeche clothing items in exchange for a 25% discount, preventing the disposal of clothing into landfills.



“Companies need to apply a fact-based scientific approach in thinking about sustainability, and thus also packaging. Plastics are not always worse than other materials. Regulators often only look at the end-of-life situation of packaging materials, but you need to take the entire product lifecycle into account. If you look at the climate impact of glass bottles, for instance, it is the absolute highest you can get. Yet, for consumers seeing plastics wash up on the beaches is very concrete and visible, prompting politicians and regulators to act. A fact-based approach could help us to make better sustainable decisions.”



Erik Lindroth, Sustainability Director at Duni Group



CARING BEYOND SKIN: CIRCULAR RESOURCES AND BEIERSDORF'S PLASTIC PLEDGE

Interview with Manola Olguin, Sustainability Product Innovation Manager at Beiersdorf

Skin care company Beiersdorf set itself a new sustainability agenda, CARE BEYOND SKIN, in 2020, with ambitious targets across seven focus areas. Striving for more circular solutions while reducing the use of fossil-based packaging materials and ingredients belongs to the key commitments.

Talking about product formulas and using renewable ingredients contributes to the circular economy approach. "An increasing number of our products have well above 95% naturally-derived ingredients," explains Manola Olguin, Sustainability Manager Product Innovation at Beiersdorf. "We also pay attention to the biodegradability of our ingredients and formulations, in order to close the loop and contribute to circularity here as well." In this context, Manola highlights Beiersdorf's commitment to eliminating microplastics: "Since 2019, all of our brands' 'rinse-off' products, such as shampoos and shower gels, have been free of microplastics. The ingredients in question have been replaced with biodegradable microbeads and opacifiers. Regarding our 'leave-on' products, which are not rinsed off after application, we are also working intensively to replace the few remaining microplastic-based raw materials used. We are making very good progress with these formula changes: NIVEA products worldwide will be completely free of microplastics by the end of 2021 at the latest, and our Eucerin brand will have achieved this goal by the end of 2023."

When it comes to packaging, it is also important to think circular. In addition to using recycled plastic and ensuring recyclability, Beiersdorf is also testing ways of involving its consumers in trying out new sustainable routines. Since 2020, the first NIVEA refill stations for shower gel bottles are being tested. "We decided

to conduct the pilot of this concept in Germany," says Manola. "We were very curious to see whether consumers would take the extra effort of collecting the empty packaging, bringing it along to the store and refill it at the machine. What we have seen so far is very promising, as we received very positive feedback from consumers, that like the idea of contributing to waste reduction and a circular economy."



REPAIR, RECYCLE AND UPCYCLE



Consumers are also increasingly repairing, recycling and upcycling. 66% of Chinese consumers mend clothes or repair household items instead of replacing them.

The global crafts market is expected to value 51 billion USD by 2024 (Statista, 2019), with its rapid growth being driven by the twin pursuits of mindfulness and sustainability. Likewise, the re-commerce market, buying second-hand or vintage, is becoming more important. This is especially the case in fashion, where it has been growing much faster than traditional fashion retail, which means that even luxury brands need to invest in the re-commerce idea. In fact, 70% of Chinese consumers say they avoid buying fast fashion and non-sustainable clothing.

Several Chinese brands are encouraging people to fight the environmental and ethical impact of fast fashion. Feimayi, for example, is China's largest player in recycling second-hand clothes. Ma Yun, founder of the platform, said that China's current utilization rate of unwanted clothes is less than 10%, and his ambition is to help the figure rise to 20% or 30% in the near future (China Daily, 2021). The brand uses WeChat as a platform, where users can request a clothes pick-up, and redeem Huanbaodous for their donations (i.e., credits used in transactions on Feimayi's WeChat platform). The recovered clothes are sorted to be donated to charity organizations. Or, if they are not suitable for donation, Feimayi will sort them based on material and send them to factories, where they are repurposed. "The Chinese demand for textiles is so great that we cannot fundamentally change the way people consume at present," says Ma. "But we can guide them to practise environmental protection." (South China Morning Post, 2018).

环保+公益
旧衣·零抛弃



Also, Chinese e-commerce giant JD.com is offering customer discounts and donating clothes to local charities. Libo Ma, the head of the corporate social responsibility department, says JD has collected more than 1.3 million clothing items since launching its recycling programme in 2013. “We think participants’ passion and key motivation is to help people in poor areas, especially elderly people and children,” says Ma. “But our customers on JD are paying more attention to sustainability than ever before.” (*South China Morning Post, 2018*).

Next to recycling, other brands inspire people to mend, alter and customize their clothes rather than buying new ones. UseDem, for example, is a Shanghai-based company that upcycles your jeans into trendy, wearable products such as backpacks, notebooks, fannypacks, or yoga bags. After cutting them up, the pieces of jeans are sent to ‘Home Sweet Home’, an organization helping the disabled and homeless integrate into society through training and education. Consumers can also roll up their sleeves themselves as UseDem organizes workshops, teaching participants to upcycle their own jeans into a bag, a backpack and other items.



Another brand that focuses on upcycling pre-owned textiles is Hong-Kong-based ‘Heritage ReFashioned’, which makes luxury handbags with upcycled vintage textiles from China, Japan, and South-East Asia. Their mission is to turn forgotten textiles such as Japanese kimono silk into something to treasure. Everything is handmade in Hong Kong, in limited numbers depending on the amount of fabric available. Each item will have a story to tell; they come with cards explaining where the textile originates from and what the pattern or symbol on it means.



Alongside this mending trend, we see a clear movement towards 'de-ownership'. Why buy something if you can rent, borrow or use it? The sharing economy has gained considerable traction in China and is expected to grow 10% annually in the following five years (*Hellenic Shipping News Worldwide, 2021*). Renting clothes, for instance, through Secoo Holdings Limited, which hosts one of China's largest fashion rental platforms. Or smartphone-based ride hailing via Didi, that offers services ranging from carpooling to (e-)bike sharing, and luxury car services. And why not quickly charge your phone anywhere and at any time with a power bank from rental company Energy Monster (*South China Morning Post, 2021b*).

“I think the pandemic has changed everybody’s thinking forever... I don’t think it’s as simple as [shopping online] and not walking into stores anymore. I think [consumers] will shop with businesses that they trust, that they know care, businesses that they feel are their friends or that they can relate to, businesses that choose doing the right thing over making money, and businesses which are transparent in the way they do business.”



Anne Pitcher, Group MD at **Selfridges**





HOW CIRCULAR THINKING DRIVES PHILIPS' INNOVATION AND DESIGN PROCESSES

Interview with **Thomas Marzano**, Global Head of Brand at **Philips**

Health technology company Philips is committed to doing business responsibly and sustainably. "Sustainability is fully integrated in the way we do business, and an integral part of our brand purpose: improving people's health and well-being through meaningful innovations, while acting responsibly towards the planet," says Thomas Marzano, Global Head of Brand at Philips.

As such, the brand has placed great emphasis on the application of 'circular economy' thinking, setting out the ambitious goal to generate 25% of its revenue from circular products, services and solutions by 2025 (at 15% today). 'Eco-design' principles play an important role in this circular thinking. "The difference between eco-design and conventional design is the clear goal – right from the start of the innovation and design process – to reduce the total environmental impact," explains Thomas. "By 2025, all new products that we develop will meet our eco-design requirements. This means we are improving the energy efficiency of our products, using less resources and more recycled content, avoiding the use of hazardous substances, designing for circularity, and making our packaging easier to recycle and re-use." Giving products a second life is also part of Philips' circular thinking. In fact, since 2020, consumers across Europe can purchase products that are refurbished, and this at a lower price, still with a two-year warranty. "Extending the lifecycles of our products through upgrades, moving from physical to software, and new service models such as product lease are other instruments that play important roles in our drive to become more sustainable. Increasingly, we will also communicate about the sustainability proof points in our products on our consumer website, to motivate end users to make sustainable changes," says Thomas.



By embedding circular practices at its sites, Philips aims to succeed in adding zero waste to landfill by 2025. "In 2019, we produced up to 26.4 kilotons waste in our operations, of which 90% now gets recycled," adds Thomas. "As of 2020, we no longer send waste from manufacturing sites to landfill, and we are broadening this target to also include non-manufacturing sites operated by Philips by 2025." Next to its own operations, the brand also increasingly supports consumers in reducing waste and recycling efforts. One concrete consumer initiative is 'The Philips Dental Care Recycling Programme' in the UK, in collaboration with TerraCycle®. Consumers can gather their used dental care products (e.g., electric toothbrush heads from all brands, flossing sticks, dental floss containers, electric flosser nozzles), bring them to the nearest drop-off location, and their recycled waste will be used to make new products. "Every year, dental care products end up in landfill across the UK," says Thomas. "Collaborating with TerraCycle® allows us to put an end to this enormous loss of resources. Moreover, the waste that people recycle also helps us raise money for charitable organizations and schools."

MEATLESS



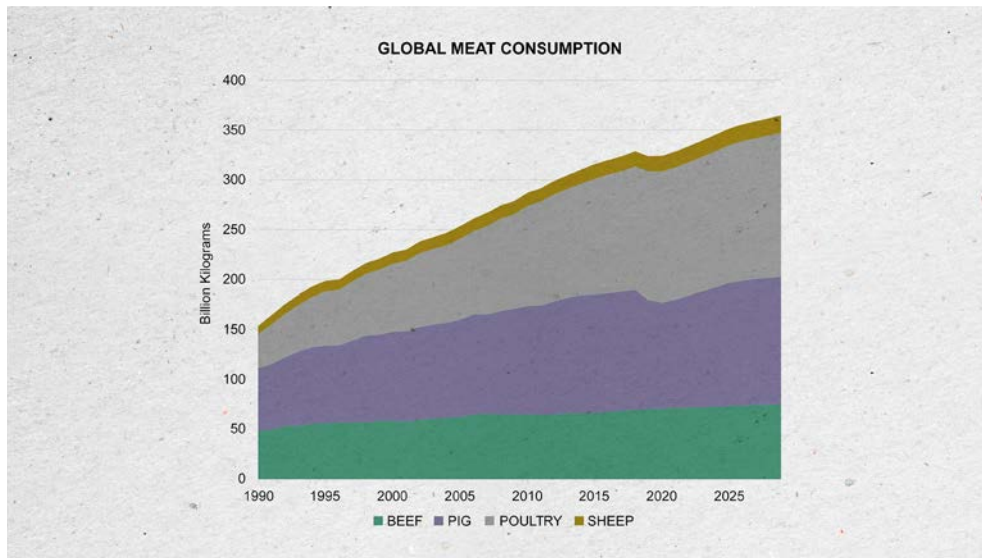
Another emerging sustainable habit is eating less meat. A report by the UN Food and Agriculture Organization (FAO) shows that livestock is responsible for 18% of our global warming emissions (*Gerber, et al., 2013*). Additionally, the high demand for meat and dairy is considered a key factor in deforestation. Regardless of these numerous warnings, the world is expected to eat more meat. Global emissions from food production are expected to rise by 60% by 2050, mainly due to the increased livestock production (*Clark, et al., 2020*).

60% of Chinese consumers acknowledge their eating habits have an influence on the environment. Sir David Attenborough is urging people to go vegetarian and cut back on meat eating to save species from extinction and increase global food production. “We must change our diet. The planet can’t support billions of meat eaters,” as he indicates in his most recent Netflix documentary ‘A Life On Our Planet’.

Yet in China, only 13% follow a vegetarian diet, 13% a vegan diet, and 28% a flexitarian diet. At the same time, the number of people who say they are cutting down on meat is growing. 45% of Chinese consumers try to eat less meat.

This evolution is also supported by the growth of the meatless industry, with products from brands like ‘Beyond Meat’ that look, feel and even ‘bleed’ like regular meat. The patty is more environmentally friendly than beef, producing 90% fewer gas emissions than its cow-derived counterpart. It also uses 46% less energy, 99% less water, and 93% less land. In an interview about the release of his new book ‘How to Avoid a Climate Disaster’, Bill Gates said “all rich countries should move to 100% synthetic beef” (*MIT Technology Review, 2021*).

While many customers initially observed these products with shock and curiosity, they now have a new-found appreciation. Plant-based alternatives are not just launched for vegans and vegetarians, but also for the so-called ‘reducetarians’, i.e., people who want to decrease their meat consumption. According to Ethan Brown, founder of Beyond Meat, 93% of those who buy Beyond Burgers are not vegan or vegetarian.



When it comes to trying plant-based alternatives, 37% of Chinese consumers have tried a plant-based meat alternative, and 45% consider doing so in the next 12 months. Similarly, 39% of Chinese consumers have tried dairy alternatives, while 46% are open to this in the future. The adoption of plant-based alternatives is significantly higher amongst women and NextGen consumers.

With a global population expected to surpass nine billion by 2050, the UN estimates 70% more food will be needed to fulfill the demand of the growing population (United Nations, 2013). More efficient ways of protein production are being developed to sustain the growing global population while complying with today's sustainability challenges. Moreover, some of the most popular fast-food chains in China like Starbucks, Pizza Hut, Taco Bell and KFC, are embracing meatless alternatives through partnerships with 'Beyond Meat'. Starbucks, for example, introduced Beyond beef as part of their 'GOOD GOOD' menu. The global coffee chain created three dishes with Beyond's beef alternative and two with a pork alternative from Hong Kong-based OmniPork as part of their goal to become 'resource-positive'. Next to that, Starbucks also offers Oatly's oat milk as a non-dairy substitute for its consumers in China.



While the Californian brand 'Beyond Meat' opened its first production plant in China in 2021, domestic start-ups are also gaining traction, such as 'Hey Maet'. Interestingly, the brand is positioning itself more as a technology firm than an FMCG firm. "We value brand building as well, but at the same time, bringing the tasteful and nutritious products to consumers is our first priority," says Kaiyue Ma, R&D Director at Hey Maet. "Science and technology is the main way to achieve this goal." As such, the Shanghai-based food tech is China's first plant-based meat replacement company with an independent R&D laboratory (FOOD Navigator Asia, 2021).





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Also, vegetarian restaurants are gaining ground, like Hong Kong's plant-based eatery Mana! that advocates sustainable eating. Next to offering a wide range of vegan quick meals, Mana! also embraces a zero-waste policy. The restaurant installed an effective system for leftovers and packaging disposal to collect waste that is then decomposed into soil through its partnering organisations. This soil will grow nourishing crops that will go back to MANA!, closing the loop.

And Mana! is not the only one fighting waste. The Chinese app 'Clean Plate Clock-In' fights food waste via a WeChat mini programme that recognizes empty plates and rewards users with points. These can be redeemed for gifts (e.g., books and wine), or can be used to provide meals for impoverished children in rural areas of China. Over the course of half a year, the app compiled 100,000 pictures of empty plates from canteens and restaurants around China. And its popularity is growing, spurred by the fact that President Xi Jinping declared a war on the 'shocking and distressing' squandering of food, in a 2020 speech about China's food security (*The New York Times*, 2020).



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HOW LIVEKINDLY COLLECTIVE MAKES PLANT-BASED FOOD PART OF EVERYDAY LIFE

Interview with **Kees Kruythoff**, Chairman & CEO at **LIVEKINDLY Collective**

LIVEKINDLY Collective is a group of plant-based brands that has grown into one of the largest plant-based food companies. “On LIVEKINDLY.com – our media platform – we share ideas and inspiration, accelerating the move towards a plant-based lifestyle,” says Kees Kruythoff, Chairman & CEO at LIVEKINDLY. “Next, we have our food brands such as LikeMeat or Oumph! to support people in making that move. It’s about first upgrading people’s mindset, then their behaviour, and ultimately the global food system.”

Yet, changing people’s behaviour is complex. “To drive change, there needs to be a benefit for the individual. People care about animal welfare and doing better for the environment, but those external drivers will not lead to behavioural change, at least not on a mass scale. And we need the critical mass to disrupt and truly change the global food system,” explains Kees. “The real benefit is that people intuitively know eating good-quality proteins based on plants is better for their health. We know consumers do not want to compromise, but as the technology is evolving, I’m convinced compromises on taste and/or nutritional value is no longer needed. And ultimately – with scalability – plant-based will also become more affordable.”

Kees acknowledges the power of habits to install change and create impact. “Humans are very habitual, and we know that in Western Europe people only cook between 10 and 15 different recipes per year. So, to change habits, we need to go back to those existing recipes and see what we can do. If we can change only one ingredient from animal- to plant-based, it makes a significant difference. Think for example about replacing the meat in a spaghetti bolognese by plant-based mince. Similar in the Chinese market, where we provide plant-based dumplings to adapt to local traditions. We are convinced that we need to combine global scale and expertise with local intimacy. We go into the local markets to understand what people’s habits, diets and favourite dishes are. It’s about becoming part of people’s everyday life to install change.”



ECO-FRIENDLY
TRAVEL

A less widely adopted, yet growing custom is actively choosing alternative travel options beyond flying. 70% of Chinese consumers choose holiday destinations that do not require flying and can be reached by train, car or bus. In 2019, the Swedish term ‘flygskam’ (i.e., flight shame) was coined to describe the unease about flying experienced by environmentally conscious travellers (*Drapers, 2020*). Soon, #flygskam became trending on socials in Sweden and beyond, turning it into a mainstream term.

Railway travel is a viable alternative for flying in China. Today, the country has the biggest high-speed network (29,000km of railway), and many regional main cities can be reached from Beijing within eight hours. In fact, from 1997 to 2007, a series of initiatives – the China Railway Speed-Up Campaigns – were set up to improve the Chinese

railway system. Through five rounds of 'speed-ups', passenger travel on 7,700km of existing tracks was upgraded to the speed of 160km/h. By late 2007, 158 China Railway High Speed (CRH) trainsets were also put into operation (*Medium, 2019*). As a result, the number of rail passengers has tripled over a decade, and in 2020, railway passenger transport in China amounted to about 0.83 trillion passenger kilometres (a passenger kilometre being the equivalent of transporting a passenger over one kilometre) (*Statista, 2021*).



Next to the investments in rail travel, China plans to build 150 new airports across the country, aiming to have 400 civilian transport airports by the end of 2035 (*Aerotime, 2021*). Also here, efforts are made to save energy and reduce greenhouse gas emissions. Beijing Daxing International Airport, for instance, is located in a 100% green building that utilizes renewable energy through a ground source heat pump and photovoltaic power generation. Yet, civil aviation is one of the fastest-growing sources of carbon emissions. While the US has by far the heaviest air traffic, it's predicted that China will overtake it in about five years' time – and global air traffic is expected to double, to around 8.2 billion passengers annually by 2037 (*The Guardian, 2020*).

With China's commitment to reach 'carbon neutrality before 2060', Chinese airlines need to act. Air China, for instance, is involved in the Sustainable Aviation Fuel Users Group (SAFUG). The airlines and sustainability-focused organizations involved in this group are working together to ensure that alternative fuels are produced sustainably and can be adopted on a large scale.

The increased awareness around 'flygskam' has also raised an interest in carbon offsetting. China Airlines (CAL), for instance, offers an online carbon footprint calculator that lets travellers calculate their personal CO2 emissions when booking a flight through the CAL website. Travellers can then make their journey carbon-neutral by offsetting their carbon footprint with environmentally friendly and sustainable carbon-reduction projects offered by ClimateCare (i.e., a UK environmental organization).



This quest for more sustainable transport is also visible in day-to-day life, with 78% of Chinese consumers saying to use a more sustainable form of transport (electric car, bicycle, public transport) instead of a fossil-fuel car. This is significantly higher amongst Gen Y (83%), in comparison to Gen Z (71%) and Gen X (78%). In fact, 68% of Chinese consumers believe diesel and petrol cars should be phased out and replaced by electric cars.



SUSTAIN- ABLE BRANDS

Consumers are clearly taking action, yet they believe they are not solely responsible for driving change. Since 1953, the Chinese economy is being shaped by Five-Year Plans – a series of social and economic development guidelines. The latest plan, covering 2021 to 2025, contains ambitious goals on sustainable energy in order to reach China’s announced goals of carbon neutrality by no later than 2060. As such, businesses operating in China are preparing their own operations as well as their supply chains to meet new the policies. Yet, 73% of Chinese consumers believe the government is not doing enough. At the same time, 82% feel brands have a responsibility to take care of the planet. So what can brands do?



CIRCL, ABN AMRO'S LIVING LAB TO BOOST THE CIRCULAR ECONOMY

Interview with Richard Kooloos, Director Group Sustainability at ABN AMRO Bank

Already back in 2012, bank group ABN AMRO started to integrate circular thinking in its operations. In a circular economy, products are not thrown away, but repaired or reused where possible, or turned into new products and raw materials (i.e., recycled). This creates a closed loop without waste. "We have a pavilion with meeting rooms in front of our head office, CIRCL, which is built as circular as possible," says Richard Kooloos, Director Group Sustainability at ABN AMRO Bank. "We use CIRCL as a business platform to collaborate with suppliers, clients, municipalities, universities, and start-ups to advance the transformation to a circular economy."

A concrete example is ABN AMRO's partnership with Mitsubishi Elevator Europe to make the construction sector more sustainable. Mitsubishi launched a circular lift, offering lift installations 'as a service', so without an upfront investment, while remaining the owner. As such, Mitsubishi also remains responsible for maintenance and operating costs, resulting in lifts that last longer and at lower all-in costs than standard lifts. When a lift eventually needs replacing, Mitsubishi recycles or reuses the components and materials, meaning more than 95% of the lift's parts are repurposed. Via its long-term partnership with Mitsubishi, ABN AMRO wants to encourage the use of these circular solutions in customer construction projects.

While Mitsubishi is an established brand, ABN AMRO is also actively supporting start-ups. "Start-ups often have brilliant ideas, but they can benefit a lot from attaching the name

ABN AMRO to their concept. We can help them as financier or investor, but also as pilot client or even business partner," says Richard. "At the moment we have financed close to €1 billion of transactions that have a circular nature, and we're aiming to reach €4 billion in three years' time. This is a relatively modest goal, but we are dedicated to move fast on the hockey-stick curve."



CHOOSING THE RIGHT ESG MISSION



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“At Philips, we don’t have a sustainability strategy; we have a sustainable strategy. Sustainability is fully integrated in the way we do business.”



Thomas Marzano, Global Head of Brand at **Philips**

It’s clear that brands need to undergo a mentality shift. An attitude of ‘why mess with a recipe that has been successful for years’ is the wrong one to adopt. Brands need to adapt to these new consumer expectations and norms. This may require reinventing legacy products, as Unilever did with its ‘sustainable living’ brands, which are now delivering 70% of their turnover growth (*Harvard Business Review, 2019a*).

A brand’s ESG (Environmental, Social and Governance) purpose can work either as a defensive shield, meaning it’s the new norm

or best practice in your industry, or as a competitive advantage, a differentiator vis-à-vis the competition. Both strategies are important, yet it’s really the differentiating point that leads to a better valuation and a better financial performance long-term.

Shanghai-based hotel URBN, for example, is creating a competitive advantage by being China’s first 100% carbon-neutral hotel. URBN is built in a renovated factory warehouse with only recycled and local materials. Old suitcases and recycled floorboards have been used to create the interior of the structure, while bricks recycled from other construction projects were used to build walls. The hotel has a water-cooling air-conditioning (AC) system which uses only 50% of the electricity needed for a standard AC. And in the lobby, you can find a bamboo forest, which keeps the temperature stable and comfortable, reducing the need to turn on the AC.

83



Another example is chocolate manufacturer Tony's Chocolonely, that created a competitive advantage in the chocolate industry through its mission of being 100% slave-free. The brand is a disruptor and openly communicates about the industry problems, its mission and the impact. But it does not stop here. Tony Chocolonely is on a mission to challenge its competitors to do the same. The brand recently launched 'Tony's open chain', an industry-led initiative that helps chocolate brands transform their cocoa supply chains and become sustainability frontrunners. The website openly outlines the five key sourcing principles behind the Tony Chocolonely strategy for other brands to

copy and use. To inspire other international chocolate makers to join the movement, Tony's imitated their packaging and ingredients with their own bars.

Whether you are entering the sustainability game through a defensive shield or a competitive advantage or both, key is selecting the right ESG mission and strategy. First, a brand's ESG mission should be aligned with the type of products or services, and the brand DNA. Smartphone company Xiaomi, for instance, invests heavily in the social component of ESG by collaborating with people with disabilities to serve them better. "Our dream is very simple," says Li Weixing, Vice President of Technology Committee at Xiaomi, "we want everyone in the world to enjoy a better life with technologies, no one should be forgotten in this journey." (TECHTIM3, 2021). It's vital that the fit between CSR actions and the brand (i.e., mission, type of products, market, technology, brand image and brand heritage) are clear and consistent. If there's a limited fit, consumers might perceive the CSR actions as 'excessive profiteering', while with a high fit, CSR actions increase the willingness to buy the brand (Monga, 2020). In other words: outlining an ESG strategy is also choosing what NOT to do. There's ample academic evidence that the best-performing companies are those which focus on financially material ESG issues (Khan, Serafeim & Yoon, 2016). In fact, they report up to 50% more profits.



Second, your ESG mission must be relevant and important for those target markets that matter to your business. Materiality is not static. The challenge is to be foresighted about ESG themes that are emerging as important industry drivers and identify them before competitors. For instance, Unilever's brand Vaseline addressed a new market of five million people living in crisis or conflict, aligning social goals with developing a new market business wise.

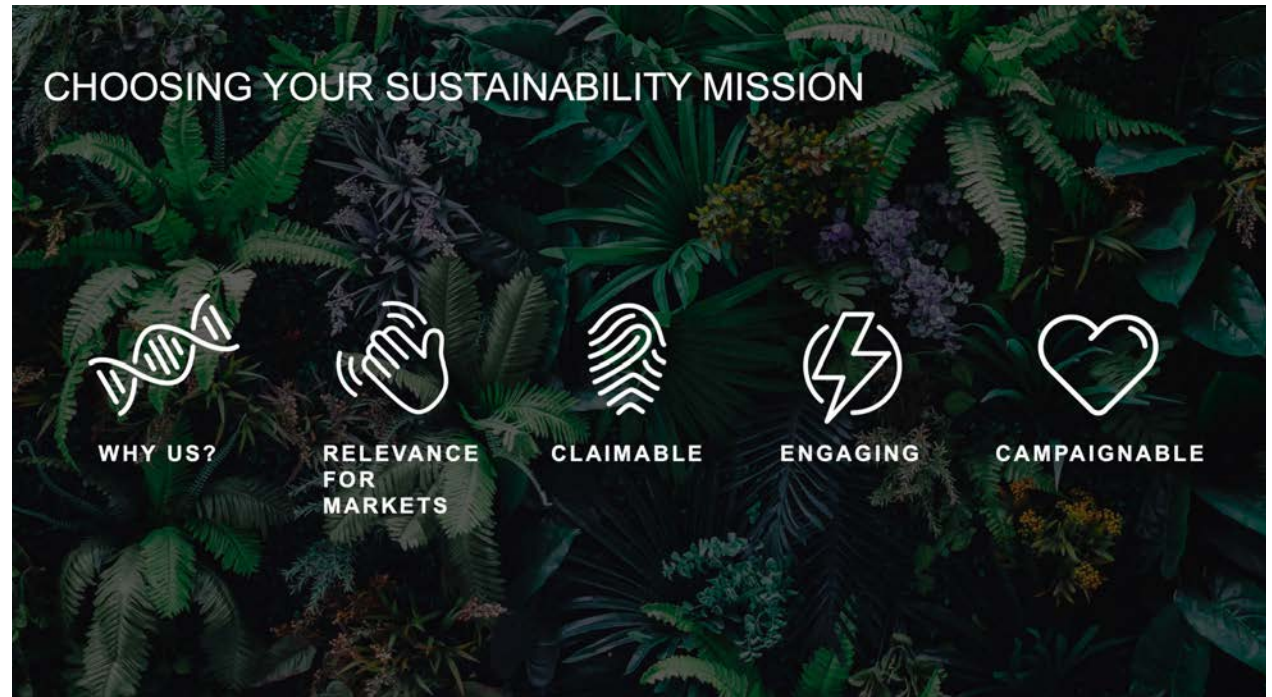
Third, the strategy needs to be claimable, meaning that it should help your brand in being unique in this mission, or at least better than others while fitting with your current brand communications and tone of voice. In fact, research shows that strategic (i.e., hard to copy) and differentiating ESG practices are positively associated with both return on capital and market valuation (*Harvard Business Review, 2019c*).

Fourth, it's important to get your workforce engaged by involving them in addressing a mission that resonates. And finally, your ESG mission should trigger a genuine interest among consumers. It should be something they can relate to and are enthusiastic about.

“Purpose creates relevance for a brand, it drives talkability, builds penetration and reduces price elasticity. In fact, we believe this so strongly that we are prepared to commit that in the future, every Unilever brand will be a brand with purpose.”



Alan Jope, CEO at Unilever





HOW LIVE NATION EDUCATES ITS FESTIVAL GOERS ON SUSTAINABLE BEHAVIOUR

Interview with Patricia Yagüe, Head of Sustainability EMEA at Live Nation Entertainment

To reach its sustainability objectives, Live Nation Entertainment, the world's leading live entertainment company, needs to ensure its end user – or festival goer in this case – is on board. "Without the help and the engagement of the audience, none of the things that we do on sustainability would be successful. So, it's vital to educate people," says Patricia Yagüe, Head of Sustainability EMEA at Live Nation Entertainment.

In the UK, a campaign called 'No tents left behind' was set up to educate people on the waste that comes from festival goers who leave their tents. This campaign was used in different iterations (Take Your Tent Home, etc.) across all UK festivals, which was effective at making sure festival goers got the message loud and clear. "From research we know most people think we recycle them, or donate them, however the truth is that most tents end up in the landfill because it is impossible to recycle or reuse them. In this campaign, we explained what happens to this waste launching the slogan 'a tent is for life, not only for a festival'," says Patricia.

"Another successful campaign was the 'Zero-Waste Festival Goer' at the Reading festival in the UK. We invited people to pledge that they would take action, but they could decide what they wanted to do: refill their reusable bottle, take their tents home, use the three-bin system etc. We filmed up to 2,000 pledges and those movies were shown on the Main Stage TV screens in between concerts. The public element of this campaign was powerful. Once you've pledged in front

of tens of thousands of people to take action, chances are high you do not dare to do otherwise." People were also invited to show that they fulfilled their pledge. They could win tickets to next year's edition of Reading by taking a photo or making a video, and posting that on social media using #ZeroWasteFestivalGoer.



Reading Festival, photo by Sarah Louise Bennett

THE 5 GOLDEN COMMUNICATION RULES IN SUSTAINABILITY FOR THE CHINESE MARKET



Once a brand's sustainability mission and strategy are clear, it's vital to communicate about these ambitions and the progress made.

“A brand's sustainability positioning should go hand in hand with its general positioning and backed up by concrete actions. Otherwise, you are greenwashing, or communicating without installing real change. You have to walk the talk.”



Nathalie Erdmanis, Director of Sustainability & Director of Strategic Marketing, Branding & Data Insights Analytics at **AG Insurance**

84% of Chinese consumers feel brands/ companies should be more transparent and provide additional information about their sustainability ambitions and efforts. In fact, 38% of Chinese

consumers say they would adopt a more sustainable lifestyle if it was clear which brands are sustainable. Moreover, research shows that 70% of consumers say that if brands don't talk about their sustainability efforts, they assume they are not doing anything at all (JWT Innovation Group, 2018). So communication and education are key, but where does one start?



1

DARE TO TALK ABOUT THE LONG TERM

Many companies only communicate about what has been done, their past successes and milestones. Yet sustainability is never done, it's work in progress. It's not because some goals and objectives are scheduled for 2030 or 2050 that brands should not communicate about them. On the contrary; consumers want to be informed about the plans and ambitions that will shape brands and companies in the long term. Important here is that the plans are realistic and the communication engaging.

**VOLVOS
ARE
RUBBISH**



VOLVO AIMS FOR AT LEAST 25%
RECYCLED PLASTIC IN CARS BY 2025

V O L V O

A great example is the 'Volvos are rubbish' campaign by Volvo. With the attention-grabbing headline, the car make is communicating its ambition that at least 25% of all plastics in cars launched after 2025 will be made from recycled material. The initiative was launched with the XC60 T8 hybrid SUV, whose seats are made from recycled plastic bottles, its carpets and mats from used fishing nets, and parts of the luggage compartment from recycled ketchup and shampoo bottles.

In April 2021, the brand launched another thought-provoking campaign, 'the ultimate safety test', in which a spokesman takes the viewer on a tour of Volvo's safety tests over the decades and then to the Arctic circle, where he asks whether a 100-foot drop qualifies as the ultimate safety test. A collapsing glacier provides the answer, highlighting how the biggest threat to safety now comes from climate change. It's a clever visual metaphor that reflects the brand's ambition to become a fully electric car company by 2030 and climate neutral by 2040.

Climate change is

THE ULTIMATE SAFETY TEST





TALKING ABOUT THE LONG TERM VIA A STAIRWAY OF GOALS

Interview with **Ellen Jackowski**, Chief Impact Officer and Head of Sustainable Impact at **HP**

HP's vision is to become the world's most sustainable and just technology company by focusing on three key areas: climate action, human rights, and digital equity. "It was intentional to make this a comparative statement," explains Ellen Jackowski, Chief Impact Officer and Head of Sustainable Impact at HP. "This means we are measuring ourselves against all other technology companies. Today, we are ranked as the number one most responsible company by Newsweek for two years in a row (*Newsweek*, 2022), and the only technology company in the world with a CDP ranking of triple As across climate, forests and water, but we know the bar will always be raised. It's a race to the top, and that's a good thing. This competitive atmosphere pushes everyone to continue to be better and more sustainable."

Linked to its vision, HP set ambitious goals across the three key areas. The brand is not afraid to communicate about the long term but connects this to clear short-term goals that will help them get there. "In climate action, our biggest goal is to be net zero across our value chain by 2040, and while we set out that big vision, we also set out a stairway of goals. It's not only about setting a big target, it's also about sharing our pathway of how we're getting there. So, by 2025, we aim to be carbon-neutral in our own operations. Then by 2030, we aim to reduce our absolute carbon emissions by 50%, and we've also identified key parts of our business to be carbon-neutral by that date. Similar for human rights, where we aim to create a culture of diversity, equity and inclusion across the company. Here we've also set ambitious goals by 2030, such as achieving 50/50 gender equality in HP leadership and making sure that women represent more than 30% of our workforce in technical and engineering roles. For us to hit these targets, we're going to need to be laser-focused on recruiting diverse talent and continuing to partner with education systems to encourage more women to enter STEM (i.e., Science, Technology, Engineering and Mathematics). For digital equity, our big goal is to accelerate digital equity for 150 million people by 2030. Again, an ambitious goal, and we're going to get there through activating on partnerships."

2

CELEBRATE ACHIEVEMENTS



Similarly, when a brand has accomplished something, it should communicate about it. ISWT (In Sharks We Trust), for example, creates sustainable swimwear from reclaimed fishnets and plastic, with 100% net profit dedicated to shark and ocean conservation. To create awareness around the topic of shark conservation but also to highlight their efforts and achievements, ISWT partnered with SWIRE Hotels. Together, they hosted the first ever underwater exhibition where visitors needed to put on swimsuits and goggles, and dive in. The idea behind this experience is that the only thing that connects us and citizens of the earth in these photos, is water.

IN SHARKS WE TRUST®



“It’s about balancing, as you don’t want to go into greenwashing, but neither into ‘green-hushing’. The latter meaning that brands want to avoid public backlash by deliberately underreporting green initiatives in order not to be called out for greenwashing. But by not communicating about (small) achievements, you don’t set an example for other companies, nor do you capture the full value of your investment.”



Erik Lindroth, Sustainability Director at Duni Group



Another example is how sports brand Nike launched a pair of shoes, the ‘Nike Vapor Max Flyknit 2020’, which are made of at least 50% recycled material, 75% of which are factory scraps, reusing what they would normally bin. To raise awareness on its journey and the sustainability advancements the brand makes, they developed

a unique shoe box. When people scan the AR (Augmented Reality) code on the box, an animated 3D AR experience pops up on top of the box and tells the story of Nike’s commitment to sustainability. The windmill sign on the box indicates that the shoes contribute to the company’s ‘Move to Zero’ sustainability strategy.



UNDERSTANDING STAKEHOLDER NEEDS & TRANSPARENT COMMUNICATION AT SÜDZUCKER

Interview with **Geert Van Aelst**, Head of Sustainability at *Südzucker*

Since 2014, Südzucker, the largest sugar beet producer in the EU, has been providing its beet growers in Germany with specially formulated flower-seed mixtures to create flower strips around its fields for free. This not only considerably enhances the landscape, it also contributes to biodiversity by creating habitats for insects, birds and small animals. Today, more than 1,600 farmers are creating flower strips around their arable areas, and the goal is to reach 2,000 flower strips in 2022. The brand started similar initiatives in France & Poland as well. "Since 2018, the impact on both environment and biodiversity is being scientifically monitored and analyzed by our research farm Kirschgartshausen, together with the Mannheim Institute for Agroecology and Biodiversity," explains Geert Van Aelst, Head of Sustainability at Südzucker.

The benefits of this type of initiative go beyond the farmers and serve the needs of different stakeholders. "Our customers are interested to understand the impact on biodiversity, to further use the data and insights in their communication. And it's relevant for our consumers because we can show them our and the farmers' engagement and the impact this initiative has on protecting the local environment," says Geert.

"A very important part of sustainability is to develop a sustainability roadmap, defining the different impact areas and commitments together with KPIs and targets. Communication of the progress is a second critical success factor. Consumers might see beet fields with flowers, but they'll probably not capture the whole story. You have to bring it in such a way that you connect all the dots to explain your commitment." To create more awareness around the initiative, Südzucker launched a limited-edition packaging.

Südzucker defines its stakeholders as follows: consumers, customers, farmers and employees. "Developing commitments is a first step," says Geert. "Then they also need to be translated in initiatives and consistent communication. By creating proper engagement among all stakeholder groups and connecting the world of farming with customers, consumers and employees, we will contribute to creating a sweet moment for everyone," concludes Geert.



3

BE TRANSPARENT



“When communicating about sustainability topics, I think the key is to be humble and transparent. So, being open about achievements, but also about challenges and even mistakes. We’re all human and it’s human to fail – ‘errare humanum est’. If you as a brand make a mistake, communicate openly about it, since consumers might sympathize and even support you. On the other hand, if a brand says: ‘I’m foolproof, I don’t make any mistakes’, then people start looking for the mistakes that they actually make.”



Erik Lindroth, Sustainability Director at Duni Group

The path to an optimal sustainability strategy is often complex and challenging. Potential setbacks that slow down a company’s sustainable transformation can still be turned into something positive. Openly addressing these issues with consumers not only strengthens trust, it also creates an opportunity to receive feedback and optimize the journey along the way. Therefore, brands need to be transparent, also about their commercial goals and motives. Unilever, for example, has always been very transparent about one of the main reasons why it is investing in ‘sustainable brands’: to increase the stakeholder value, and not only to create a better planet.

Dutch fast-fashion retail brand C&A goes for radical transparency by explaining every step of its product journey to its consumers. From buying more sustainable materials at the beginning of the production pipeline, to sharing the names of its suppliers with the consumers, to investing in sustainability initiatives in the Chinese market, the brand shows that sustainability is about more than just putting a green tag on a finished garment. As James Michael Dubow, CEO of C&A China, said: “From the moment the product is born to the moment it is delivered to the consumer, every step counts.” (*SocialBeta*, 2019).



WHY LIGHT & FREE (DANONE) DECIDED TO COMMUNICATE ABOUT 'ONLY' 30% RPET

Interview with **Tine Ryssaert**, Sustainability for Growth Director
EDP Belgium at **Danone**

For food producer Danone, sustainability means 'One Planet. One Health', reflecting its vision that the health of people and the health of the planet are interconnected.

Zooming in on one aspect of 'Planet', Danone holds the ambition that by 2025 its plastic packaging should contain at least 50% recycled material. In March 2021, the company launched the first yoghurt pot with 30% rPET (recycled PET packaging) for its Light & Free product line – targeted at Millennials. Tine Ryssaert, Sustainability for Growth Director at Danone, explains why it was a deliberate choice to communicate about this 30%: "It's very true that 100% resonates best. From the moment you start talking about 30%, it becomes challenging in terms of consumer understanding. We felt this 30% rPET was important to communicate, since these are our first steps in a journey towards more recycled packaging. At Danone, we want to bring the full story; now it's 30% and we are making progress to increase that. I strongly believe we have to be transparent in this type of communication in a proactive way."

For Danone, these initiatives do not immediately translate into additional sales, however Tine says that was not the main expectation or key objective: "We want to take our responsibility in contributing to our ambition to make packaging circular, especially as a leader in the market. It's part of future-proofing our brands, which is rather linked to sales equity than to sales increase."



HUMAN8

4

STICK WITH YOUR BRAND'S TONE OF VOICE



Sustainability communication needs to fit in a brand's overall communication plan, using a tone of voice, channels and formats in line with the brand's DNA. Too often, the PR department or the CEO 'hijack' the communication. Not only will this feel less authentic, consumers might not notice the campaign because it does not relate to the brand and the type of communication they are used to. Communicating on LinkedIn or Maimai about sustainability actions can be effective to attract NextGen talent, but this will not address mainstream consumers. The latter will only be reached if you stick to the usual media channels, keeping the usual tone of voice.

A nice example is that of L'Oréal partnering with several well-known brands to launch its 'Do Make-up for the Planet' campaign. Nine beauty Key Opinion Leaders (KOLs) were invited to apply L'Oréal's sustainable cosmetics in nature-inspired styles. One influencer, 'Ria_大芮', used sugar canes as inspiration for her make-up design as it can be used to produce the sustainable material EVA (ethylene vinyl acetate).



Next, all the brands involved (i.e., Philips, Heinz, McDonald's, Mondelez, Allbirds, Danone, pidan, Burton, and Juhuasuan) have taken action to protect the earth's biodiversity. For example, Allbirds has used EVA to produce a range of shoes, while Armani launched 'Acqua for Life' to provide deprived communities with access to drinking water. So, the campaign does not only highlight L'Oréal's commitment to protecting the environment, it also shows how businesses in different industries have been working on this topic. As such, the 'Do Make-up for the Planet' campaign ties in with L'Oréal's overall purpose 'Create the beauty that moves the world', and its existing initiatives to protect the beauty of the planet (*L'Oréal Groupe, 2021*).

Another example is beer brand Corona that has been cleaning beaches since 2016 through its partnership with 'Parley for the Oceans', an environmental non-profit. Beaches have been Corona's heartbeat for nearly 100 years because of what they represent: a special place with the power to relax and refresh our perspectives. In fact, the design of its

packaging is inspired by a sunset on the beach - the blue represents the ocean, yellow the sun, and white the sky. The collaboration with 'Parley for the Oceans' gives the brand a platform to generate awareness around plastics waste, and to support innovations aimed at tackling the global plastic-pollution problem. Corona also played a huge part in opening the world's eyes to the scale of the problem, and as a result it became the most talked-about brand during World Oceans Week 2018. The beer brand aims to remove 1 million pounds of plastic from beaches and from its business by 2025. Since 2014, the brand has been hosting its own series of beach festivals, SunSets, at various locations around the globe. In line with the brand's DNA, the festivals are all about creating a unique experience, an escape from everyday life, combining 'beach', 'music' and 'fun', but also 'sustainability'. Corona takes this opportunity to inform the public about its clean-beach initiative and educate people on how to adopt a more eco-friendly lifestyle in general. For example,

during the event at Chura Sun beach, Okinawa (Japan) in 2018, the organizers created awareness by displaying art made out of trash found on that very same beach. In Dubai, the same



year, the festival presented ways to create zero-waste cocktails, from ingredients and glassware down to non-toxic cleaning products. To stress that urgent action is needed, Corona Mexico changed the design of its cans in 2019, for the first time in 100 years, lowering the level of the blue on the can to show how polluted Mexican beaches are.

5

USE A CHINA-SPECIFIC NARRATIVE



To truly bring a compelling story on sustainability to the Chinese market, it's useful for brands to tap into consumers' need for self-image enhancement and social status. Think for example about Aliplay's 'Ant Forest' (cf p49) where people are rewarded for sustainable behaviour with 'green energy' points. They can share that 'green energy' with others and compare their virtual forests, tapping into this need for self-enhancement. Or about Tesla, the first electric-car manufacturer in the Chinese market, that managed to give its consumers the ability to



access a particular social status while also promoting an eco-friendly lifestyle. This strategy seems to have been relatively successful, since Tesla's China sales have grown to nearly half the size of the company's US sales by now (CNBC, 2021).

Another element that is important in the Chinese market, is the adoption of a clear China narrative. Swarovski, for instance, created a local program, the 'Swarovski Water School'. Since 2008, the luxury brand is building educational projects along the Yangtze River, focusing on three core principles: access to safe water, water education, and access to sanitation facilities. As water is the basis of the brand's crystal jewellery business, the theme of water runs throughout Swarovski's Corporate Social Responsibility stories worldwide. In 2020, Swarovski educated 58,000 children in China, and created a virtual classroom during lockdown in Wuhan, helping to provide a feeling of normality.



Engaging storytelling is another aspect that is even more important in the Chinese market. Nescafé successfully engaged with its consumers around the topic of sustainability, via its 'Cup of Respect' campaign. Through a WeChat mini program, consumers could learn what sustainability means in the coffee business. These 'Bean Heroes' could also register for pop-up events or create their own virtual coffee farm via an interactive game. Like 'Ant Forest', the credits gained during this game could be redeemed for coupons and were converted by Nescafé into the planting of real trees in the region. The launch of the programme was supported by the release of four films capturing the authentic stories of Bean Heroes making a positive impact. The videos quickly went viral on social media, generating substantial user-generated content on Weibo and RED. In just one month, the campaign generated 708 million impressions and over 1.5 million engagements, turning the abstract concept of coffee sustainability into a trendy way of life (Retail in Asia, 2021).



GOOD BUSINESS IS GOOD BUSINESS

But how sustainable is sustainable business? Research has shown that companies that successfully match customers' sustainability expectations are rewarded with a higher revenue growth and more customer loyalty (*Bain & Company, 2019b*). According to research by the NYU Stern Center for Sustainable Business, 54.7% of growth in consumer-packaged goods from 2015 to 2019 came from sustainability-marketed products (*Kronthal-Sacco & Whelan, 2020*). The same research revealed that US sales of products marketed as sustainable grew 7.1 times faster than other products in that same four-year period.

Danone, for example, has put a lot of effort in ensuring its brands uphold the 'One Planet. One Health' manifesto. In fact, its purpose-led brands are growing three times faster than the rest of the company's portfolio (*Bain & Company, 2019b*). Unilever's 28 sustainable living brands are growing 69% faster than its other brands and are the engine that's driving 75% of the company's growth (*Unilever, 2019*). Investing in sustainability brings a clear financial advantage, and it's often related to various stakeholders.





PLANET, PETS AND PEOPLE: HOW ROYAL CANIN CREATES SOCIAL IMPACT

Interview with Fabrice Mathieu, Global sustainability director and administrator of The Royal Canin Foundation at Royal Canin

In 2020, Royal Canin, manufacturer of cat and dog food, set up a foundation to support projects that boost the positive role of pets in human health and welfare. “Sustainability goes beyond the planet; it also involves pets and people, and thus has a big social component,” says Fabrice Mathieu, Global sustainability director and administrator of The Royal Canin Foundation. In 2021, Royal Canin is funding five projects in various fields, like training dogs to detect medical conditions such as breast cancer or COVID-19, but also in training communication skills for children with autism.

“Next to these social-oriented projects where we put cat and dogs at the center of what we do, we also started to look at the social component within our supply chain. Thereby we focused on detecting pain points in our eco-system of stakeholders,” adds Fabrice. As vets are crucial stakeholders for the brand, Royal Canin took a careful look at their welfare, observing that it’s one



of the professions with the highest suicide rate. At the same time, a lot of young vets quit the job very early, after only two to three years of practice. “We found that universities prepare vets to be scientists, but very seldom to be businesspeople. They often lack the business knowledge and mental resilience – think about tough conversations that have to take place with pet owners in pets’ critical life stages – to successfully run a clinic.” Royal Canin is dedicated to help solve this pain point and is piloting a business training for vets in Australia. “When we talk about sustainability, we first mainly think about the planet, but people and the social component are also key parts of it,” Fabrice concludes.

GOOD FOR CONSUMERS



Investing in sustainability can lead to more brand awareness, preference and purchase intention amongst consumers, especially amongst younger generations. Millennials’ suspicion towards businesses’ motives coupled with a desire to actively make an impact on the world has fuelled the demand for corporate social responsibility (CSR). Millennials strongly favour businesses with transparency and a clear commitment to give back to society (Kelsey, 2017). But this also goes beyond the younger generations. Our research has shown that 83% of Chinese consumers feel more positive about companies that are making efforts to reduce their products’ carbon footprint.

Moreover, people are more likely to trust (90%) and are more loyal to (88%) companies that support social and environmental issues (Ioannou, Kassinis, & Papagiannakis, 2018). And this is also visible from a business perspective, as 77% of companies say their sustainability approaches increase customer loyalty and 63% have seen a revenue uptick (Capgemini, 2020).

A second benefit is linked to brand image. Our research has shown that brands that claim to be (more) sustainable are perceived as more trustworthy (81%), more up to date (70%), and providing a higher level of quality (64%). This may provide brands with a license to operate, and an increased openness amongst consumers towards new innovations and brand initiatives.

Unilever's Lifebuoy soap set itself the ambitious target of improving the handwashing behaviour of more than 1 billion people by 2020. According to UNICEF, every 23 seconds a child dies from pneumonia or diarrhea somewhere in the world. Handwashing with soap is one of the most effective ways of reducing the spread of such diseases. Teaching consumers about this life-saving fact has been Lifebuoy's mission for more than 100 years, and the pandemic is showing how handwashing with soap is more important than ever. Innovation has played a part in extending Lifebuoy's impact. In 2013, the brand introduced a color-changing handwash to make handwashing fun for kids, reassuring parents that their family's hands are germ-free. The unique liquid handwash changes color, from white to green, in just 10 seconds. In 2015, Lifebuoy provided 'hong bao' - red packets traditionally used to give money in China around the Chinese New Year - made from anti-bacterial soap. After receiving their gifts of money, people could use the red packet to wash their hands.





CONSUMERS X INNOVATION = (SUSTAINABILITY) SUCCESS FOR ARÇELIK

Interview with **Bahadır Tomac**, Consumer Insights Manager at **Arçelik**

For Arçelik, multinational manufacturer of household appliances, sustainable growth and value creation are essential components of their business model. Their sustainability vision, 'Respecting the World, Respected Worldwide' is at the core of all of their operations. "For us, technology is a means to enhance people's lives," says Bahadır Tomac, Consumer Insights Manager at Arçelik. "And today, the way to enhance people's lives is by enhancing the environment that they are living in."

Arçelik is a leader in sustainability and has already received many global recognitions. The business has been named the Industry Leader in the Durable Home Appliances Category for the 2nd year in a row in the Dow Jones Sustainability Index, is recognized as Industry Mover in the S&P Sustainability Yearbook, ranked #34 in the Global 100 Most Sustainable Companies list, and received a favourable ESG Risk Rating by Sustainalytics, to name but a few. One of the drivers of this success is Arçelik's commitment to create awareness and change consumer habits, combined with its investments in innovation.

Its leading brand Beko, for example, partnered with FC Barcelona to fight childhood obesity via its global 'Eat Like A Pro' program. "Working with such an iconic club motivates people to do more," adds Bahadır. "Especially in APAC, Africa and the Middle East, FC Barcelona has a huge fan base." By showing how FC Barcelona's star players eat to perform at their best, the initiative aims to teach children healthy eating habits. 'Eat Like A Pro' reached 172,000 children across Latin America through school-based interventions, and some 76,500 teachers were trained on how to promote a healthy lifestyle. During COVID-19, an estimated 25 million school children and 3.5 million adults were reached through multiple channels.

The HarvestFresh technology is an example of how Beko promotes a healthy lifestyle through innovation. "If we talk about refrigerators, HarvestFresh is our hero technology." The innovative lighting technology helps to preserve the vitamins in fruit and vegetables in the fridge, by simulating a natural 24-hour sun cycle. Beko's campaign featuring HarvestFresh – with a little girl who does not want to eat her

veggies and is encouraged by FC Barcelona players to eat healthily – was released in more than 30 countries and reached over 18.7 million people.

Beko's brand purpose is to empower future generations to live healthier lives, by living more sustainably and working towards a healthier planet. "We created an impactful film to articulate the brand's vision, whilst provoking thought and engagement," says Bahadır. "The ambition was to create a piece of content that engages, encourages, and motivates people to join us on our sustainability journey. The video employs Artificial Intelligence (AI) to create a feeling of 'connectedness', combining this powerful digital tool with the beauty of nature. For Beko, this is also one of the first marketing projects that doesn't feature any products." The sixty-second consumer ad was created and produced to strengthen Beko's brand messaging, communicate the business's sustainability initiatives and how Beko incorporates highly advanced technology and supply chain management in its factories around the world.



Being a sustainability leader, Arçelik hopes to generate a ripple effect in its sector. "We are challenging our industry to be more responsible. Even to that extent that for some innovations, we share our intellectual properties," concludes Bahadır. "Sustainability is not a market-share war, nor a financial war; it's a survival war. And in this war, companies, governments and people should fight together."

GOOD FOR EMPLOYEES



A second group of important stakeholders are the employees. Millennials and Generation Z want to see their values reflected in the employer they work for. Previous publications on Millennials at work, for instance, show that 6 out of 10 Millennials choose their employer mainly for the employer's purpose (*InSites Consulting, 2017*). In fact, more than 70% of Millennials are likely to choose to work for a company with a strong environmental agenda (*Bain & Company, 2019b*).

“Our first focus has been on internal communication: making employees aware, informing and motivating them about the importance of a sustainable business strategy. They are not only our most important ambassadors, but also the ones that have to implement the sustainability strategy every day.”



Nathalie Erdmanis, Director of Sustainability & Director of Strategic Marketing, Branding & Data Insights Analytics at **AG**

But the benefit of a strong ESG strategy for HR purposes is not only seen on the recruitment side; it also affects employee performance, with research showing employee productivity is 16% higher in firms with a greater CSR performance (*Delmas & Pekovic, 2012*). And

more and more employees explicitly demand it. In an open letter to Amazon's board of directors and CEO Jeff Bezos, thousands of Amazon employees asked the company to take more climate action and to create a plan to reach zero carbon emissions. "Amazon has the resources and scale to spark the world's imagination, and redefine what is possible and necessary to address the climate crisis," the letter reads. "We believe this is a historic opportunity for Amazon to stand with employees and signal to the world that we're ready to be a climate leader." Months later, a day before their employees planned a massive climate strike, the company announced its plans to become carbon-neutral by 2040.

ClimateVoice is a non-profit organization with a mission to mobilize the voice of the workforce to urge companies to go 'all in' on climate. In their 2021 campaign, they are calling on Google, Amazon, Apple, Facebook and Microsoft to commit 1 in 5 lobbying dollars for climate policy. "Big tech is in a unique position. They have been thriving over the last year in the face of the pandemic. They're hiring like crazy. And they depend on a young, educated workforce that cares really deeply about this issue," says Bill Wehl, former Facebook and Google sustainability leader and founder of ClimateVoice. The campaign will target employees, along

with students at the schools where companies recruit, with comic-book-style digital ads. The non-profit will also support groups of employees who want to go directly to executives and make the case for climate action.



GOOD FOR INVESTORS



Another important stakeholder group are the investors. In 2018, Laurence Fink, Chairman and CEO at BlackRock, a multinational investment management corporation, caused a firestorm from Wall Street to Washington with his letter to the CEOs of the world's largest public companies, stating "to prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society" (*NY Times, 2018*). And perhaps with result, as 78% of the global investors declare to place more emphasis

on sustainability now than they did five years ago (*Bain & Company, 2019a*). Verna Chen, a Shenzhen-based analyst, confirms that sustainable investing is on the rise in China. "In 2021, investors have shown a growing interest in ESG funds, particularly in renewable energy and low-carbon products, as the Chinese government continues its efforts to meet commitments to hit peak emissions by 2030 and achieve carbon neutrality by 2060," says Chen (*South China Morning Post, 2021a*).

Moreover, research has shown that sustainable companies outperform their counterparts (*Eccles, Ioannou & Serafeim, 2014*). Researchers divided a sample of 180 US companies in 'high sustainability' and 'low sustainability' groups, based on whether they had voluntarily adopted sustainability policies by 1993. They found that high-sustainability companies significantly outperform their counterparts over the long term, both in terms of stock market and accounting performance. several mechanisms contribute to this positive link between CRS and market value. CRS investments do not only reduce the risk of unexpected crises, they also help to establish a unique customer base and fuel innovation (*Flammer & Kacperczyk, 2016*). In the end, a solid CSR reputation leads to a lower volatility in sales and stock prices, a lower likelihood of bankruptcy, and thus a lower cost of capital to grow in the future (*Smith, Smith & Wang, 2010*). It's clear that investors who want to make a statement with their dollars don't have to give up returns to do so (*Morningstar, 2020*).



TIME TO ACT

From more frequent and extreme storms and unprecedented heatwaves to global protests for equal rights and personal freedom - we're feeling the impact of human-caused pressure on planet and people. But sustainability is not a problem that governments alone can solve; businesses and communities also have to pull their weight. And the one does not go without the other. Consumers expect brands to lead the way, while brands need consumers to act upon good intentions and fuel demand. But one thing is clear: it is a shared responsibility that needs to be addressed today. Brands need to take up their societal role and take consumers along their journey through active and transparent communication. The time for brands to act is now, because in the end, good business is good business.



METHOD- OLOGY

The facts and figures in this bookzine are based on a study conducted by InSites Consulting in December 2021 - January 2022, among 802 respondents from three generations (Generations X, Y and Z) in mainland China (Tier 1, 2, 3 and 4 cities). The sample is representative for each generation.

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	Gen Z	Gen Y	Gen X
Tier 1	120	180	100
Tier 2	61	90	49
Tier 3 & 4	61	90	49

Yet, our story would not be complete without the input of global sustainable brands. Therefore, we did expert interviews with marketing and sustainability executives in July-August 2021 to understand the brands' perspective of sustainability; how businesses today support consumers in living a more sustainable life, and why this is important to them. We made sure to invite a mix of people across functions, regions and sectors.

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COLOPHON



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IN-COMPANY PRESENTATIONS & WORKSHOPS

Looking for a fresh dose of inspiration for your company's marketing, innovation or sustainability teams? Joeri Van den Bergh offers different presentation and workshop formats of this bookzine's content to do just that. The presentation can be fully customized to your region, target group or sector, with up-to-date and relevant illustrations of how consumers react to sustainability topics and how brands can benefit from taking on a more active role in creating a better planet and society.


Starting from the current conscious consumer mindset and habits, we define what will REALLY matter to the mindful consumer in the next five years. Companies and brands learn five ways to become more sustainable in a credible and relevant way, and we illustrate the four golden rules of communicating sustainability to consumers.

In workshop formats, we are happy to tailor our approach to your current plans and challenges.

Contact joeri@wearehuman8.com for more information and bookings.

Let's talk!

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F

rom more frequent and extreme storms and unprecedented heatwaves to global protests for equal rights and personal freedom, we are feeling the impact of human-caused pressure on planet and people. Sustainability is a key concern amongst consumers, and this has only increased with the COVID-19 pandemic. Yet many aren't acting upon it, resulting in what we can label a 'sustainability paradox'.

This bookzine highlights some of the key barriers amongst consumers as well as their expectations towards brands, through proprietary research, expert interviews with sustainability executives from several industries, and brand illustrations. It brings the business case of sustainability from different stakeholders' perspectives, and offers inspiration and guidance to marketers, entrepreneurs and anyone interested in creating a better planet, society and future.

Joeri Van den Bergh is co-founder, NextGen and sustainability expert, **Katia Pallini** is Content Marketing Director and **Sarah Van Oerle** is Content Activation Manager; all three are part of Human8.

About Human8

Human8, the human-driven consultancy, connects brands with people and culture to drive positive change. Human8 uncovers what matters to people and how brands can act upon it.

Human8 is the coming-together of 10 game-changing agencies from around the world: InSites Consulting, Direction First, Columinate, eÿeka, Join the Dots, ABN Impact, Answer, Space Doctors, Gongos, and Happy Thinking People.

Human8 unites a creative, smart and ambitious group of +900 people across 23 locations under one vision: making brands more human by better understanding people and culture, empowering brands to take action, and enhancing the lives of the people they serve.

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