

Working on the System

Interview with Paul Polman, Co-Founder and Chair, IMAGINE

EDITORS' NOTE Paul Polman is also Honorary Chair of the International Chamber of Commerce, Chair of The B Team, Saïd Business School and The Valuable 500, and Vice-Chair of the U.N. Global Compact. He was CEO of Unilever for a decade where he demonstrated that a long-term, multi-stakeholder model goes hand-in-hand with good financial performance. Polman was appointed to the U.N. Secretary General's High-level Panel that developed the Sustainable Development Goals and has played a leading role in



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highlighting the business case for the 2030 development agenda, including as a founder member of the Business & Sustainable Development Commission. He is a member of FCLTGlobal, the Global Commission on the Economy and Climate, and the Food and Land Use Coalition, which he chairs. He has received numerous awards, including the Rainforest Alliance Lifetime Achievement Award, the U.N. Environment Programme's Champion of the Earth Award and the Oslo Business for Peace Award. Polman has been honored with France's Chevalier de la Légion d'Honneur, and was named an Honorary Knight Commander of the Order of the British Empire for services to business. He is a recipient of the Public Service Star from the Government of Singapore and received the Treaty of Nijmegen medal. He founded the Kilimanjaro Blind Trust with Kim Polman, working to improve the lives of blind and visually impaired children in East Africa. Polman also supports and mentors young leaders as a Counsellor and Chair of the Global Advisory Board of One Young World.

ORGANIZATION BRIEF IMAGINE (*imagine.one*) is a new type of business collaboration for systems change. It works with CEOs who are building their companies into beacons of sustainable business and leveraging their collective power to drive change on tipping points in their industry, from greenhouse gas emissions to labor standards to biodiversity.

What was your vision for creating IMAGINE and how do you define its mission?

IMAGINE has a simple vision: to empower collectives of CEOs to accelerate delivery of the Sustainable Development Goals and Paris Agreement. We are broadly moving in the right direction but not at the scale and speed needed. IMAGINE tries to address this. Climate change and gross inequality, in particular, are

the greatest challenges of our time and we will only achieve truly transformative change if we work together in deep and purposeful collaboration. Individual companies can only do so much and if CEOs try to raise the bar alone, they often put themselves at competitive risk. IMAGINE helps them raise the ceiling, increase the pre-competitive space and shift industry norms. As we like to say, working on the system rather than in the system. We do this by bringing 25-30 per-

cent of a sector together with representation across the value chain to create the needed tipping points. IMAGINE provides the capabilities and connectivity. We're initially focused on four key sectors – fashion, tourism, food and technology.

A good example would be IMAGINE's role in helping to launch the "Fashion Pact" at last year's G7 Summit, an initiative championed by President Macron, which has seen over 67 CEOs, representing 250 brands, making commitments around climate, oceans and biodiversity on a scale not seen before. Progress includes science-based targets on climate to stay below 1.5 degrees warming, elimination of single use plastics and moving to regenerative cotton.

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We are doing the same in the foods sector with a collective of 28 CEOs focused on changing our broken food system by moving, for example, to carbon positive farming and improving livelihoods for smallholder farmers. During the COVID-19 crisis, these alliances have proven to be extremely valuable in quickly addressing issues like PPE availability and dealing with the looming food crisis in East Africa.

The coronavirus pandemic has shown that multi-stakeholder, long-term focused business models that put ESG at the heart of their operations perform much better. Companies don't want to be left behind and increasingly they see huge value in putting purpose at the heart of their business. This requires leadership, strategic vision and, above all, partnerships – which is where IMAGINE plays a catalytic role.

How critical are metrics to track the impact of IMAGINE's efforts?

IMAGINE does not want to duplicate existing sustainability initiatives, and instead is focused on what collective efforts can achieve at speed and scale, where individual activities might otherwise be limited. Collective action can drive the needed systems change, especially when you have a critical mass of players. Having a clear strategy is critical to IMAGINE's alliance building work as collaboration, by definition, requires a shared vision and common goals, but the lifeblood of the sectoral programs we help deliver depend on transparency, accountability and clear deliverables.

This was exactly the approach I took when I conceived Unilever's Sustainable Living Plan, which was a concerted effort to decouple the company's growth from its environmental footprint and increase its overall social impact. It set out three big goals, underpinned by nine commitments and 50 time-bound targets spanning Unilever's social, environmental and economic performance across its value chain. Not only did we use independent auditors to evaluate and measure Unilever's progress against key metrics, we were also transparent in acknowledging when we missed our targets. This helped to both build credibility with our partners and key opinion formers, but also in identifying where we needed to invest more resources or pivot our strategy.

IMAGINE applies the same philosophy to its programs and initiatives. We have become significantly better in measuring what counts, be it decarbonisation of a supply chain, driving gender equality or measuring the value of biodiversity.

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You served as CEO of Unilever for 10 years. How do you define what makes Unilever so special and what has been the key to its industry leadership?

Values and people are the most important ingredients that make up a company's culture. Unilever has a long and proud history of being a responsible corporate citizen and this stretches all the way back to its founders. When Lord Leverhulme created Sunlight Soap it was because he was deeply troubled by the impacts of poor hygiene in Victorian Britain and wanted to help those most affected. A passionate and committed philanthropist, he provided homes, schools, medical care and sports facilities for his workers, as well as a pension scheme and sickness benefits. He was a true visionary who believed in a world “governed by conscience.” He talked about shared prosperity, not shareholder primacy, and took responsibility for the overall impact his operations had on society.

Unilever's instinct has always been to do the right thing, which today is given expression by its long-term, multi-stakeholder business model that puts people and the planet first. Unilever brands are at the heart of its commitment to driving positive social and environmental change, whether that's Dove and self-esteem, Lifebuoy and handwashing, Domestos and sanitation, Hellmanns and food waste, or Knorr and sustainable agriculture. If Unilever has learned anything, it's that this model works. In fact, I believe this is the only model that people will accept. Society is no longer willing to tolerate the idea that businesses are somehow run in the interests only of shareholders.

Businesses thrive when they serve all their stakeholders: citizens, employees, suppliers, partners, those who make up the extended value chain. When you make your business relevant to the needs of the communities and societies you serve, then everyone benefits, including shareholders. During my time as CEO, Unilever delivered a 290 percent total shareholder return with consistent growth ahead of the industry.

There's no doubt Unilever has changed the terms of the debate around responsible business, which is why for eight consecutive years it's been the number one company in the GlobeScan survey of sustainability experts worldwide and leads the Dow Jones Sustainability Index.

What do you see as the keys to effective leadership?

A good leader is first and foremost a good human being. True leadership is putting the interest of others ahead of your own, knowing that by doing so you are better off yourself as well. As CEO, your main focus should be on making others successful. By investing in others, they will invest in you. A leader's responsibility is ultimately about inspiring and uniting people behind a common purpose. It's not just about giving energy. It's about unleashing it. It's the ability to motivate others to higher levels of performance. This includes supporting people through mentoring, training and new opportunities and, most importantly, in helping them to find their own clear sense of direction and how to give expression to that purpose. It's about leaders who look for the human being – and not just the human doing – in others. Or as Bill George, former CEO of Medtronic and mentor to me, has said, helping people find their true north so they can become “genuine and authentic” leaders.

Unilever's work in reshaping its leadership development programs to help employees find their purpose has exactly this aim. Employees need to be themselves, as well as feel fulfilled and motivated, to be effective. If you can connect individual purpose to organizational purpose you can really unleash enormous energy and commitment in support of a single mission – in Unilever's case, making sustainable living commonplace. To see it in action is incredibly powerful.

How do you define resilience and what makes a resilient company?

Resilience is the ability to thrive long term during periods of difficulty, which is now more important than ever, as we have seen during the COVID-19 crisis. A resilient company is one that continually plans for the future by making the right long-term decisions. The terrible coronavirus pandemic that we're living through has, in many ways, been a case study in resilience, as we've seen those companies that adopted long-term, multi-stakeholder models proving to be far more robust, whereas those that have simply focused on short-term profit maximization have quickly found themselves in trouble. Resilience is about keeping a healthy balance sheet and taking care of your employees, suppliers and communities. Paying your fair share of tax, enforcing basic human rights, promoting gender and racial diversity are also equally crucial to building resilience.

Even before COVID-19, the world was arguably more chaotic and unpredictable than at any time in recent memory. Gross inequality has left billions behind without access to basic human needs, such as work, education, health-care and sanitation. Ideological differences are straining national cohesion, which has fueled mass migration and the refugee crisis. The fourth industrial revolution, defined by rapid technological advancements, is fundamentally transforming industries and the world of work. Most alarmingly, we are facing a climate emergency that threatens the future of humanity.

Building resilience is now more crucial than ever. Indeed, the average lifespan of publicly traded companies has fallen from 67 years in the 1920s to around 15 years today, and the average tenure of a CEO has dropped well below five years. This tells you a lot about the imperative to plan for the long term and the need to build resilience.

You significantly shaped the world's definition of sustainability through a career of activism and leadership. How do sustainability and resilience intersect?

Sustainability and resilience are two sides of the same coin. Sustainability is defined by our ability to live within our planetary boundaries and ensure we don't leave anybody behind, which we've manifestly failed to do, whereas resilience is defined by our capacity to adjust to macro shocks or disturbances. But the two concepts are clearly interconnected. For example, our rapidly warming planet is a direct consequence of our “take, make, dispose” model of consumption, and increasingly we've paid the price for this folly in more floods, droughts, wildfires and insect outbreaks. As a consequence, we're now having to build our resilience to adjust to these new natural disasters. It's predictable and equally frustrating, as it's a classic example of dealing with the symptoms rather than with the disease. This is where IMAGINE spends a lot of its energies, in building the case for bigger investments in the Sustainable Development Goals and Paris Agreement, which act as a bulwark for sustainable and equitable growth – 17 goals spanning ending poverty to gender equality, climate action to life below water, and zero hunger to fairer institutions and peace. We know the commercial incentive for investing in the SDGs is compelling with the opportunity to unlock economic growth worth at least \$12 trillion a year and generating 380 million jobs at a time when we need them the most.

I firmly believe that not enough has been done to build our social resilience and the impacts of the coronavirus pandemic has highlighted the shortcomings – the absence of a fair wage for key workers, adequate safety nets for the unemployed and a lack of training and re-skilling opportunities for the young. At the other end of the spectrum, ensuring the poorest in society have enough food and clean water to survive is critical. The UN has warned of “biblical famines” because of the coronavirus pandemic, as the number of people suffering from acute hunger could rise from 135 million to more than 250 million. UNICEF estimates that up to 670 million children could be living in poverty by the end of this year. It’s clear that we need to do much more by developing a new social contract that ensures we leave no one behind.

As a business leader, how are you able to build a resilient culture within an organization?

You have to work on it every day and, more importantly, live it. It starts with the development of a strong purpose, or reason for being, that serves as a beacon in times of uncertainty – guiding decision-making, unlocking energy and uniting people. You also have to create the right environment to encourage the right behavior. A long-term, multi-stakeholder model will drive different behaviors than short-term, shareholder focused models. In the end, you have to invest in your organization. Resilience starts with personal resilience – your physical, emotional, mental and spiritual health.

How critical is it for leading companies today to be purpose-driven and to focus on more than just the bottom line?

It’s absolutely crucial. Purpose-driven companies and brands outperform others, and the evidence is increasingly clear. Purpose, as Colin Mayer says in his book *Prosperity*, is to profitably address the problems of society and the planet. I believe for businesses to be successful

long-term they need to show that they have a positive impact or, in other words, make this a better world for all. Less bad is simply not good enough anymore. If businesses cannot show that they have a positive impact on society, then why should we support them? The fossil-fuel industry, with its devastating effects on the climate, is increasingly asking itself this question. That is why embedding sustainability in corporate strategy is now a precondition for any successful company. In my view, it’s simple: if you don’t move to a more responsible, sustainable and equitable business model, you risk not having a business at all. Businesses cannot succeed in failing societies.

This approach to business enables companies to better manage risks, anticipate regulatory action, access new markets, recruit and retain talent and drive innovation. Of course,

the multi-stakeholder model also has a strong impact on reputation and brands, which are a critical part of corporate valuations. Fortunately, we already have the tools to bring this business model to life, namely greater energy efficiency and use of renewables, more sustainable food systems, smarter infrastructure planning, better use of technologies, deployment of the circular economy, and moving financial markets to the long term. I truly believe it’s the growth story of the century.

What advice do you offer young people beginning their careers during this challenging and uncertain time?

It’s a difficult time for young people who have been disproportionately impacted by the coronavirus pandemic, with many either furloughed or without an income. Graduates also face a hugely challenging time, as there’s massive uncertainty in the job market. It’s crucial therefore that they try to identify what they are passionate about, what they are good at and what society needs. If they can marry these three pillars, they will be successful. I wouldn’t bet against young people, as they are in fact a constant source of inspiration and ingenuity. It’s encouraging that more and more they believe in companies with a “sense of purpose” and brands with a “point of view.” Many of our biggest challenges – disease outbreaks, climate change, gender inequality and poverty – will only be overcome by building movements for positive change and the young are well placed for that.

We see this with initiatives like One Young World, Enactus, Net Impact, Free the Children and others, but also with the massive explosion in the number of social enterprises and the B-Corp movement. There are many opportunities that allow young people to harness and direct their desire for change, but they need our full support and we must invest in their future. As I’ve said many times, it’s not enough for them to be at the table, they need to own the table. ●

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