

Cultivating a
sustainability culture in
the South African dairy
industry

Setting the context

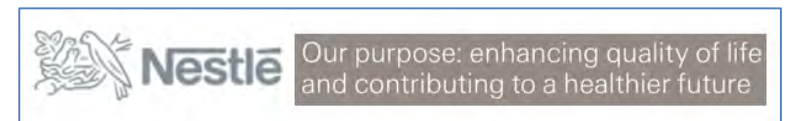
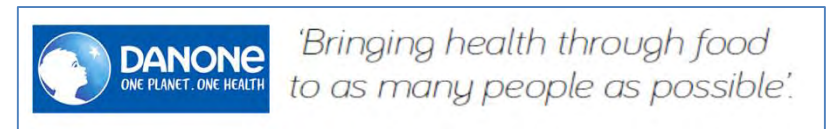
Jonathon Hanks – Incite



Cultivating a sustainability culture in the SA dairy industry

Setting the context

1. Why do we need to cultivate a 'sustainability culture'?
2. What exactly do we mean by 'sustainability'?
3. What does an organisational 'sustainability culture' look like?



“In all affairs it is healthy now and then to hang a question mark on the things you have long taken for granted.”

Bertrand Russell



“Using business and entrepreneurial skills to help solve critical social and environmental issues is one of the biggest opportunities of our lifetimes.”

Sir Richard Branson

The B Team

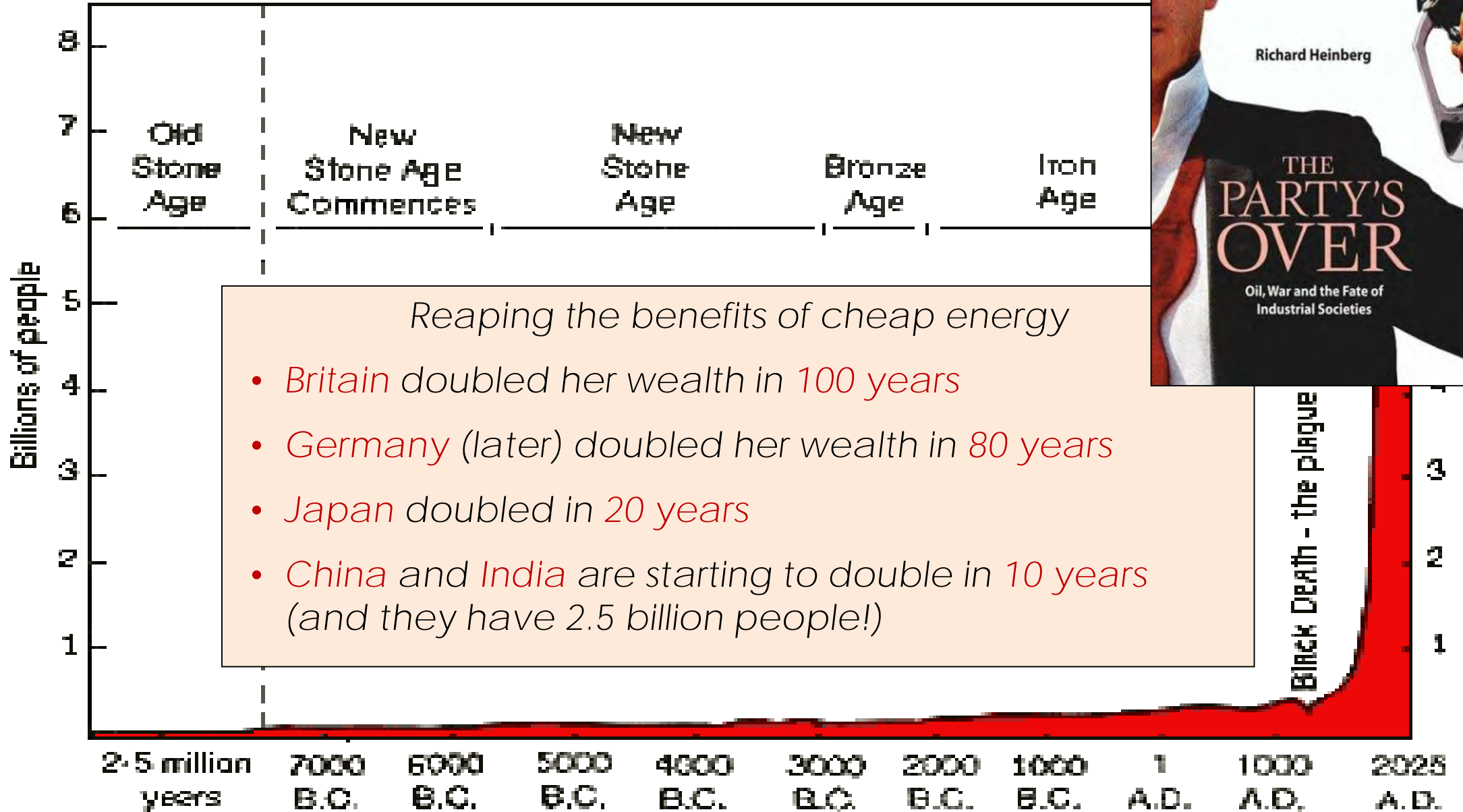


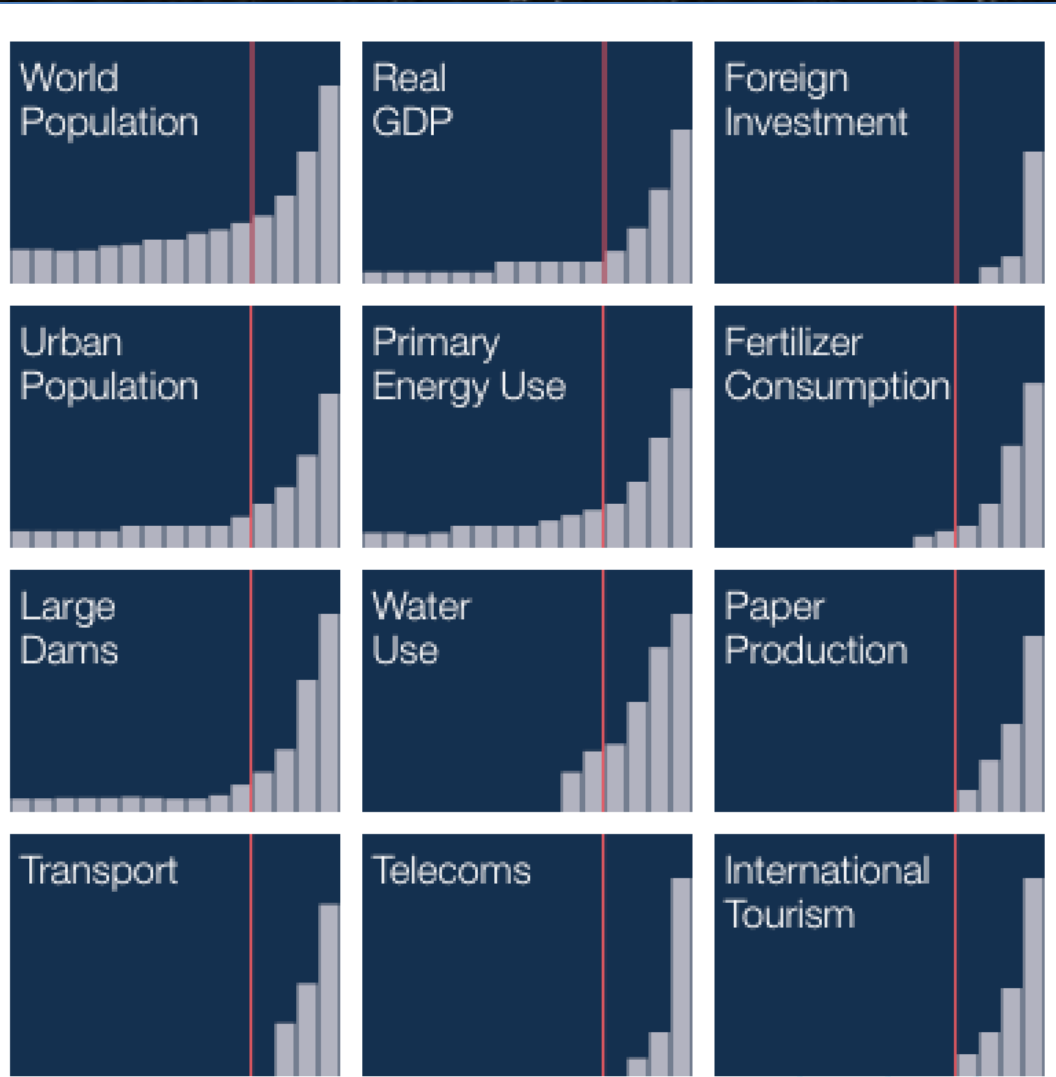
Great turning points in our civilization

1. Fire Roughly *700,000 years* ago
2. Language *Uncertain*
3. Agriculture Roughly *10,000 years* ago
4. Industrial revolution *200 years* ago
5. **'Sustainability' revolution** *The fifth great turning point?*

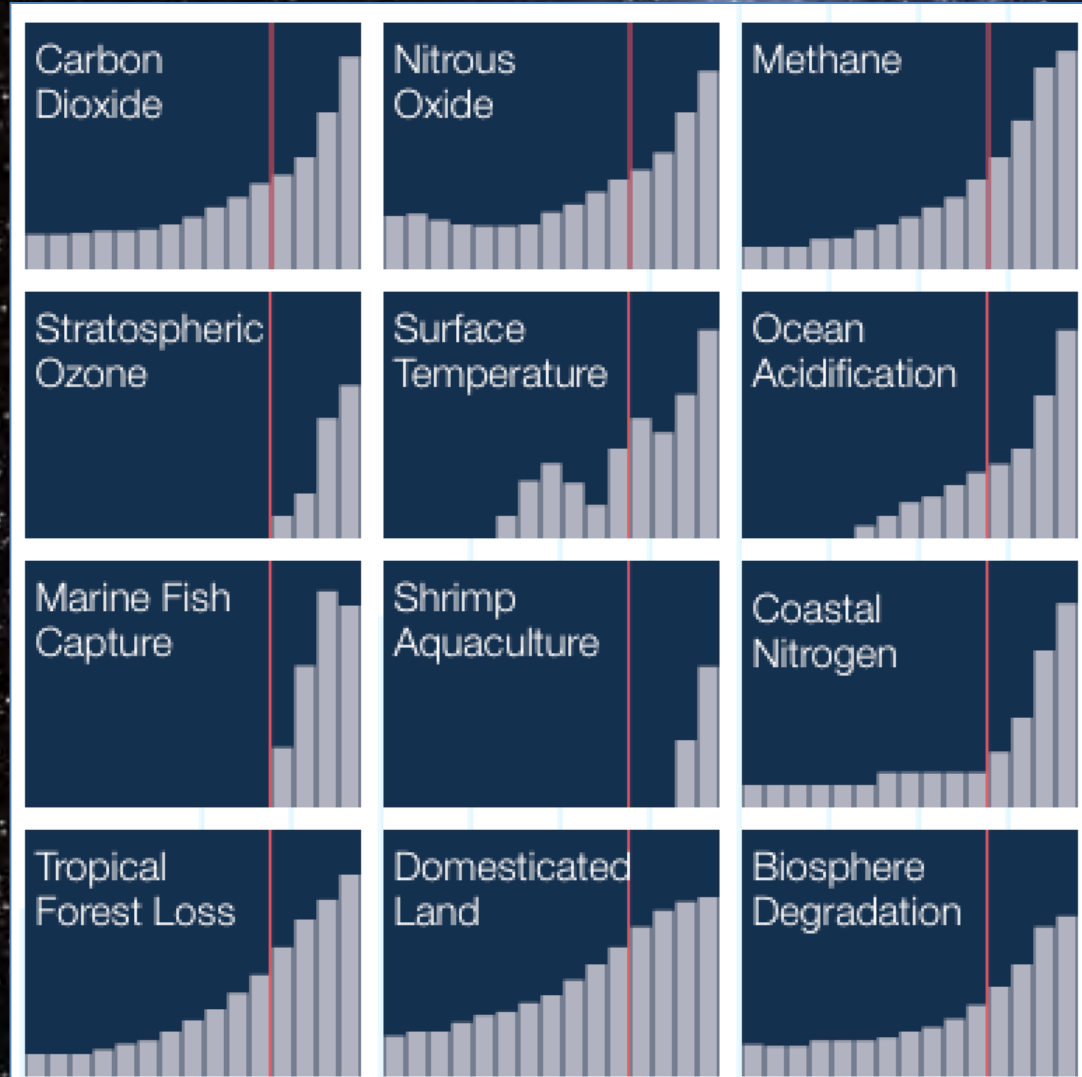


World Population Growth Through History





Key socio-economic trends



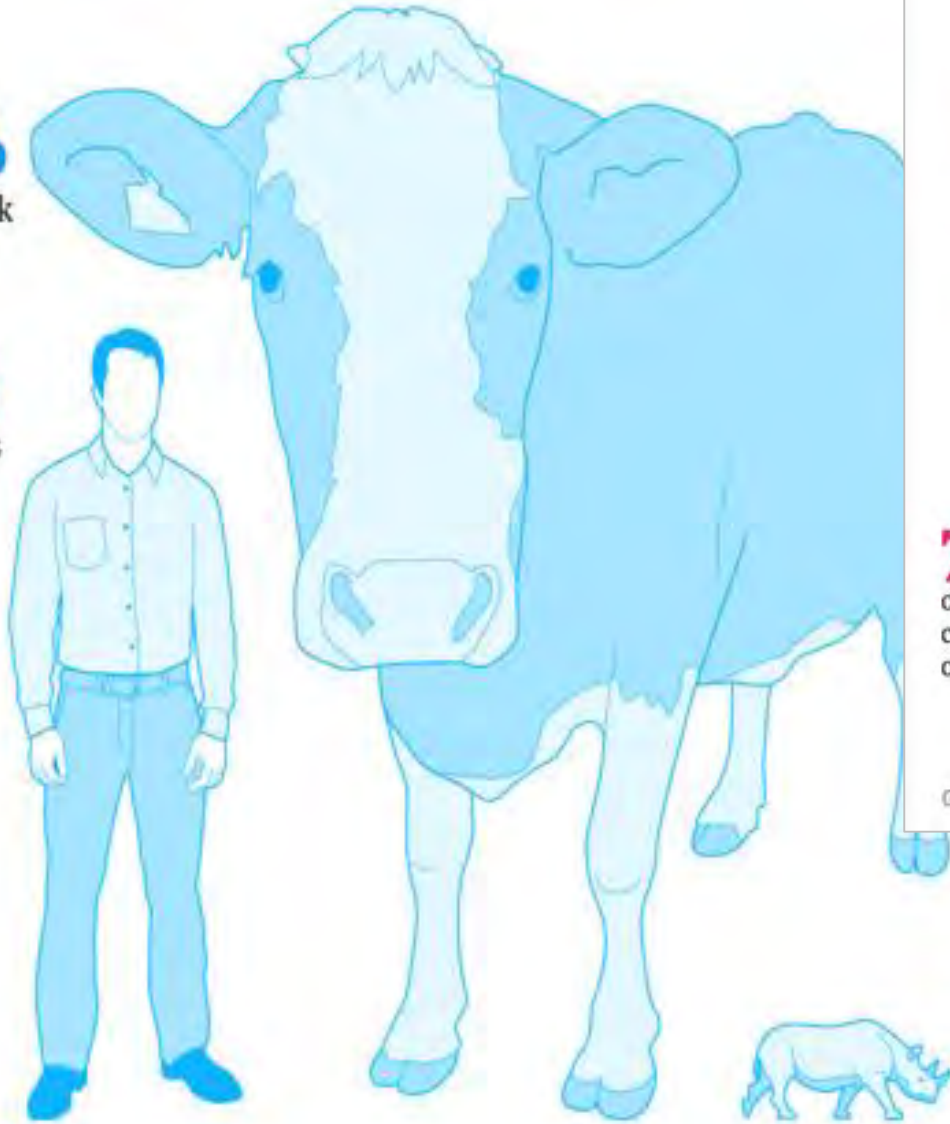
Key earth system trends



Of all the mammals on Earth, 96% are livestock and humans, only 4% are wild mammals

60%
are livestock

36%
are humans

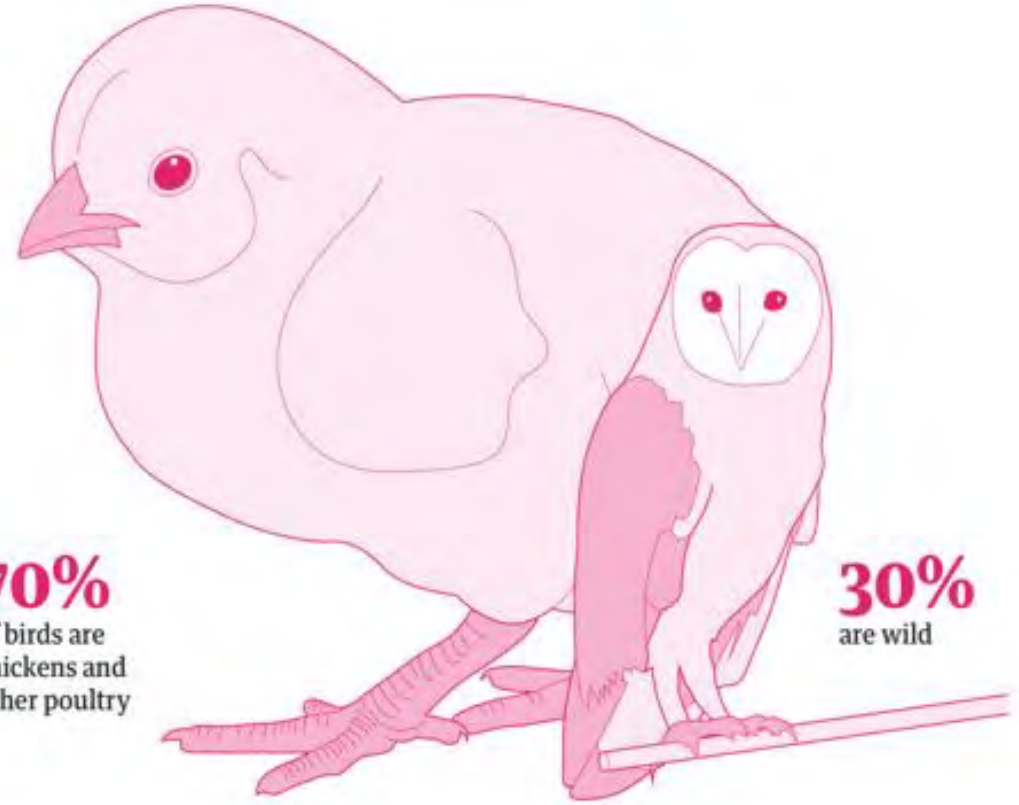


70%
of birds are
chickens and
other poultry

30%
are wild

Guardian graphic.

4%
are wild
mammals



Share of land area used for agriculture, 2015

The share of land area used for agriculture, measured as a percentage of total land area. Agricultural land refers to the share of land area that is arable, under permanent crops, and under permanent pastures.

- Agriculture occupies nearly 40% of global land
- Food production responsible for:
 - up to 30% of GHG emissions
 - and 70% of freshwater use
- Land conversion for food is the main driver of biodiversity loss



Land use per gram of protein, by food type

Average land use area needed to produce one unit of protein by food type, measured in metres squared (m^2) per gram of protein over a crop's annual cycle or the average animal's lifetime. Average values are based on a meta-analysis of studies across 742 agricultural systems and over 90 unique foods.

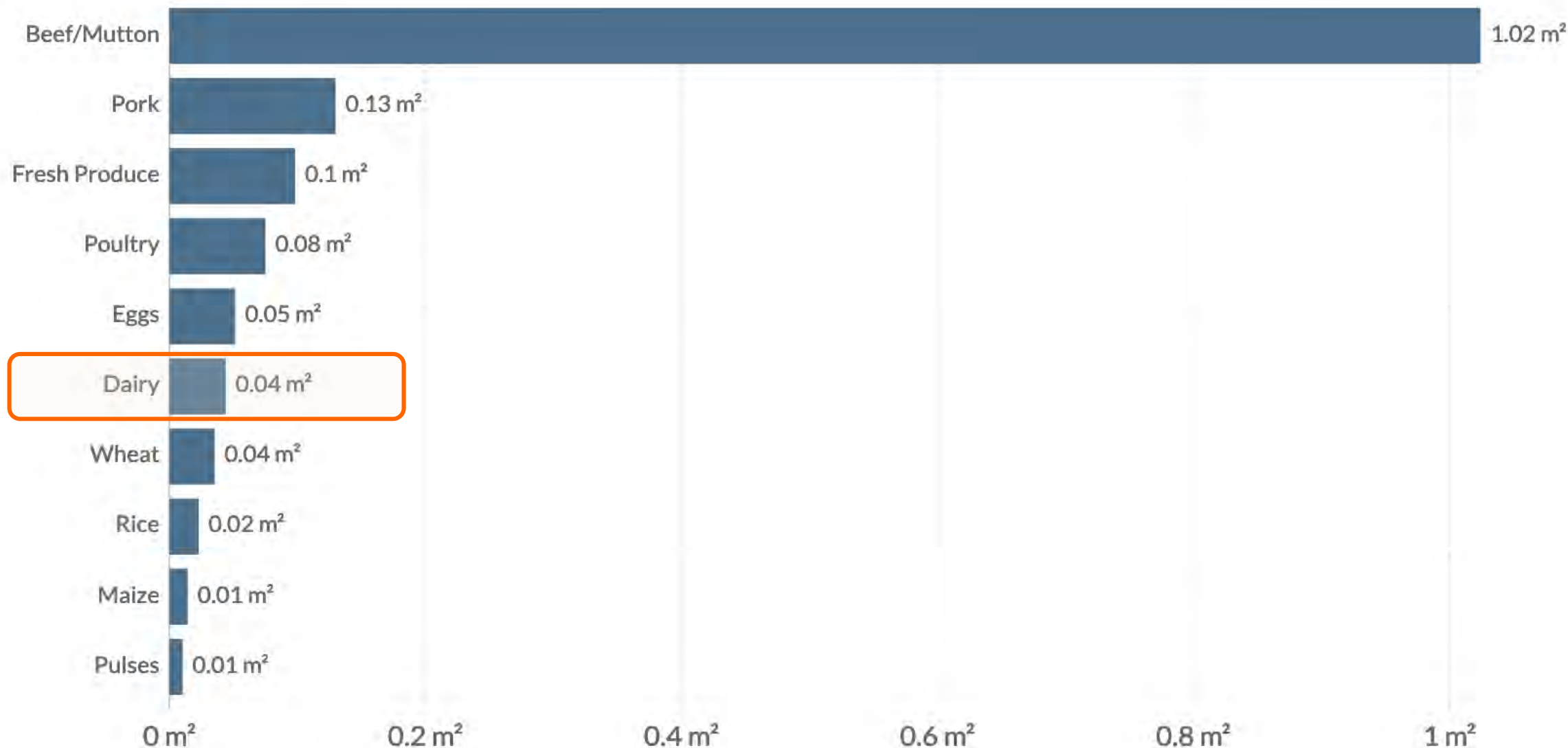
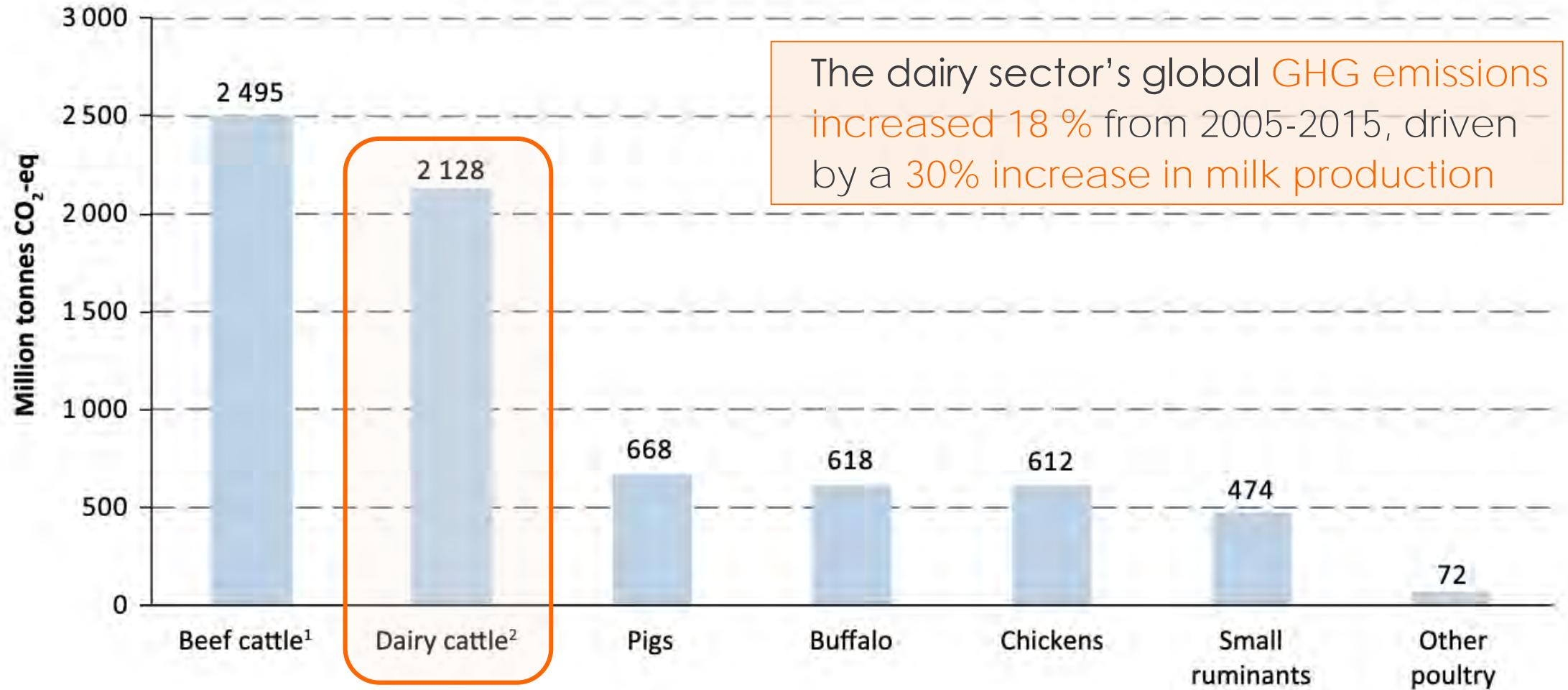


FIGURE 2. Global estimates of emissions by species*



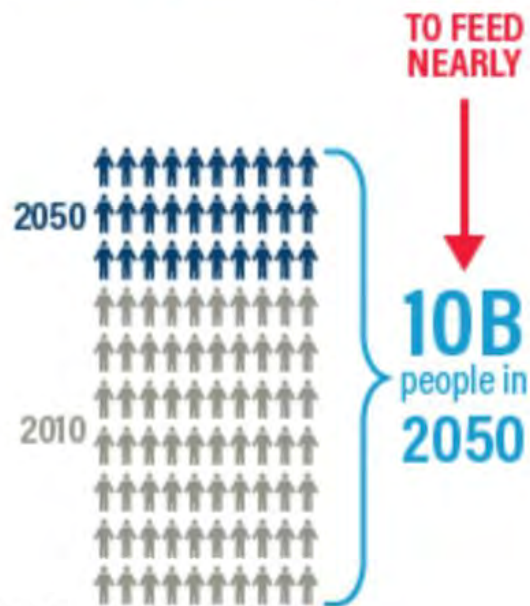
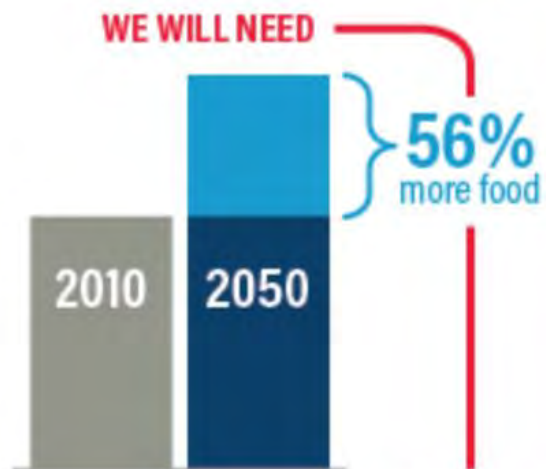
*Includes emissions attributed to edible products and to other goods and services, such as draught power and wool.

¹ Producing meat and non-edible outputs.

² Producing milk and meat as well as non-edible outputs.

Source: GLEAM.

How do we feed 10 billion people...



...without using more land...

WE NEED TO PREVENT AGRICULTURE FROM EXPANDING



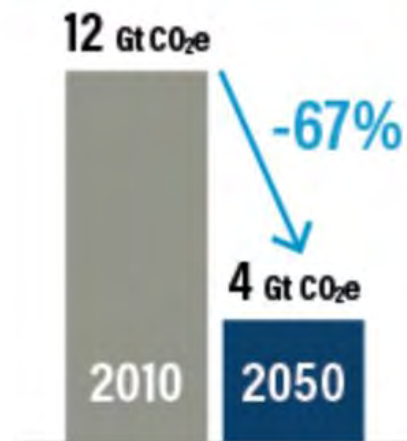
we currently use
~50%
of the world's vegetated land for agriculture



TO SAVE AN AREA OF FORESTS NEARLY
2X the size of India

...while lowering emissions?

WE CAN LOWER EMISSIONS



WITH INNOVATIVE TECHNOLOGY LIKE



Improved feeds

Plant-based burgers



Resilient crop breeds

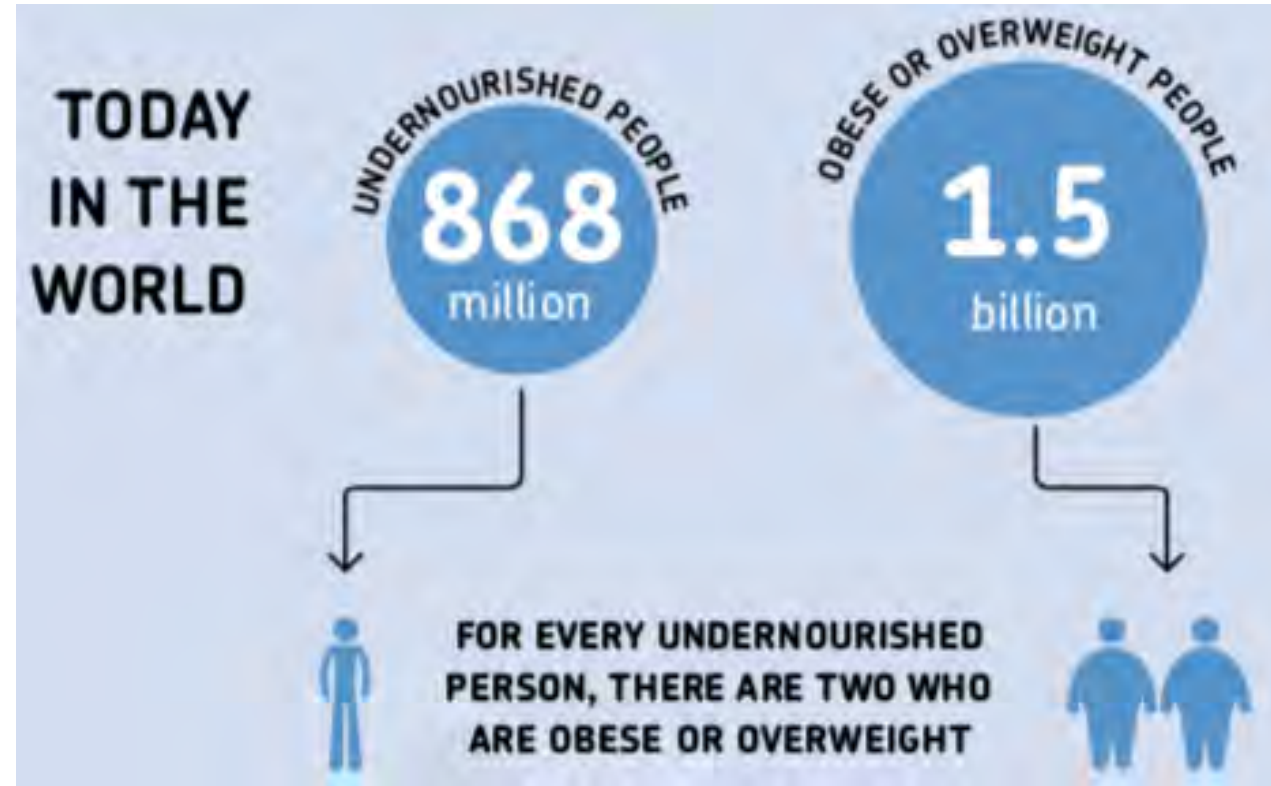
EAT-Lancet Commission: Healthy Diets From Sustainable Food Systems

The global food system is causing an **ecological** and **health catastrophe**



Food is the single strongest lever to optimize human health and environmental sustainability on Earth.

EAT-Lancet Commission: Healthy Diets From Sustainable Food Systems



Food is the single strongest lever to optimize human health and environmental sustainability on Earth.



The South African context: A need to rethink the food system

Prevalence of obesity in adult females, 2014

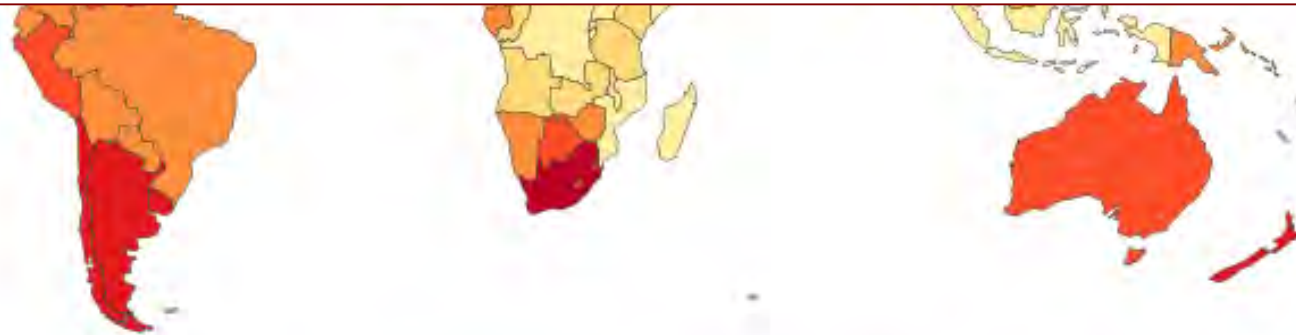
The share of adult women defined as obese, measured as the percentage of women with a body mass index (BMI) value >30.0. Body mass index is a person's weight in kilograms (kg) divided by his or her height in metres squared.

Our World
in Data



“The Western Cape stands to lose R357 billion in household spending from stunting and up to R590 billion from obesity to 2040; this accounts for over 5% of GDP.”

FUTURESCAPE POLICY BRIEF: DOUBLE BURDEN OF MALNUTRITION FEBRUARY 2018

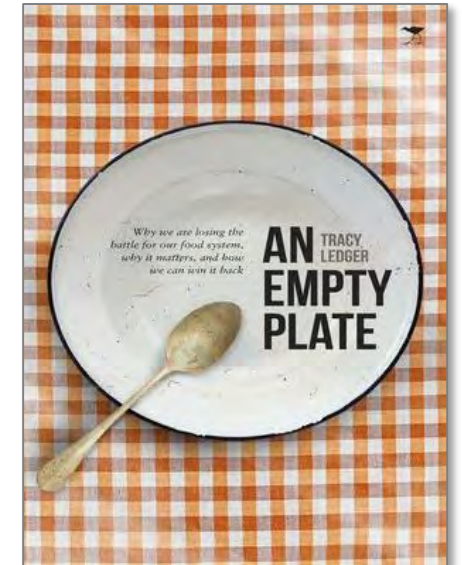


▶ 1975

● 2014

Source: Prevalence of weight categories in females - NCDRisC

OurWorldInData.org/obesity/ · CC BY-SA





- environmental
- business
- social
- green
- economic
- architecture
- engineering
- pillars
- energy
- building
- global
- workplace



Environmental Sustainability: Our ...
compilatio.com



Sustainability and Why is it import...
environmentalaction.org



Sustainability | Eastman
eastman.com



The Five Domains of Sustainability ...
patrynkidale.org



10 ways any business can build ...
bulldogpower.com



Sustainability Committee
tbf.co.uk



Defining Sustainability in ...
environmentalaction.org



Omaha CSO | Sustainability
omahacso.com



Sustainability | NAM
nam.org



Sustainability Trends in the Paper Industry
www.paperjournal.com



How to turn sustainability into a profit
blog.iesee.org



Types of Sustainability - Youth ...
youthful.org



Defining True Sustainability
www.true.sustainability.com



Major hotel chain makes a ...
traveltips.com.au



Sustainability - Wikipedia
en.wikipedia.org



Good360's Sustainability School ...
good360.org



Increasing sustainability
www.environmentalaction.org



Approach to Office Furnishing ...
newcity.com



Assess the sustainability of ...
foccc.com



The McGrath Group is fully committed ...
mcgrathgroup.co.uk



Sustainability | Park City, UT
parkcity.org



A global shift to sustainability would ...
vix.com



Environmental sustainability
lexiletoday.com.au



Sustainability Jobs 2017 ...
sustainabilityjobs.com



What is sustainability ...
www.sustainability.com



Reinhardt Foodservice - Sustainability ...
reinhardt.com



Sustainability
genking.com

Understanding sustainability: The challenge of definition

Understanding 'sustainability'

- The term will always mean different things to different people
- In many boardrooms is misunderstood as being an issues for “greenies”, marginalised as being about philanthropy, or standardised into compliance checklists

Literally, the term refers to the organisation's capacity to endure,
or its resilience into the future...

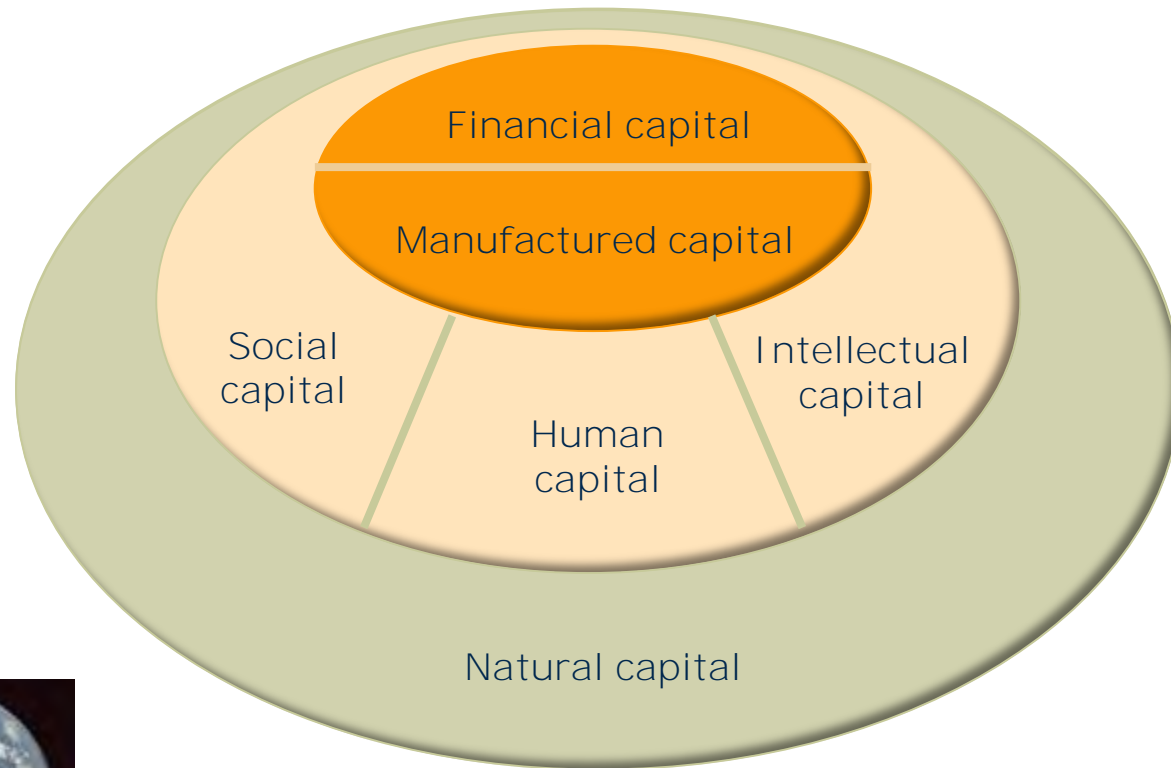
Sustainability is about how we understand value.

It is about seeing value in a broader context – and appreciating the
resources and relationships that impact on value creation.

A more sustainable company interrogates the way value is created and
shared amongst its stakeholders, in the short, medium and longer term.

Understanding sustainability: Rethinking value

All organizations depend on various *resources and relationships* to create value. These resources and relationships can be conceived as different forms of “*capital*”.

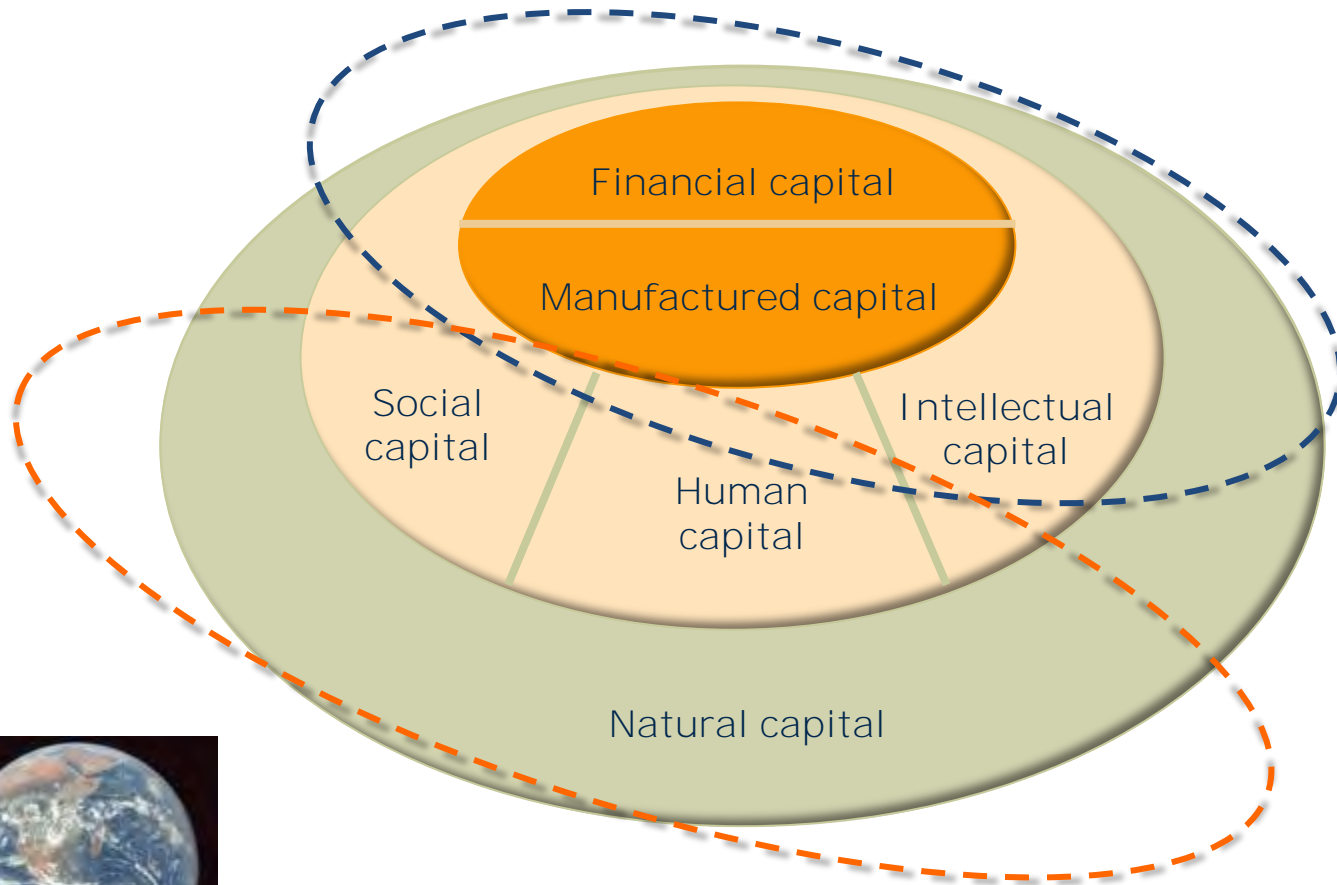


Ecosystem services		
Provisioning services	Regulating services	Cultural services
Food Freshwater Wood and fibre Fuel Medicines and new chemical compounds	Climate regulation Flood regulation Disease regulation Water regulation Pollination services Erosion prevention Air quality regulation	Aesthetic Cultural Recreational Spritual
Supporting services or habitat services		
Habitat maintenance Genetic diversity Soil formation Photosynthesis or primary productivity		



Understanding sustainability: Rethinking value

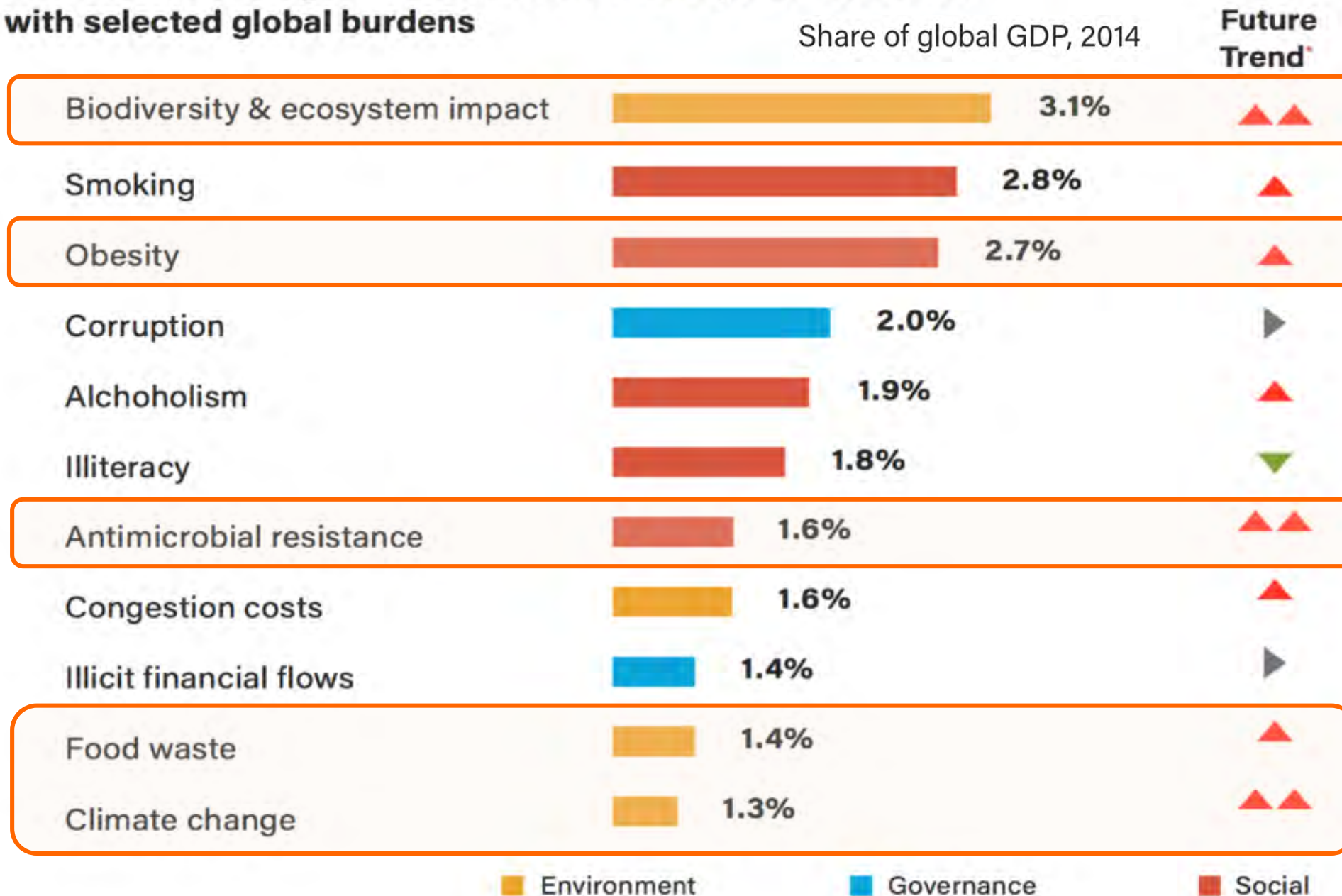
All organizations depend on various *resources and relationships* to create value. These resources and relationships can be conceived as different forms of “*capital*”.



Our business systems and *valuation models* are better tuned to *tracking financial and manufactured capital* than social, human and natural capital.

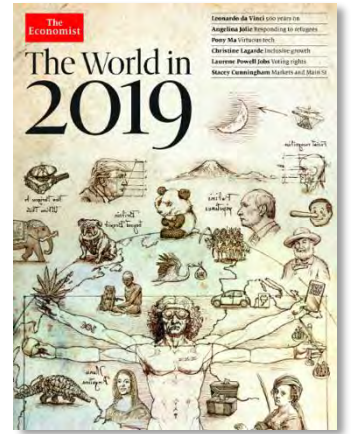
New thinking on *business strategy and reporting* is pushing companies to consider *all capitals* in decision-making. *Government* is increasingly looking to *internalise market failure*.

Estimated annual global direct economic impact associated with selected global burdens



Are we seeing the beginning of shifting dietary patterns?

The Economist's "The World in 2019" predicts that veganism will be the most popular topic of the new year, declaring 2019 "**the year veganism goes mainstream.**" On the heels of this declaration, *Forbes* published an article predicting that 2019 will be the year more people "**embrace a plant-based lifestyle.**"



Beyond Meat is going public. Investors are betting on a new future for food.

Plant-based meat products might fix our food system.

By Kelsey Piper | Apr 25, 2019, 3:20pm EDT

Beyond Meat Just Had the Best IPO of 2019 as Value Soars to \$3.8 Billion



Danone's 2017 acquisition of WhiteWave, a company specialised in "better-for-you" food and drinks (including plant-based and organic products)

The dairy industry response?

The DSF reports on the dairy industry's performance using the following 11 criteria:



Environmental

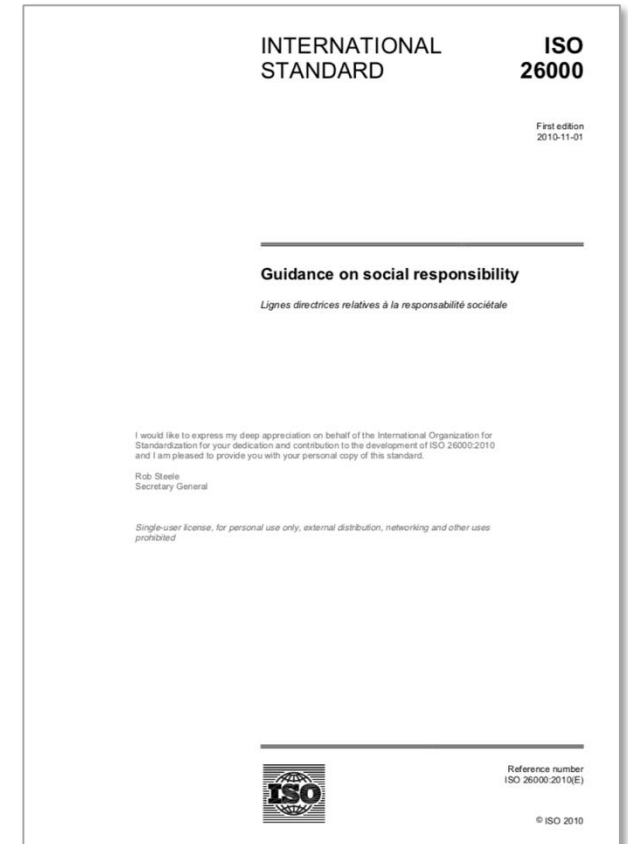
- Biodiversity
- Waste
- Water
- Greenhouse gas emissions
- Soil
- Soil nutrients

Social

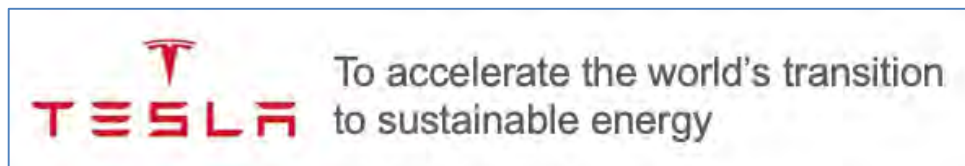
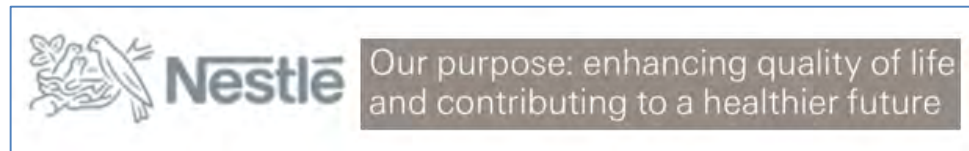
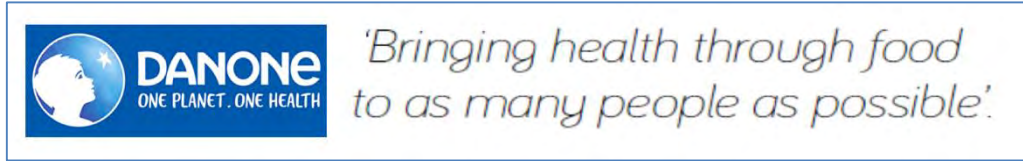
- Working conditions
- Product safety and quality
- Animal care

Economic

- Rural economies
- Market development



Leading purpose-driven companies **cultivating a sustainability culture**



Common characteristics

1. The purpose is **authentic**, and in each instance is **driven from the top, with conviction**
2. The purpose is supported by **long-term science-based and context-based targets**, aligned with the **UN SDGs**
3. Purpose-led companies recognise the **competitive advantage in addressing societal challenges**
4. Purpose-led companies cultivate a **culture that inspires business innovation**, that allows for **experimentation**, and that **fosters shared learning and systems thinking**
5. Purpose-led companies **speak out on system weaknesses**

Unilever's Polman: Challenging short-termism

"Unilever has been around for 100-plus years. We want to be around for several hundred more years.

So if you buy into this long-term value model, which is equitable, which is shared, which is sustainable, then come and invest with us.

If you don't buy into this, I respect you as a human being, but don't put your money in our company."

"The CEO and board are trapped between what the market wants and what the future needs."
Senior oil company executive

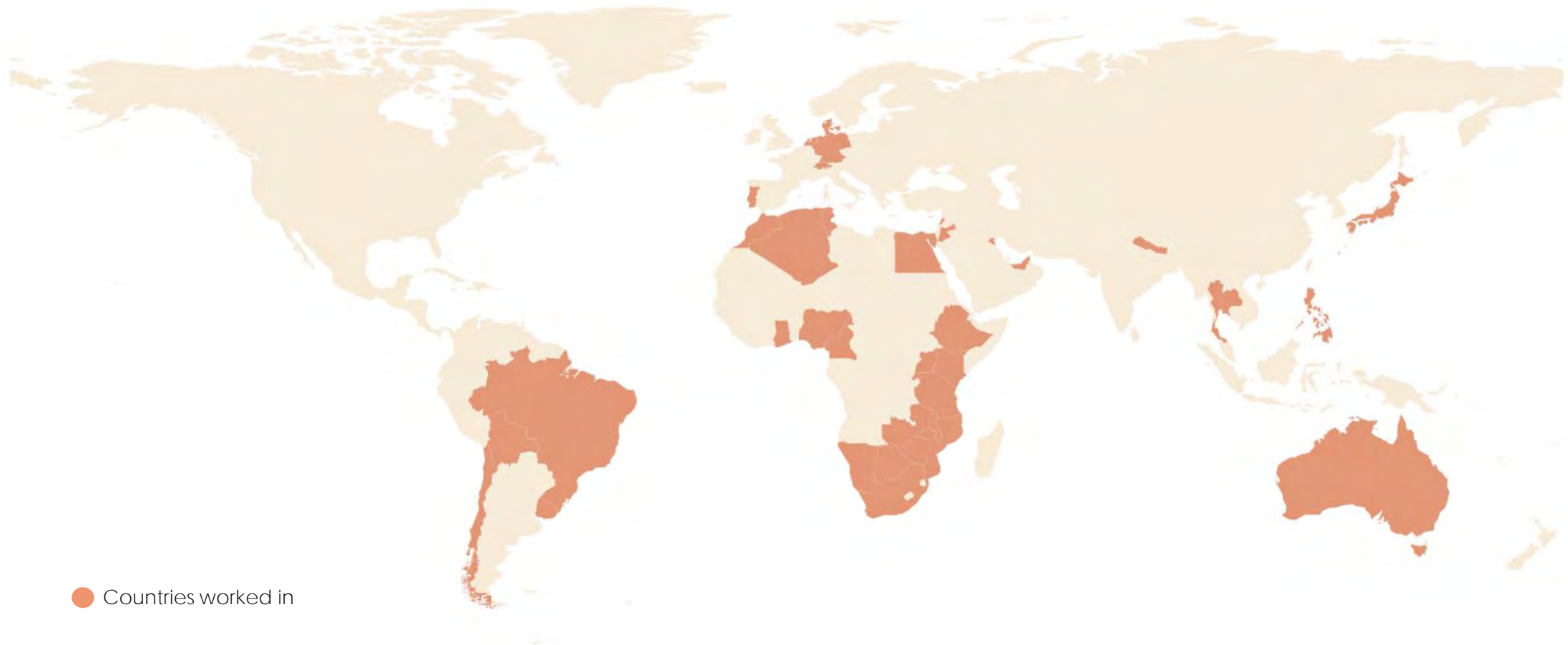


Paul Polman
Unilever CEO (2009-2018)



Incite is an international advisory and advocacy network based in South Africa and operating in emerging markets globally.

We help our clients become more competitive by optimising societal value.



Our network of partners works out of Cape Town, Beirut, Dar es Salaam, Geneva, Lagos and Melbourne