

Sustainability – Now More Than Ever

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18/08/2020 The Covid-19 pandemic sent shock waves through businesses and the economy. In consequence, sustainability could fade into the background—or become an even more important factor for success.

"These are extraordinary times. And we face an extraordinary challenge." This is how John F. Kennedy started his special message to Congress in May of 1961, in which he announced the goal of sending a human being to the moon before the end of the decade. The idea seemed impossible at first, yet it touched off a contest that achieved the seemingly impossible just eight years later, and demonstrated that humanity is quite able to take giant leaps.

For the Swedish Earth system scientist Professor Johan Rockström – Director of the Potsdam Institute for Climate, which is based in Brandenburg's capital and investigates scientifically and socially

significant issues in the areas of global change, climate impact, and sustainable development – the year 1961 is comparable to the current situation: “Now we are announcing our goal to cut emissions and reduce greenhouse gases in Europe by at least 50 percent in ten years.” And even if so far no nation has started to take on this “moon shot” in terms of sustainability and established sufficiently comprehensive policies, the corona pandemic at the latest sets us the decisive ultimatum: “This terrible pandemic comes with an important signal: for better or worse, we are not so much caught in the status quo as we often believe.”

Crises as opportunities for sustainable action

The climate expert, who is in great demand worldwide, takes a critical view of the current situation: "We currently do not see the changes that science shows we need to make to stabilize the climate – and avoid further dangerous impacts with irreversible damage to our life-support system: our planet.” But at the same time, he said, a significant shift has taken place over the last five years. Sustainability is increasingly perceived by companies as a strategic core task and established as a success factor in competition: “These two trends must be combined. We are currently at a transformation point. Some businesses are seizing the opportunity and pioneering, while others keep on tiptoeing and will soon be laggards.”

A worldwide crisis like the Covid-19 pandemic could launch a development that enables this transformation to succeed, and thus lay the groundwork for greater sustainability. “Governments, business, and the public are all called upon to apply new approaches and solutions,” says Professor Lucia Reisch, the spokesperson for the Porsche Sustainability Council.

“Yes, we should be devoting all the necessary resources to beating the virus right now. Yet it would be negligent if we ignored long-term and more fundamental threats like climate change and thereby hindered measures needed to avert them.” A professor of consumer behavior and consumer policy at Copenhagen Business School, she notes the need to learn from the past. As recently as 2008, milestones long since achieved were set back by years as a result of the financial crisis.

Despite this risk, scientists like Rockström have a hopeful view: “I’m quite optimistic here, actually. This devastating shake-up caused by the corona virus is gradually opening up the opportunity to recover in a way that builds more sustainable and resilient societies in the future.” That is because Covid-19 has made one thing clear: there is a link between human intervention in natural habitats and global crises like this. According to Rockström, the positive impulse lies in this understanding: "Precisely because the pandemic, while rooted in environmental issues, now affects human health and security issues, it might accelerate change.” In concrete terms, this means that more than ever, companies are now called upon to develop solutions for climate-neutral mobility or to establish use of resources in balance with nature that will also preserve a liveable world for future generations.

Clear action instead of lip service

At the moment, however, the pandemic and the associated economic damage have compelled many companies to focus primarily on cost reduction and liquidity. Sustainability is often relegated to a secondary role. Yet Birgit Engler, a partner at the Porsche Consulting management consultancy, says now is precisely the time to put sustainability at the top of the agenda as a key to success. “In the future, commercial success will depend not only on economic factors but also on responsible social and ecological action. Now is the time for companies to set this course and to strongly integrate sustainability." Priorities should be placed on foresight and value-adding growth instead of short-term optimization of the bottom line. Flowery words and lip service will not do the job. “Clear actions and recognizable results are needed in order to build trust," she says.

This is confirmed by experts on renewable energy such as Dr. René Backes from BASF, the world's largest chemical corporation by sales. A chemist and specialist in business development, Backes works as a scout at the Swedish office of the German corporation. For him, the main problem is ecological. “We already need huge amounts of energy and resources. And to meet these needs, fossil fuels are virtually the only resource we've been finding." Although BASF has managed to cut its total greenhouse gas emissions in half since the 1990s while also doubling its production, the company is now at a point where it's no longer as easy to go on reducing. “But because we want to continue making substantial improvements, we're now getting down to essentials."

This policy forms the basis for Backes' work. He is active in BASF's Nordic region—covering Sweden, Norway, Denmark, and Finland—where he scouts for value-adding sequences that are quite literally new. “I try to identify ways of achieving the raw material transition—like how to replace petroleum with recyclables or renewable biofuels." With the help of a long-term sustainability strategy, BASF has established itself as the number one partner for sustainable chemical production in the Nordic countries. According to Backes, the region is five to ten years ahead of other areas and is serving as a type of “petri dish" for the future. It, and thereby also the chemical industry worldwide, are developing solutions that could play a pioneering role in energy production over the long term. But this takes time, and also the insight required to place sustainability at the core of all business decisions.

Employees are the most powerful factor

The self-image of sustainability as a competitive factor can develop in companies if it is anchored in the corporate strategy. Northvolt is a successful example of this. The Swedish start-up wants to become Europe's largest manufacturer of battery cells and systems and thus enable the turnaround to e-mobility. "We want to build the most environmentally friendly batteries in the world," explains Emma Nehrenheim, Chief Environmental Officer. To achieve this, the company has developed an overall strategy in which sustainability is anchored as the key in a variety of ways.

The development of a circular economy—in which a large part of the raw materials will come from

recycled batteries—is just one aspect of this. With sustainability teams in all areas of the company, Northvolt aims to keep the environmental footprint of its products, factories, and the company small as a whole. This will be achieved through the exclusive use of green electricity and standards in the procurement of raw materials. In addition, all 700 employees in the company have recognized the value of sustainability and taken it for granted in their daily work. This, according to Nehrenheim, is the most powerful factor: "We all do everything with a long-term perspective so that the environmental problems of tomorrow are not caused today."

The success of individual companies can serve as beacons of progress, but to achieve decisive results everybody has to get involved, says sustainability expert Birgit Engler. Despite the current climate of uncertainty, the consultant emphasizes the need to continue resolutely promoting sustainability, incorporating it into all aspects of economic life, and motivating people to change their outlooks. The current disruption in our usual patterns of behavior offers a good opportunity to examine and realign existing systems and habitual practices. “Sustainability has to be part of corporate strategies. It needs to be visible in targets and effective initiatives, and anchored in company structures, processes, and cultures. If companies can convincingly combine high economic performance, social responsibility, and substantially lower environmental impact, that will give them real added value," she explains. Higher levels of employee and customer loyalty, better access to outside financing, easier acquisition of new business fields, and long-term increases in company value as well as crisis resilience are examples of the competitive advantages offered by sustainability.

Rockström is also critical of viewing sustainability in too narrow terms. It is time to recognize how social, economic, and ecological phenomena are interdependent. Covid-19 has shown exactly that. Now is the time to act accordingly and take another big step for humanity.

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