Focus on Unilever

COMPANY OVERVIEW
Unilever, headquartered in London, is one of the world’s largest consumer goods companies, with a market capitalisation of approximately 150 billion USD. The company owns more than 400 brands used by 2.5 billion people globally. As with all consumer goods companies, Unilever’s supply chains have a sizeable footprint in the forests, land and agriculture sector, presenting both risks and opportunities related to biodiversity, nature and climate change.

Unilever is committed to securing deforestation-free supply chains for key commodities, protecting and regenerating critical landscapes, and achieving net-zero emissions across its product portfolio. Through various initiatives, the company supports the sustainability efforts of its suppliers and brands, and the jurisdictions in which they operate.

Why climate and nature?
The security of consumer goods companies’ supply chains depends on healthy ecosystems and a stable climate, particularly when it comes to food production. Unilever seeks to not only protect nature but to also promote landscape restoration within its supply sheds. This commitment has yielded business benefits: in 2017, Unilever’s Sustainable Living Brands grew 69% faster than the rest of the business and delivered 75% of the company’s growth.

SUSTAINABILITY JOURNEY

<table>
<thead>
<tr>
<th>Started in</th>
<th>Activity</th>
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<tr>
<td>2004</td>
<td>Becomes a founding member of the Roundtable on Sustainable Palm Oil (RSPO).</td>
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<td>2010</td>
<td>Launches the Unilever Sustainable Living Plan (USLP), which guides its sustainability approach until 2020. The plan features over 70 time-bound targets under three overarching goals: improving health and wellbeing, enhancing livelihoods and halving Unilever’s environmental impact.</td>
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<td>2013</td>
<td>Commits to sourcing 100% physically certified palm oil by 2020.</td>
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<td>2017</td>
<td>Pledges to reduce scope 1 and 2 GHG emissions by 100% by 2030. Also in 2017, invests 25 million USD in &amp;Green Fund to achieve large-scale, deforestation-free agriculture.</td>
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<td>2019</td>
<td>Becomes a founding member of One Planet Business for Biodiversity.</td>
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<td>2021</td>
<td>Unilever’s Climate Transition Action Plan is approved by the majority of its shareholders, anchoring a plan to achieve net-zero emissions across its supply chains by 2039.</td>
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KEY ACTIVITIES AND ACHIEVEMENTS

Unilever met many of the USLP’s 2020 targets (e.g., 100% sustainable sourcing of its soybean, cocoa and sugar supply chains; reducing GHG intensity by 75% compared to 2008; halving its factory network’s water abstraction compared to 2008). The company, however, faced challenges in meeting some sourcing targets, leading to the 2020 launch of Compass, a fully integrated business strategy, and collaborative efforts to empower its suppliers and brands to adopt sustainable practices.

- The company is engaged in pre-competitive platforms such as the Consumer Goods Forum Forest Positive Coalition, Cocoa Forests Initiative and Tropical Forest Alliance.
- Unilever is a founding member of the LEAF Coalition, launched in 2021, which seeks to reward tropical forest governments that have successfully reduced deforestation.
- In 2020, the company launched its €1 billion Climate & Nature Fund to help its brands promote environmental stewardship while supporting farmers and smallholders.
ENABLERS

SMART PRESSURE AND COLLECTIVE ACTION
Unilever’s palm oil is largely sourced from Indonesia, one of the only countries that has delivered a sustained reduction (90%) in tropical forest loss over the past five years. Pressure from NGOs, private sector policies and a government moratorium on new oil palm plantations have all contributed to this success.

INTERNAL COMPASS
The USLP operated as a conventional sustainability strategy, informed by, but apart from, the company’s business plan. Unilever’s new Compass program intertwines sustainability with the business plan and profits, making sustainability an integral performance objective.

SPOTLIGHT ON: JURISDICTIONAL APPROACHES
In 2015, Unilever announced plans to preferentially source commodities from regions with comprehensive climate and forest policies. The company has partnered with NGOs and governments in Indonesia and Malaysia to obtain jurisdictional RSPO certifications, which help ensure that regional mills and farmers adhere to RSPO guidelines. Five of these public-private partnerships have been launched, which have improved farmers’ livelihoods, lowered certification costs and restored wildlife habitat.

CHALLENGES AND OPPORTUNITIES

SUPPLY CHAIN TRANSPARENCY
In 2018, Unilever became the first major consumer goods company to publicly disclose mill data and produce a list of its direct and indirect palm oil suppliers. The list, and the company’s formal palm oil grievance procedure, established a new level of transparency and accountability, now being replicated by industry peers.

BREAKING OUT OF SILOS
While Unilever previously approached materiality assessments with a commodity-first lens, since 2020 the company has followed a cross-commodity policy. By looking across suppliers’ entire business operations, Unilever has driven sector-level systems change.

SPOTLIGHT ON: TECHNOLOGY FOR TRACEABILITY
Breakthroughs in satellite technology have bolstered traceability in Unilever’s supply chain. The company works with a suite of technology providers (e.g., Orbital Insight, Google, Descartes Labs, World Resources Institute) to ensure that commodities are sourced in compliance with company policy.

Key Takeaways

“Be careful not to chase internal targets while missing the bigger picture.”

In 2010, members of the Consumer Goods Forum committed to eliminating deforestation from their supply chains by 2020, a target that most companies pursued through certifications and isolated supply chain interventions. These approaches helped companies move towards their individual targets, but proved ineffective in reducing deforestation overall. Unilever’s cross-commodity People & Nature Policy has since helped drive more holistic changes.

“The Forest Positive shift has been a wake-up call.”

Unilever participates in the Forest Positive Coalition, whose members understand that sustainability entails not only avoiding negative impacts, but also creating positive outcomes. Nature-positive supply chains are not only important for biodiversity, but also for companies’ resilience against climate change.

“Nothing is more critical than the first mile.”

Most of Unilever’s environmental impact comes from the cultivation of commodities in its supply chain and their transport to mills. Tracing supply chains upstream and measuring the impact of production during this first mile is a daunting, but essential, part of meeting sustainability goals.