

Case Study: The Sustainability Imperative at Unilever, a Strategic Integration of Environmental and Social Responsibility in Global Business

Introduction to Unilever: Background and Overview

Unilever is a global powerhouse in the consumer goods industry, renowned for its diverse portfolio of over 400 brands that span a wide range of products across categories such as beauty and personal care, home care, food and refreshments, and health and wellness. Founded in 1929 as a result of the merger between Margarine Unie of the Netherlands and Lever Brothers of the UK, Unilever has become a multinational corporation with a presence in over 190 countries and an extensive distribution network that reaches more than 3.4 billion people globally. The company's journey has been marked by both continuous growth and a commitment to social responsibility, making it one of the most successful companies in the world.

From the beginning, Unilever has been committed to innovation. In the 19th century, it was instrumental in pioneering the modern margarine industry. Over the years, Unilever expanded beyond margarine to include various other products, such as soaps, detergents, beverages, and snacks, growing into one of the largest and most influential companies in the consumer goods sector. Despite facing the challenges of a rapidly evolving market, Unilever has consistently managed to stay ahead of the curve, focusing on strategic acquisitions, product innovation, and a forward-thinking approach to sustainability. The company's vision has continuously evolved from merely being a successful profit-driven organization to a company that balances profit-making with sustainable development and global welfare.

In recent decades, Unilever has positioned itself as a leader in sustainability, with a clear focus on addressing global issues such as climate change, resource scarcity, and social inequality. This shift in focus aligns with the changing expectations of consumers and other stakeholders who are increasingly prioritizing environmental and social responsibility. Unilever has set ambitious goals to reduce its environmental impact and increase its positive social impact through initiatives like the Sustainable Living Plan, which guides the company's actions and investments in sustainable practices.

Unilever's Sustainability Vision and Strategy

At the heart of Unilever's strategy is its commitment to sustainable growth, which seeks to align the company's business practices with environmental stewardship and social equity. This vision is encapsulated in the company's Sustainable Living Plan (USLP), which was first launched in 2010. The goal of this plan was to decouple Unilever's growth from its environmental impact while increasing its positive social impact. Through this initiative, Unilever set clear objectives to reduce its environmental footprint, including goals to halve the environmental impact of its products and improve the livelihoods of people across its supply chains.

A major element of Unilever's strategy revolves around its focus on net-zero emissions by 2039. The company has committed to achieving this target across its entire value chain, from sourcing raw materials to end-user consumption. This ambition extends to the reduction of carbon emissions, as well as addressing other environmental concerns such as water usage, waste reduction, and deforestation. Alongside carbon neutrality, Unilever is committed to making its operations more circular by designing products and packaging with recyclability in mind, focusing on reducing plastic waste, and using sustainable materials whenever possible.

Another cornerstone of Unilever's sustainability vision is its focus on the social aspects of sustainability, which is embedded in the company's long-term strategy. Unilever aims to address issues such as gender equality, access to clean water, and poverty alleviation through its brands and global operations. Its social goals also include fostering diversity and inclusion within the company and ensuring fair wages and working conditions for employees across its supply chain. In this way, Unilever views sustainability not just as a matter of reducing environmental harm but also as an opportunity to create lasting social value.

Sustainable Product Innovation and Circular Economy

Unilever's approach to sustainability extends beyond its internal operations to the very products it creates. The company has increasingly focused on sustainable product innovation to meet the demands of a more environmentally-conscious consumer base. One of the key ways it has achieved this is through adopting a circular economy model, where products are designed with their entire lifecycle in mind. This model aims to minimize waste, maximize resource efficiency, and encourage the reuse and recycling of materials.

One of the most notable examples of sustainable product innovation is Unilever's efforts to tackle plastic waste. The company has committed to ensuring that all its plastic packaging is recyclable, reusable, or compostable by 2025. Moreover, Unilever has begun to adopt alternative packaging materials, such as biodegradable plastics and refillable containers. Brands like Dove have already shifted to using 100% recycled plastic in their bottles, marking a significant move toward reducing single-use plastic waste. Another key initiative is the introduction of innovations such as the "Concentrate" cleaning products, which use less water and packaging, reducing the environmental impact of production and transportation.

The circular economy model also influences Unilever's approach to sustainable sourcing. The company has made significant strides in ensuring that the materials used in its products such as palm oil, paper, and soy are sustainably sourced. Unilever's collaboration with organizations like the Roundtable on Sustainable Palm Oil (RSPO) aims to ensure that all palm oil used in its products is certified as sustainable, thereby contributing to the fight against deforestation and other environmental challenges.

Unilever's Social Impact and Corporate Social Responsibility (CSR)

Unilever's sustainability strategy is not limited to environmental initiatives; it also includes a comprehensive focus on social responsibility. The company recognizes that its actions must benefit not just the environment but also the communities where it operates. Through its CSR programs, Unilever aims to improve the quality of life for millions of people worldwide, particularly those in developing countries.

Unilever's social responsibility efforts are primarily focused on three key areas: health and wellness, education, and livelihoods. Its initiatives in the health and wellness space include running hygiene and sanitation programs that encourage and food safety practices, particularly in underserved areas. For example, its Lifebuoy brand has launched campaigns in countries like India and Africa, promoting handwashing as a simple yet effective way to prevent the spread of diseases. These programs are crucial in regions where access to clean water and sanitation is limited.

In terms of livelihoods, Unilever works to improve the economic conditions of farmers and smallholders in its supply chain by providing training and resources. For instance, the company has implemented programs to teach sustainable farming techniques and help farmers achieve higher yields while minimizing environmental damage. Through its Fair & Lovely brand, Unilever has also made strides toward promoting gender equality by rebranding the product and changing its messaging to focus on skin diversity and empowerment, rather than conforming to one standard of beauty.

Environmental Sustainability Initiatives

Unilever has been a leader in adopting and implementing a variety of environmental sustainability initiatives. Recognizing that its operations have a significant environmental impact, the company has made considerable efforts to reduce its carbon footprint, energy consumption, and waste production. As part of its climate change strategy, Unilever has committed to achieving net-zero emissions across its entire value chain by 2039, including not only the company's direct operations but also the upstream and downstream emissions from its suppliers and customers.

The company's focus on sustainability is evident in its energy and water efficiency improvements across its manufacturing plants, as well as its efforts to incorporate renewable energy sources into its operations. Unilever aims to source 100% of its energy from renewable sources by 2030 and has already made substantial progress in this area, with over 50% of its energy consumption coming from renewable sources in 2020. In addition to energy efficiency, Unilever has implemented strategies to reduce water usage in its production facilities, particularly in water-scarce regions.

Moreover, Unilever's commitment to sustainable sourcing includes taking steps to eliminate deforestation from its supply chain. The company has worked to ensure that its palm oil, soy, and paper supply chains are sustainable, with certifications from organizations like the. These

efforts are crucial in mitigating the environmental impacts of deforestation, which contributes to climate change and biodiversity loss.

Sustainable Sourcing and Supply Chain Management

Unilever's approach to sustainability extends deep into its supply chain. With a diverse range of raw materials sourced from around the world, the company recognizes the importance of ensuring that these materials are produced in a sustainable manner. The company has set ambitious targets to sustainably source all of its agricultural raw materials, including palm oil, tea, and soy, by 2025.

Sustainable sourcing is an essential part of Unilever's broader environmental strategy. The company works closely with farmers, suppliers, and other stakeholders to ensure that its raw materials are grown and harvested in a way that supports environmental preservation and promotes social equity. One of the most notable programs is the Unilever Sustainable Agriculture Code (SAC), which sets clear guidelines for suppliers to follow in terms of environmental and social responsibility. Through the SAC, Unilever aims to promote better farming practices, improve yields, and protect biodiversity in the regions where it sources raw materials.

Unilever also ensures that its supply chain is transparent, regularly auditing its suppliers to ensure compliance with its sustainability standards. This approach has led to significant improvements in the working conditions and livelihoods of smallholder farmers, who are often the most vulnerable groups in the supply chain.

Unilever's Role in Global Health and Wellness

Unilever's impact on global health and wellness is a core component of its sustainability agenda. Through its extensive product portfolio, Unilever strives to promote healthier lifestyles, focusing on nutrition, hygiene, and well-being. A key aspect of this strategy is reformulating its products to reduce harmful ingredients like sugar, salt, and trans fats, in response to the growing global demand for healthier food options.

In addition to its efforts to make products healthier, Unilever is also deeply involved in public health initiatives aimed at educating consumers about healthy living. The company's brands, such as Hellmann's and Knorr have been at the forefront of campaigns aimed at improving diet and nutrition. For example, Knorr has launched initiatives to promote plant-based eating, which is linked to both better personal health and environmental sustainability.

Furthermore, Unilever's hygiene products, such as Lifebuoy and Domestos, have played an essential role in promoting better sanitation practices, particularly in developing countries. Lifebuoy's handwashing campaigns have significantly reduced the incidence of preventable diseases in some of the world's poorest regions.

Challenges and Criticisms

Despite its achievements, Unilever has faced its share of challenges and criticisms, particularly around the scale of its operations and the environmental impact of its products. Some critics argue that the company's vast size and reach make it difficult to implement sustainable practices consistently across its global supply chain. For instance, while Unilever has made great strides in sustainable sourcing and packaging, certain products still rely heavily on plastic packaging or unsustainable raw materials.

Another criticism is that Unilever's sustainability claims are sometimes seen as "greenwashing" – a term used to describe companies that exaggerate their environmental efforts. Critics have pointed out that despite its public commitment to sustainability, Unilever has continued to rely on palm oil, a commodity associated with deforestation and habitat destruction. While the company has worked to source palm oil sustainably, the scale of its operations makes it difficult to track and verify every aspect of its supply chain.

However, Unilever has consistently sought to address these criticisms by being transparent about its challenges and providing detailed reports on its sustainability progress. The company has also made efforts to engage with NGOs, consumers, and other stakeholders to improve its practices and ensure that its sustainability claims are credible.

Future Outlook: Unilever's Long-Term Sustainability Goals

Looking ahead, Unilever is focused on maintaining and accelerating its sustainability efforts. The company has committed to doubling its positive social impact by 2030, with an emphasis on enhancing the livelihoods of people in its supply chain and promoting healthier living globally. Unilever aims to achieve net-zero emissions across its entire value chain, continue advancing its circular economy model, and eliminate deforestation from its supply chains by 2030.

To achieve these ambitious goals, Unilever plans to invest heavily in innovation and technology. The company is exploring new ways to produce products with a lower environmental footprint, such as using alternative materials for packaging, reducing water consumption in manufacturing, and enhancing the recyclability of products. Furthermore, Unilever is working with global governments, NGOs, and other businesses to drive systemic change across industries and ensure that sustainability is deeply embedded in business practices worldwide.

Conclusion

Unilever's sustainability strategy is a comprehensive approach that spans across its products, supply chains, and business operations. Through its focus on environmental stewardship, social responsibility, and sustainable innovation, the company has demonstrated how large corporations can drive positive change on a global scale. While challenges remain, particularly

around supply chain transparency and addressing greenwashing concerns, Unilever's long-term commitment to sustainability continues to set a benchmark for the industry. By adhering to its ambitious goals and embracing continuous innovation, Unilever is well-positioned to lead the way in the next era of sustainable business practices.

REFERENCES

[Unilever 2023](#) *Annual Report and Accounts 2023*

[Planet, Society, Climate](#) *Climate Transition Action Plan.*

[Sustainability](#) *Sustainability Initiatives.*

[Plastic Usage](#) *Waste-Free World – Reducing Plastic Use and Waste.*

[Brands](#) *Sustainable Living Brands.*

[Unilever 2023](#) *Diversity, Equity, and Inclusion.*

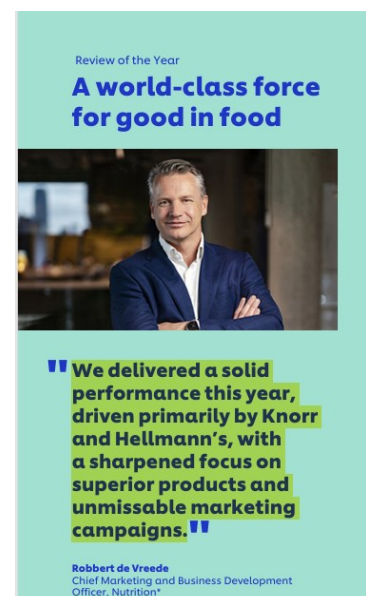
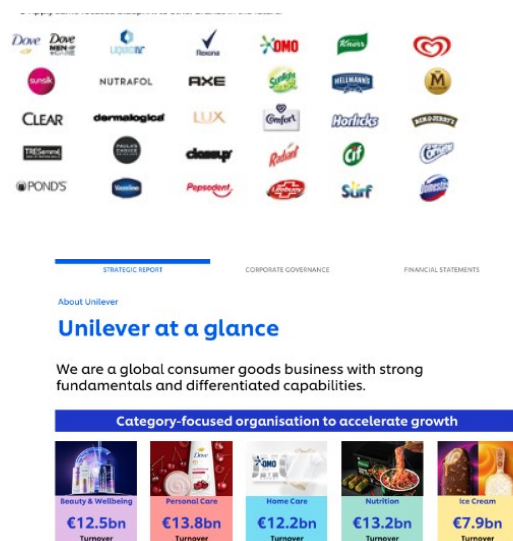
[Agriculture](#) *Sustainable Agriculture Code.*

[Unilever 2023](#) *Health and Wellbeing Initiatives.*

[Climate Goals](#) *Net Zero by 2039 – Our Climate Goals.*

[FIFA](#) *FIFA Women's World Cup Partnership with Unilever.*

APPENDICES



Source: *Unilever Annual Report & Accounts 2023* [Unilever 2023](#)

Climate

Our Climate Transition Action Plan (CTAP) outlines the actions we are taking to reduce GHG emissions in our business and across our value chain, to reach net zero by 2039. This Annual Report contains our third CTAP Progress Report – see pages 43 to 47. We published our updated CTAP in March 2024, in advance of an advisory shareholder vote at our Annual General Meeting in May 2024.

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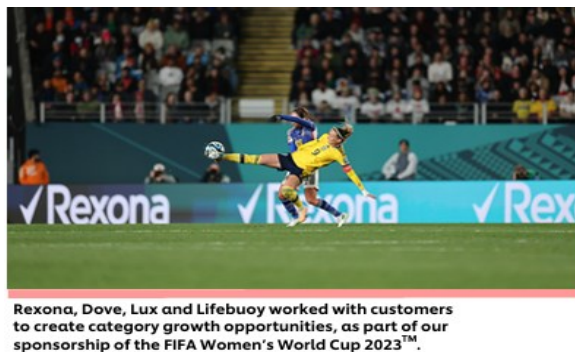
Nature

Our business depends on nature, including land, forests and water systems. We also recognise biodiversity loss as an emerging risk, so protecting these systems is important to ensure the resilience of our business and the communities where we operate. This year, we stepped up our efforts to deliver a deforestation-free supply chain and continued to make investments to protect and regenerate nature.

Deforestation-free supply chain

In 2020, we set a goal to achieve a deforestation-free supply chain in palm oil, paper and board, tea, soy and cocoa. By the end of 2023, we had put in place the infrastructure, monitoring and verification systems to manage a deforestation-free supply chain. For example, we have strengthened the traceability and transparency of our palm oil supply chain by using satellite imagery and geolocation data to measure deforestation. Additionally, 97.5% of our palm oil, paper and board, tea, soy and cocoa order volumes were deforestation-free by the end of 2023, based on Unilever's deforestation-free requirements.

Source: [Climate Transition Action Plan](#)



Rexona, Dove, Lux and Lifebuoy worked with customers to create category growth opportunities, as part of our sponsorship of the FIFA Women's World Cup 2023™.

Source: [Fifa Women world cup](#)

Actions: We have extreme weather contingency plans which we implement as necessary to secure alternative key material supplies at short notice or transfer or share production between manufacturing sites. We manage commodity price risks through forward-buying of traded commodities and other hedging mechanisms. Our Regenerative Agriculture Principles and Sustainable Agriculture Code encourage our agricultural raw material suppliers to adopt practices which increase their productivity and resilience to extreme weather and we aim to increase the hectares of protected and regenerated land.

Key goals:

- Help protect and regenerate 1.5 million hectares of land

Outcome of SPI for MCIP cycle 2020-2023 and PSP 2021-2023 (Unaudited):

The SPI is an assessment of the business's sustainability performance by the CRC and the Committee that captures quantitative and qualitative elements. The CRC and the Committee agree on an SPI achievement level against the SPI metrics, taking into account performance across all the targets in each of the eight sustainability pillars. Please note the changes to SPI for performance periods from 1 January 2024, as set out on page 131.

The 2023 SPI performance is set out on page 137. The SPI index for the MCIP and PSP performance period is calculated by taking a simple average and is set out at the bottom of the table for MCIP 2020-2023 and PSP 2021-2023. From 2022, the SPI indicators are based on progress made against Unilever's sustainability goals, as 2021 marked the final year of reporting against the Unilever Sustainable Living Plan (USLP). Therefore, the performance years 2020 and 2021 for MCIP 2020-2023 and performance year 2021 for PSP 2021-2023 is based on the USLP and the outcome for the remaining performance years is based on Unilever sustainability goals. For the first time, SPI 2023 includes two metrics (Positive Nutrition and Health & Wellbeing) that are evaluated on 'in-year' progress i.e. progress in 2023, rather than year-in-areas.

Innovation-focused sustainability

Sustainability is an important part of our strategy and includes a focus on palm oil, plastic and climate. Building on Unilever's goal to deliver a deforestation-free supply chain for five key commodities, including palm oil (see page 40), we are exploring new technology which has the potential to reduce the amount of palm-derived ingredients in our soap bars as well as lowering GHG emissions – without compromising superiority for consumers. Plastic remains an important priority and we continue to focus on reducing the amount of virgin plastic in our portfolio focused on packaging innovations. See page 41 and 46 for more on climate and plastic.

Some of our biggest brands are leveraging their long-term commitment to social issues to drive impact, as a core part of their brand propositions. Dove, Lifebuoy and Pepsodent continued to engage consumers on self-esteem, handwashing and oral hygiene issues this year, through powerful TV advertising, digital activations and on-ground education programmes. Dove's Emmy Awards-nominated 'Cost of Beauty' campaign highlighted the mental health impacts of toxic beauty among young people. See page 66 for the combined reach of our brand purpose programmes.

Source: [Sustainability](#)

Review of the Year

More focus for bigger impact



CLIMATE WEEK
"CLIMATE"

“ Our approach to sustainability is evolving to accelerate progress on four key priorities: climate, nature, plastics and livelihoods. We will focus on short-term actions to deliver more impact. ”

Risk

Risk description

Plastic packaging

We use a significant amount of plastic to package our products. A reduction in the amount of virgin plastic we use, the use of recycled plastic and an increase in the recyclability of our packaging are critical to our future success.

Source: [Plastic usage](#)

GROUP MEMBERS

1. Upeka
2. Piyumanthi
3. Ayesha
4. Sumuduni
5. Udeshi
6. Sanduni
7. Udiththra
8. Hansi
9. Vishmi
10. Sithmalsha
11. Thiwangi