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# Unilever: Engaging investors on climate

Climate leader

## What

Global consumer goods company Unilever has had an integrated business strategy since 2010, when it launched the Unilever Sustainable Living Plan. Its new strategy launched in 2020. The Unilever Compass built on what Unilever had learned in the previous ten years. The Compass sets out Unilever's new sustainability commitments, including a goal to reduce emissions to zero within its own operations by 2030 and to net zero across its value chain by 2039.

While the previous strategy functioned mainly at the corporate level, the Compass goes deeper into the business, bringing sustainability into brand strategies and operations. A climate transition action plan (CTAP) sets out how Unilever plans to reduce its carbon emissions in line with a 1.5°C pathway. The plan includes specific targets and actions for the company's value chain, its brands and products, and its wider influence on society. The € billion climate and nature fund is a way to deliver on the targets set out in CTAP, funding projects at brand level.

Investors were key stakeholders for Unilever as it developed the Compass. The company also gave investors a non-binding advisory shareholder vote on the CTAP at the 2021 AGM. The centrality of sustainability to Unilever's integrated strategy is reflected in all of the company's communications.

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**'The judges were impressed with the ambitious targets and plans evident throughout Unilever's integrated thinking and communications.'**

Finance for the Future Awards judges

## Why

One of the three foundations of the Compass is the belief that brands with purpose grow. Unilever's consumer research shows that brands that act on key social and environmental issues are viewed more positively by consumers. So for Unilever, focusing on sustainability ultimately leads to stronger brand growth as well as creating benefits for people and planet.

Brands are the core of Unilever's business. To achieve Unilever's ambitious climate targets, brands need to build reducing emissions into their own plans and product innovations. The Compass strategy and CTAP were designed to motivate brands to act and, through the climate and nature fund, give them the means to do so.

More and more, investors want to understand how Unilever is performing on environmental and social issues. The company has communicated its new strategy to investors through several channels – reports, presentations, webinars and ongoing dialogue – to help investors understand the company better. These conversations with investors also give Unilever useful information about investors' expectations.

In putting the CTAP to a non-binding advisory vote, Unilever aimed to strengthen its investor engagement. Feedback from investors was positive, and over 99% of shareholders voted in favour of the resolution.



**'Unilever believes that the economy-wide shift to net zero will require greater and deeper thinking, and also strong engagement between companies and investors about the climate transition plan.'**

**Sabina Nealon**

Finance Director Sustainability, Unilever

## How

Communicating the Compass and CTAP to investors and other stakeholders is part of Unilever's continuous engagement on sustainability and climate action:

- > Unilever introduced its new strategy to investors in its 2020 results presentation. The company clarified the central place of sustainability in Unilever's model as a differentiating strength. The presentation showed investors how Unilever's purpose-led approach drives brand power, which in turn drives market share.
- > In September 2020, Unilever hosted a 'Climate Action' webinar for investors and analysts, as part of Climate Week NYC. Unilever had announced its net zero goal three months earlier and used the webinar to share with investors what Unilever was doing to meet that goal. In the webinar, Unilever announced that it would put a climate transition action plan to an advisory shareholder vote at the AGM.
- > Finance developed the mechanisms that Unilever would use to measure and report on the specific targets in the CTAP. These mechanisms were needed for all 34 CTAP commitments before the overall plan could be internally approved. This work was coordinated by a central sustainability finance team that liaised with the finance team, sustainability team and other business areas across Unilever.
- > The climate and nature fund ringfences € billion for brand and marketing investment until 2030. The fund will be used for commercial projects at brand level that have a positive impact on the planet, with oversight from the managing director of the fund. The fund will support the brands' activities and help them to communicate their work to consumers in their marketing. Finance is heavily involved in setting targets for the fund that will be monitored and reported.
- > The company engaged with its shareholders and with Climate Action 100+, an investor group working on climate change, to get feedback on the CTAP ahead of the shareholder vote. The investor relations team brought in experts from across the business – including the CEO, CFO and the sustainability reporting team – to be part of conversations with investors.
- > Unilever will report on its progress against CTAP every year and plans to seek further advisory shareholder votes every three years. But Unilever see its communication of the Compass and CTAP, and advisory shareholder votes, as elements in an ongoing programme of engaging with investors on climate.

[www.unilever.co.uk](http://www.unilever.co.uk)

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**'The more we can explain Unilever's business and sustainability strategy as a whole, the more investors understand what Unilever is and what Unilever is trying to achieve, and therefore can make informed assessments about Unilever and its prospects.'**

**Clio Adam**

Director, Investor Relations, Unilever



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