

Case Study: Unilever's Sustainable Living Plan (USLP)¹

Introduction

This case study aims to provide a comprehensive overview of Unilever's ambitious journey through the USLP, offering insights into the complexities and challenges of integrating sustainability into the core of a global business.

Unilever

Unilever, a global leader in the consumer goods industry, has long been recognized for its commitment to sustainability and corporate social responsibility. With products sold in over 190 countries and a diverse brand portfolio that includes Dove, Lipton, and Ben & Jerry's, Unilever's influence on markets and communities worldwide is substantial. In this context, the company launched the Unilever Sustainable Living Plan (USLP) in 2010, aiming to decouple its growth from its environmental footprint while increasing its positive social impact.

The Unilever Sustainable Living Plan (USLP)

USLP stands as a pioneering blueprint in the arena of corporate sustainability, reflecting an ambitious endeavor to intertwine sustainability with its operational and strategic framework. Initiated in 2010, the USLP set forth a decade-long journey towards making sustainable living commonplace.

The USLP was adopted in 2010, with a vision that stretched across a decade towards 2020. Its implementation spanned various facets of Unilever's operations, embedding sustainability into the company's DNA. The plan's temporal boundaries were defined with clear targets, setting ambitious targets to be achieved across three key pillars by 2020:

- Improving health and well-being: Unilever aimed to help more than a billion people improve their health and hygiene habits, acknowledging the direct link between these practices and the prevention of diseases.
- Reducing environmental impact: The plan set out to halve the environmental footprint of Unilever's products. This objective was to be met through improvements in sustainable sourcing, reducing greenhouse gas emissions, cutting down water use, and minimizing waste production.

¹ Case written by Oriol Amat, Universitat Pompeu Fabra, 2024.

- Enhancing livelihoods: Unilever committed to enhancing the livelihoods of millions of people as the company grows. This included improving the working conditions of suppliers and providing smallholder farmers with the tools and training to increase their yields and incomes.

The plan permeated every functional area of the company:

- Research and Development (R&D): R&D efforts were recalibrated towards innovation in products and processes that are environmentally friendly and socially beneficial. This included the development of biodegradable formulations and sustainable sourcing of raw materials.
- Manufacturing: The plan mandated significant reductions in water use, waste production, and carbon emissions across Unilever's manufacturing operations. Investments in green technologies and processes were prioritized to meet these targets.
- Distribution: Efficiencies in logistics and transportation were sought to minimize carbon footprints. This included optimizing routes, employing cleaner vehicle technologies, and exploring alternative modes of distribution.
- Commercialization: Marketing strategies were aligned with sustainability goals. This entailed promoting products based on their environmental and social benefits, thereby driving consumer awareness and preference for sustainable options.
- Customer service: Initiatives were launched to engage consumers in sustainability efforts, such as encouraging the use of concentrated product formats to reduce waste and energy consumption.

The USLP had profound implications for Unilever's financial performance:

- Costs: Initially, the plan involved upfront investments in sustainable technologies and processes, which impacted costs. However, over time, efficiencies and innovations driven by the USLP led to cost savings and opened up new revenue streams from sustainably-minded consumers. Sustainable practices led to reductions in operational expenses, particularly in energy and water use.
- Assets and liabilities: Investments in sustainable assets, such as energy-efficient facilities, were key, while liabilities were managed with attention to reducing environmental risks.
- Earnings: The brand value and market positioning as a leader in sustainability also positively affected earnings.

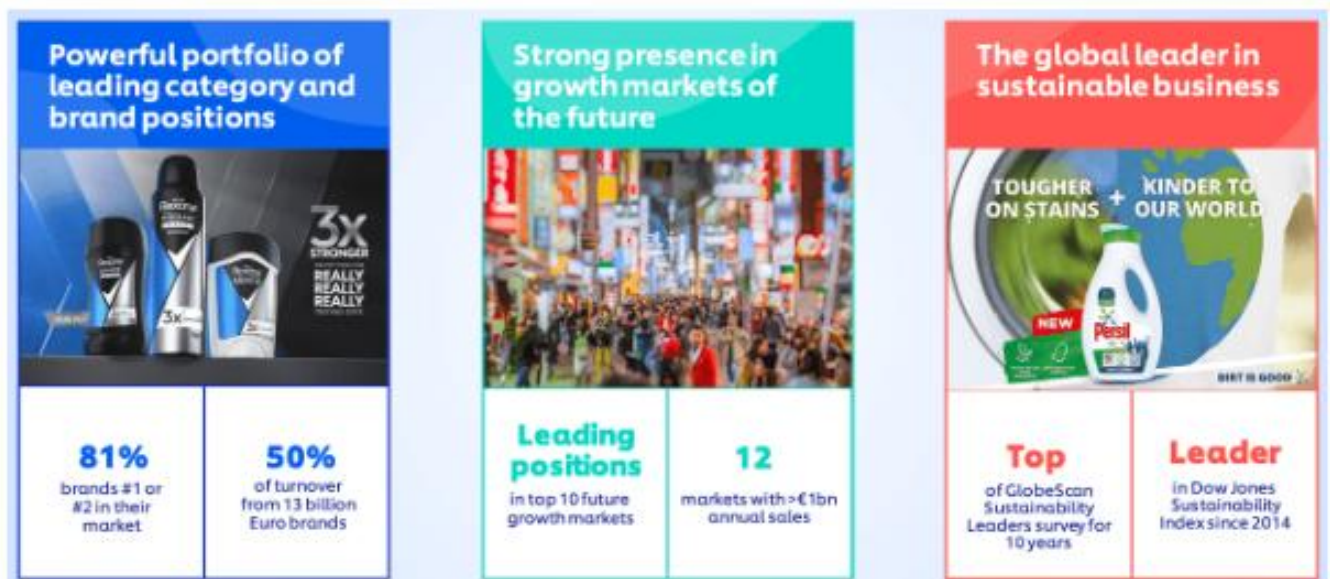


Source: Google

Figure 1. Unilever's operating profit evolution from 2013 to 2020

The plan had important impacts on stakeholders:

- Customers: The USLP strengthened brand loyalty among consumers increasingly concerned with sustainability, differentiating Unilever in the market (see figure 2).



Source: Deutsche Bank global Consumer Conference, june, 2021.

Figure 2. Unilever's self-identified differentiating strengths

- Employees: Employee engagement and morale saw a boost, with many proud to be part of a company leading in sustainability.
- Suppliers: The plan enforced sustainable sourcing practices, impacting suppliers and encouraging them to adopt greener practices.
- Competitors: The USLP set a benchmark in the industry, pushing competitors to adopt more sustainable practices.

- **Community:** Community engagement and investment, particularly in regions affected by Unilever's sourcing practices, improved, fostering goodwill and sustainable development. Unilever made significant strides in reducing its environmental footprint, including achieving zero non-hazardous waste to landfill across its global factory network, using 100% renewable grid electricity in many of its operations, and sourcing over 50% of its agricultural raw materials sustainably. The USLP facilitated substantial social contributions, notably in improving health and well-being for millions through programs promoting handwashing, sanitation, and nutrition. The initiative also worked towards enhancing livelihoods by incorporating thousands of smallholder farmers into its supply chain and improving their agricultural practices.
- **Shareholders:** While some shareholders were initially skeptical about the financial viability of the USLP, the long-term value created through brand strength and market differentiation became clear. Under the USLP, Unilever's sustainable living brands outperformed others, growing 46% faster than the rest of the business and delivering 70% of the turnover growth. This demonstrated the financial viability of integrating sustainability into core business strategies. As for the share price, while it's challenging to isolate the impact of the USLP from other market and operational factors, the plan contributed to a positive reputation, potentially bolstering investor confidence and stock performance over time (see figure 3).



Source: Google

Figure 3. Unilever's shareprice from 1990 to April 2024, with the prices in 2010 and 2020.

In Appendixes 1 and 2 summaries of the progresses are provided.

Navigating criticism

Despite its ambitious goals and significant achievements, the USLP attracted criticism from various quarters. Critics focused on the perceived gaps between the company's sustainability promises and its practices, highlighting the complexities and challenges inherent in implementing such a far-reaching plan.

One of the primary critiques was the perceived slow pace and limited scale of implementation of the USLP's objectives. Critics argued that, given the urgent need for action on climate change and social inequality, Unilever's efforts, while commendable, were not ambitious enough in scope or speed. This criticism underscores a common tension in corporate sustainability efforts: the challenge of balancing ambitious long-term goals with the practicalities of short-term implementation across a global enterprise.

Despite Unilever's commitment to halving its environmental footprint, critics pointed out that significant challenges remained in areas such as plastic use and waste, deforestation, and water usage. The company's heavy reliance on single-use plastic packaging, for instance, became a focal point for environmental activists, who argued that Unilever could do more to lead the way in reducing plastic waste and promoting circular economy solutions.

The USLP aimed to enhance livelihoods and promote social equity, but critics argued that more needed to be done to address the deep-rooted social and economic inequalities within Unilever's supply chains. Issues such as fair wages, labor rights, and equitable treatment of workers in developing countries were highlighted as areas requiring more focused attention. This criticism points to the broader challenge of ensuring that sustainability efforts genuinely uplift communities and contribute to social justice.

While Unilever was praised for its commitment to reporting and transparency, some stakeholders felt that the company could be more open about the challenges and setbacks it faced in implementing the USLP. There were calls for more detailed reporting on specific issues and more robust third-party verification of the company's claims. This critique reflects a broader demand for greater transparency and accountability in corporate sustainability reporting.

Unilever faced criticism for its lobbying and advocacy efforts, which some perceived as being at odds with its public sustainability commitments. Critics argued that to truly lead on sustainability, Unilever and other corporations must align their political lobbying with their sustainability goals, advocating for policies that support environmental protection, social equity, and economic justice.

Despite Unilever's strides in sustainability, the health and environmental impact of its product portfolio remained a point of contention. Critics highlighted products with high sugar content, palm oil, and other ingredients linked to health and environmental issues, arguing that true sustainability extends to product impact on consumer health and well-being.

The criticisms of Unilever's Sustainable Living Plan highlight the complex and often contentious nature of corporate sustainability efforts. While the USLP represented a significant step forward, the critiques underscore the ongoing challenges companies face in aligning their operations, supply chains, and product portfolios with the

principles of sustainability. These critiques also serve as a reminder that sustainability is a journey requiring ongoing commitment, innovation, and engagement with a broad range of stakeholders. For Unilever, and for the corporate world at large, navigating these criticisms constructively is crucial for making genuine progress toward a more sustainable and equitable future.

Discussion questions:

1. How did Unilever's Sustainable Living Plan align with the Triple Bottom Line principles (people, planet, profit)? Discuss the effectiveness of USLP initiatives in achieving a balance among these three aspects.
2. Based on Unilever's experience with the USLP, what lessons can be learned about improving CSR initiatives?
3. Propose recommendations for how Unilever or similar companies could enhance their CSR strategies to address the criticisms and challenges encountered.

Reference:

Unilever Sustainable Living Plan 2010 to 2020 Summary of 10 years' progress
<https://www.unilever.com/files/92ui5egz/production/16cb778e4d31b81509dc5937001559f1f5c863ab.pdf>

Appendix 1. Unilever celebrates 10 years of the Sustainable Living Plan, 6 May 2020

CEO Alan Jope reinforces commitment to sustainability and calls for renewed action to tackling social inequality and the climate crisis

Unilever today celebrated 10 years of the Unilever Sustainable Living Plan, which is now in its tenth and final year. Alan Jope, CEO, reinforced Unilever's commitment to making sustainable living commonplace for 8 billion people, and called for collective action to ensure that the crises of social inequality and climate are not neglected in the wake of Covid-19.

Speaking at a global virtual event, CEO Alan Jope said, "The Unilever Sustainable Living Plan was a game-changer for our business. Some goals we have met, some we have missed, but we are a better business for trying. It has required immense ingenuity, dedication and collaboration to get to where we are now. We have made very good progress, but there is still more to do.

"The pressures on the planet are getting worse, and social inequality has reached a critical point, being made even more severe by the devastating pandemic we're living through. These issues are just as urgent as they were before Covid-19 struck, and - like Covid-19 - they will disproportionately affect the most vulnerable. More than 700 million people live in extreme poverty, on less than \$1.90 a day, and The World Bank estimates that an extra 40 million to 60 million people will fall into extreme poverty in 2020, as a result of Covid-19. The climate crisis risks adding hundreds of millions more. "Businesses across sectors, governments across continents, NGOs, academics, researchers, scientists... we must all come together. We can't put climate action on hold. We can't tell the people who live in poverty to wait. 2020 is the year in which an unthinkable amount of public money is going to be spent in support of getting the economy back on track. But we should not be seeking to get the economy 'back to normal'. Instead, we must emerge stronger and more resilient than we were before; ready to take decisive and definitive action to look after people and the planet," added Jope.

"As the Unilever Sustainable Living Plan journey concludes, we will take everything we've learned and build on it. We will do more of what has worked well, we will correct what hasn't, and we will set ourselves new challenges. And while we don't really know what the world will look like post-Covid-19, I am convinced that there will be no future unless we double down on our commitments to look after people and the planet."

He added, *"Before the Covid-19 crisis, it was already clear that the current capitalist model is in need of repair. Globalisation and capitalism are good for a business like ours, but globalisation and capitalism at the expense of people and the planet are not. It's therefore up to businesses like us, working with partners – NGOs, government organisations, academics, suppliers, customers – to drive a new model of capitalism, and build a better future."*

10 years of Sustainable Living – and the future

Every year, Unilever has reported progress against our targets in our Sustainable Living Report. Some of the achievements include:

- Reaching 1.3 billion people through our health and hygiene programmes.
- Reducing the total waste footprint per consumer use of our products by 32%, and achieving zero waste to landfill across all our factories.

- Reducing greenhouse gas emissions from our own manufacturing by 65%, and achieving 100% renewable grid electricity across our sites.
- Reducing sugar across all our sweetened tea-based beverages by 23%, and 56% of our foods portfolio now meets recognised High Nutrition Standards.
- Enabling 2.34 million women to access initiatives aiming to promote their safety, develop their skills or expand their opportunities, we've moved towards a gender balanced workplace in which 51% of management roles are held by women.

Rebecca Marmot, Chief Sustainability Officer, explained, *“There are many highlights from the last ten years. Unilever’s Sustainable Living Brands – which include brands like Dove, Hellmann’s and Domestos – have consistently outperformed the average growth rate of the rest of the portfolio since the metric was introduced in 2014. We have avoided over €1bn in costs, by improving water and energy efficiency in our factories, and using less material and producing less waste. The USLP has also become a decisive factor to attract the best talent; and has been instrumental to forging strong partnerships with NGOs, government organisations and other businesses.”*

“But the USLP journey has also presented hurdles along the way. Unilever has many programmes to improve livelihoods and to enhance opportunities for women; but measuring their actual impact has proved extremely difficult. Likewise, the complexity of many of the global supply chains that we source from has made our sustainable procurement targets extra challenging” added Marmot.

Following on from the USLP, Unilever is committed to continuing to be a sustainable leader and has developed a new, fully integrated corporate strategy: the Unilever Compass.

The Unilever Compass is based on three core beliefs: that brands with purpose grow, companies with purpose last, and people with purpose thrive. Supporting our three beliefs, the Unilever Compass lays out 15 multi-year priorities that cover the full spectrum of Unilever’s business and wider ecosystem. Each priority will have ambitious targets, with corresponding programmes and projects. They will tackle key challenges such as packaging and waste, gender equality, human rights, and fair value – as well as climate change and social inclusion. The Compass is underpinned by the same rigour as the USLP, and will be more holistic, inclusive, and far-reaching than ever before. More details will be unveiled in due course.

Alan Jope concluded, *“The USLP is drawing to a close after 10 years but the journey towards achieving our purpose of making sustainable living commonplace certainly isn’t. In fact, as the world is changing increasingly quickly, our employees, our consumers, our customers, our suppliers, our partners expect more from us. We know that we can continue to lead the charge, but we need to be better, bolder, and faster.”*

Appendix 2. Summary of 10 years' progress



REDUCING ENVIRONMENTAL IMPACT BY HALF

By 2030 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.

Contributing to the following SDGs:



GREENHOUSE GASES

Our products' lifecycle: Halve the greenhouse gas (GHG) impact of our products across the lifecycle by 2030.

● **-10%**

our greenhouse gas impact per consumer use has decreased by around -10% since 2010.

Our manufacturing: By 2020 CO₂ emissions from energy from our factories will be at or below 2008 levels despite significantly higher volumes.

✓ **-75%[†]**

reduction in CO₂ from energy per tonne of production since 2008.



Become carbon positive in manufacturing:

- Source all energy renewably
- ✓ Source grid electricity renewably
- Eliminate coal from energy mix
- Make surplus energy available to communities

Reduce GHG from washing clothes:

- ✓ Reformulation
- ✓ Reduce GHG from transport
- ✓ Reduce GHG from refrigeration
- ✓ Reduce energy consumption in our offices
- ✓ Reduce employee travel

WATER

Our products in use: Halve the water associated with the consumer use of our products by 2020.[†]

● **0%**

our water impact per consumer use has not changed since 2010.

Our manufacturing: By 2020 water abstraction by our global factory network will be at or below 2008 levels despite significantly higher volumes.

✓ **-49%[†]**

reduction in water abstraction per tonne of production since 2008.



Reduce water use in the laundry process:

- ✓ Products that use less water
- ✓ Reduce water use in agriculture

WASTE

Our products: Halve the waste associated with the disposal of our products by 2020.

● **-34%[†]**

our waste impact per consumer use has reduced by around 34% since 2010.

Our manufacturing: By 2020 total waste sent for disposal will be at or below 2008 levels despite significantly higher volumes.

✓ **-96%[†]**

reduction in total waste per tonne of production since 2008.



Reduce waste from manufacturing:

- ✓ Zero non-hazardous waste to landfill
- Reusable, recyclable or compostable plastic packaging
- Reduce packaging

Recycle packaging:

- Increase recycling and recovery rates
- Increase recycled content
- Tackle sachet waste
- Eliminate PVC

Reduce office waste:

- ✓ Recycle, reuse, recover
- ✓ Reduce paper consumption
- Eliminate paper in processes

SUSTAINABLE SOURCING

By 2020 we will source 100% of our agricultural raw materials sustainably.

● **67%[†]**

of agricultural raw materials sustainably sourced by end of 2020.



- Sustainable palm oil
- Paper and board
- Soy beans and soy oil
- Tea
- Fruit
- Vegetables
- Cocoa
- Sugar
- Sunflower oil
- Rapeseed oil
- Dairy
- Fairtrade Ben & Jerry's
- Cage-free eggs
- ✓ Increase sustainable sourcing of office materials

ENHANCING LIVELIHOODS FOR MILLIONS

By 2020 we will enhance the livelihoods of millions of people as we grow our business.

Contributing to the following SDGs:



SUSTAINABLE SOURCING

By 2020 we will source 100% of our agricultural raw materials sustainably.

67%[†]
of agricultural raw materials sustainably sourced by end of 2020.



- Sustainable palm oil
- Paper and board
- Soy beans and soy oil
- Tea
- Fruit
- Vegetables
- Cocoa
- Sugar
- Sunflower oil
- Rapeseed oil
- Dairy
- Fairtrade Ben & Jerry's
- Cage-free eggs
- ✓ Increase sustainable sourcing of office materials

FAIRNESS IN THE WORKPLACE

By 2020 we will advance human rights across our operations and extended supply chain.

83%[†]
of procurement spend through suppliers meeting our Responsible Sourcing Policy.

We continued to embed human rights, focusing on eight salient issues in our Human Rights Report.

Our Total Recordable Frequency Rate for safety reached 0.63[†] per million hours worked, 70% less than in 2008.



- ✓ Implement UN Guiding Principles on Business and Human Rights
- Source 100% of procurement spend in line with our Responsible Sourcing Policy
- ✓ Create framework for fair compensation
- ✓ Improve employee health, nutrition and well-being
- ✓ Reduce workplace injuries and accidents

FOR WOMEN

By 2020 we will empower 5 million women.

2.63 MILLION[†]
women enabled to access initiatives aiming to promote their safety, develop their skills or expand their opportunities.



- ✓ Build a gender-balanced organisation with a focus on management
- ✓ Promote safety for women in communities where we operate
- Enhance access to training and skills
- ✓ Expand opportunities in our retail value chain

INCLUSIVE BUSINESS

By 2020 we will have a positive impact on the lives of 5.5 million people.

● We enabled access to initiatives aiming to improve agricultural practices or increase incomes for

832,000[†]
smallholder farmers and

1.83 MILLION[†]
small-scale retailers.



- ✓ Improve livelihoods of smallholder farmers
- Improve incomes of small-scale retailers

KEY:

- ✓ Achieved by target date
- Target ongoing
- Target nearly achieved*
- Target not achieved

[†] In seven water-scarce countries representing around half the world's population.

[†] Subject to PwC assurance. For detail: and the basis of preparation, see www.unilever.com.

* Within 10% of the target by the end date.