

Unilever

Aligning purpose and
strategy with net zero



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Quotes attributable to Thomas Lingard, Global Sustainability Director – Climate and Environment

Compass: integrated business strategy

In its 2019 Annual Report and Accounts, published in 2020, global consumer goods giant Unilever announced a new integrated business strategy. Entitled ‘The Unilever Compass’, the strategy seeks to embed the company’s concept of being a multi-stakeholder model with an integrated business strategy and sustainability strategy. The plan is framed around three primary beliefs, all of which tie into Unilever’s guiding purpose “to make sustainable living commonplace”. The three goals are supported by nine ‘imperatives’, one of which (to “improve the health of the planet”) gives explicit reference to fighting climate change.

“We have a vision to be the global leader in sustainable business, which we believe is unachievable without being a leader on achieving net zero emissions.”

Net zero as mission and business critical

Linking net zero into the company’s core business strategy is motivated by at least two main factors. First, it ensures that net zero is baked into decision-making across all divisions. Decarbonisation cannot be siloed within a small sustainability team; every function has a role to play. Second, it explicitly posits net zero within mainstream strategy, not as an adjunct to it. This frames the subject as a contributor to innovation and overall business growth, not as an operational cost or compliance factor. Both these factors feed into Unilever’s desire to demonstrate that purpose-led business is good business.

“The fact that it [net zero] is up there as one of the nine imperatives is the main learning point. It means it can’t be hidden away as a sub-point. It has to be up there alongside our sales targets, our innovation goals, and so on.”

From strategies plural to strategy singular

Until recently, the company’s action on climate was guided by the Unilever Sustainable Living Plan. A ten-year sustainability strategy covering a raft of social and environmental issues, it was lauded as cutting edge at the time of its launch in 2010. Unilever took the opportunity of the Plan’s completion in 2020 to review its sustainability objectives and to integrate these new goals into Compass, its new mission-centric business strategy. Prior to this, the company’s sustainability strategy had stood alone, supporting Unilever’s business strategy but not always formally integrated into it.

“What’s good about Compass compared to USLP [the Unilever Sustainable Living Plan], is that sustainability is more consistently embedded into our divisional and market strategies.”

Challenges: achieving equilibrium

The Unilever Compass business plan provides the company with strong strategic alignment on paper but translating this into practice represents a challenge going forward. A key part of the company's implementation approach rests on setting clear climate-related criteria and metrics for decision-making and performance assessment. The more tailored these are to specific business divisions, functions and individual roles, the greater the probable alignment.

A secondary challenge relates to alignment between net zero and other environmental goals that fall under the imperative to "improve the health of the planet". A net zero commitment squarely meets this objective. Applying a climate lens to other internal environmental issues, such as deforestation, plastic pollution or material waste, ensures Unilever's net zero commitments do not become isolated in the pursuit of other worthy goals. The launch of an integrated set of climate and nature commitments, which linked Unilever's net zero by 2039 goal with other decarbonisation and nature-based programmes, marked a new approach to integration across sustainability disciplines.

"If you're going to improve the health of the planet, it's hard to see how you are going to do that without achieving net zero."

Net zero: on-message

Unilever's chief executive, Alan Jope, is regularly on record as saying that the two biggest risks facing Unilever are climate change and inequality. This sends a signal to the whole company that Unilever's net zero climate change targets are officially sanctioned as mission-critical.

[Click here](#) to find out more about the Unilever Compass

