Climate Transition Action Plan
Updated 2024
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Dear shareholders,

Unilever’s response to climate change has long been embedded into its way of doing business. We have been reporting our operational environmental footprint since the late 1990s and set our first value chain emissions reduction goal back in 2010. In 2015, Unilever played a prominent role in advocating for the Paris Agreement on climate change – a global treaty designed to catalyse action from governments and other actors – and announced new science-based targets for our operations and value chain.

Moving forward, we want to be even clearer about the importance of sustainability to our business strategy. In our Q3 2023 update to investors, we identified climate, nature, plastics, and livelihoods as the four most important sustainability priorities to support business growth.

As a company dependent on agricultural and energy-intensive chemical ingredients, we believe that transitioning to become a lower-emission business has many benefits. It increases resilience, improves efficiency, and future-proofs our value chain against transition risks such as carbon prices, while sparking innovation and helping to attract the best talent. In proactively managing our transition to net zero, we also ensure we respond to the opportunities and risks highlighted through our Task Force on Climate-related Financial Disclosures (TCFD) scenario analysis process.

The challenges of the climate transition are clear, especially if the world is to reduce greenhouse gas (GHG) emissions at a pace consistent with limiting global warming to 1.5°C above pre-industrial levels, avoiding the worst effects of climate change. We are determined to play our part and are now driving climate action with greater focus and clarity than ever before. The development of this updated Climate Transition Action Plan (CTAP) reflects this shift, as better data, and a more granular focus on future GHG reduction opportunities, have enabled us to update our targets and embed specific actions to drive their delivery within the financial growth plans of our five Business Groups.

Our first CTAP was put forward for an advisory vote at the company’s 2021 Annual General Meeting (AGM), which passed with the support of over 99% of the votes cast. We have published annual CTAP progress reports within our Annual Report and Accounts (ARA) for the last three years and will continue to do so. Similarly, shareholders will have the opportunity to voice their support for the 2024 update. As was the case in 2021, this advisory vote in no way removes the Board’s responsibility for this strategy – it simply provides us with the opportunity for a more informed dialogue with our shareholders. In the process of updating the CTAP, we consulted our largest shareholders on the topic. We were pleased that the key elements of the plan – the new higher ambition near-term Scope 3 GHG reduction targets, the continued focus on absolute emissions reductions rather than carbon offsetting, and the shift to focus on the specific Scope 3 emissions which we believe we can influence – were widely welcomed.

In short, we believe this CTAP is the right one for our business and supports our efforts to sharpen our focus and performance. We invite you to indicate your support for it at the AGM.

Yours sincerely,

Hein Schumacher
Chief Executive Officer

Ian Meakins
Chair and Non-Executive Director
Our 2030 plan

Our action areas

- Scaling up our Supplier Climate Programme
- Reformulating products to use lower-GHG ingredients
- Sustaining and scaling our approach to forest-risk commodities
- Scaling up regenerative agriculture and lower carbon dairy
- Reducing the GHG intensity of our key chemical ingredients
- Redesigning our packaging for recycling
- Reducing GHG emissions from our operations
- Investing in more efficient ice cream cabinets powered by renewable energy
- Developing alternative aerosol propellants for the US market
- Raising the ambition of national climate strategies and plans in key markets to align with a 1.5°C pathway
- Ensuring carbon is priced at levels necessary for the delivery of the Paris Agreement
- Scaling up renewable energy capacity and the rapid phase-out of fossil fuels, including fossil fuel subsidies
- Supporting forest protection and nature restoration
- Encouraging the evolution of the GHG Protocol Standards to incentivise emissions reduction actions in value chains

Our targets

- 100% absolute reduction in Scope 1 and 2 GHG emissions (vs 2015)
- 42% absolute reduction in Scope 3 energy and industrial GHG emissions* (vs 2021)
- 30.3% absolute reduction in Scope 3 forest, land and agriculture GHG emissions* (vs 2021)

* Our 2030 targets cover purchased goods and services (associated with ingredients, packaging), upstream transport and distribution, energy and fuel-related activities, use of sold products (associated with hydrofluorocarbon (HFC) propellants), end of life treatment of sold products, and downstream leased assets (associated with ice cream retail cabinets). See Appendix 1 for further detail.
Introduction

Welcome to Unilever’s updated CTAP. Since the first plan was approved by shareholders at our AGM in 2021, we have reduced GHG emissions in our operations ahead of expectations through long-established programmes in renewable energy and energy efficiency. We have also continued to advance the work in our value chain towards eliminating deforestation, improving the design of our products, and advocating for changes in the policy frameworks that will govern the global transition to net zero.

While we have succeeded in reducing emissions in our operations by 74% in absolute terms (vs 2015) and reducing the emissions intensity of our products across our value chain by 21% (vs 2010), achieving significant absolute reductions in our Scope 3 emissions has proven more challenging. This has prompted us to look again at where and how we believe we can seek absolute emissions reductions in our value chain, resulting in this updated CTAP which sets out new, near-term Scope 3 GHG reduction targets using the Science Based Targets initiative (SBTi) criteria and recommendations for near-term targets, and time-bound emissions reduction actions that are integrated into our five Business Groups’ financial growth plans. These targets have been submitted to the SBTi for validation.

The development of these plans has been informed by significant improvements in the measurement of our GHG emissions, allowing us to build more granular action plans.

We have also recognised the need for more targeted external engagement to drive systemic change. Detailed advocacy priorities now target specific barriers to the delivery of our CTAP and provide increased clarity on where we must work with governments, regulators, or industry to shift the systems of which we are a part.

This updated CTAP will drive progress towards our targets, but we know we have more to do. Our commitment to transparent and regular reporting, Board oversight, climate-linked executive remuneration, and a focus on emissions reductions rather than offsetting, should help us to progress at pace. In addition to the specific mitigating actions set out in this CTAP, we recognise innovations will be needed if we are to meet both these near-term targets and deliver our Net Zero by 2039 ambition. We believe that by being open and transparent about our challenges and dependencies, both for the plan as a whole and for the specific action areas identified within the plan, we can help accelerate the changes needed to get our business and the world on track for net zero.

This document sets out our plans and targets to transition towards net zero. Annual progress reporting and our TCFD statement are published separately, please see Appendix 4 for detail.

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1. SBTi Criteria and Recommendations for Near-Term Targets, Version 5.1, April 2023
Our plan
Our ambition

Preventing climate change by reducing emissions

The ultimate ambition of this updated CTAP is to drive emissions reductions consistent with the 1.5°C temperature goal of the Paris Agreement, and to reach net zero emissions across our value chain by 2039. The focus of our efforts between now and the end of this decade is to deliver absolute GHG reductions, even as we grow our business. While we will seek out opportunities to reduce emissions and encourage carbon removals within our value chain (e.g. through regenerative agricultural practices), our plan does not include the purchase of carbon credits to meet our near-term GHG reduction targets.

Our CTAP covers the GHG emissions from our operations (Scope 1 & 2) as well as key GHG emissions categories in our wider value chain (Scope 3) including raw materials and ingredients, packaging materials, logistics, ice cream cabinets, aerosol propellants and our products’ end of life.

This plan steps up our actions to drive transformations in our agricultural supply chains. We will do this through a focus on regenerative agricultural practices and ‘landscape-level’ interventions in tropical commodity sourcing locations. We also set out the challenges and actions in our chemical supply chains. New chemical feedstocks and an energy transition in the sector will be critical to our success.

We remain clear that Unilever cannot achieve its targets alone. Around 98% of our value chain emissions occur up or downstream of our operations where we seek to influence, but cannot control, the pace of change. For this reason, we also include our actions to influence wider systemic change, working with peers, regulators, policymakers, consumers, customers, and other stakeholders to support an accelerated transition.

Adapting to climate change and building resilience

The CTAP sets out our climate mitigation plan – but many of these actions also facilitate climate adaptation and improve resilience, both of which are growing in importance as part of our overall approach. Ending deforestation and promoting regenerative agriculture can help communities adapt to climate change and increase the resilience of our supply chains through higher-quality soils, which are better able to cope with fluctuating weather patterns and climatic extremes. Some of our actions outside this plan address other climate adaptation and resilience risks, such as our efforts to establish water stewardship programmes at many of our manufacturing sites. More details about these efforts are provided in the Nature section of our Annual Report and Accounts (ARA) and on our website.
Supporting a Just Transition

The global transition to net zero is as much a social transition as an environmental one. Unilever recognises the importance of a just and equitable transition, which puts people and communities at the centre of a sustainable future.

Since the publication of our CTAP in 2021, we have participated in two industry working groups on the themes of Climate Justice and Just Transition. Based on these, and on our internal assessment, we have concluded that our priority should be the just transition issues that arise in our agricultural value chains. A big part of our agricultural work involves engaging and supporting the farmers and smallholders who supply our ingredients, and who are vital to conserving the natural environments in which they are grown. Deforestation, nature, and biodiversity loss is often closely linked to people and human rights impacts. In this regard, we recognise smallholders, Indigenous peoples, and local communities as among the most important stewards of the land.
Measuring GHG emissions is a significant challenge and relies on many estimates and on information from third parties. In 2023, we implemented improvements in our GHG emissions measurement using more complete and accurate data and a new measurement system for our largest Scope 3 emissions categories.

Our revised measurement applies the latest guidance on the use of emissions factors (IPCC AR6) and the recently published draft GHG Protocol Land Sector guidance.

We have restated our 2021 and 2022 GHG emissions measurement to reflect these changes and the revised 2021 emissions are the baseline of our Net Zero by 2039 ambition.

Our total revised 2021 GHG emissions are 121 million tonnes of carbon dioxide equivalent (CO₂e) and include 65 million tonnes of GHG emissions related to indirect consumer use. For Unilever’s products, these emissions typically arise from the heating of hot water to use alongside our shampoos and shower gels.

Under the GHG Protocol, indirect consumer use-phase emissions are an optional part of a company’s Scope 3 emissions. While the Science Based Targets initiative (SBTi) encourages companies to consider them, they are also clear that they are not required to be included in a company’s Scope 3 emissions and that their inclusion is above and beyond a company’s Scope 3 targets.

Our GHG emissions in scope of our Net Zero by 2039 ambition do not include these optional indirect emissions sources, and our targeted reductions are therefore set and reported against a baseline of the remaining 56 million tonnes CO₂e of GHG emissions in 2021.

Since 2021, these GHG emissions have reduced to 53 million tonnes CO₂e as reported in our 2023 Annual Report and Accounts.
Our GHG baseline emissions

GHG emissions in scope of our Net Zero by 2039 ambition (% in 2021)

- 53% Purchased goods and services Raw materials and ingredients*
- 11% Purchased goods and services Packaging materials
- 13% Purchased goods and services Indirect procurement
- 2% Use of sold products Direct consumer use
- 2% Scope 1 and 2 GHG emissions Our operations
- 6% End of life treatment of sold products Product end of life
- 6% Downstream leased assets Ice cream cabinets
- 3% Upstream transport and distribution Logistics
- 4% Others**

56Mt CO₂ total emissions

* In our 2021 baseline, approximately 44% of the GHG emissions from raw materials and ingredients were associated with forest, land and agriculture (FLAG)

**Others includes capital goods, fuel and energy-related activities, waste generated in operations, business travel, employee commuting, downstream transport and distribution, and franchises.
Our near-term GHG reduction targets

We have set near-term GHG reduction targets which cover GHG emissions from our operations (Scope 1 & 2) as well as our value chain (Scope 3).

Our operations (Scope 1 & 2)

- Reduce in absolute terms our operational emissions (Scope 1 & 2) by 100% by 2030, against a 2015 baseline (SBTi validated as 1.5°C-aligned).
- Reduce in absolute terms our operational emissions (Scope 1 & 2) by 70% by 2025, against a 2015 baseline.

Our value chain (Scope 3)

- Reduce absolute **Scope 3 energy and industrial GHG emissions** from purchased goods and services (associated with ingredients, packaging), upstream transport and distribution, energy and fuel-related activities, direct emissions from use of sold products (associated with HFC propellants), end of life treatment of sold products, and downstream leased assets (associated with ice cream retail cabinets) by 42% by 2030, from a 2021 baseline (submitted to SBTi for validation as 1.5°C-aligned in November 2023).
- Reduce absolute **Scope 3 forest, land and agriculture (FLAG) GHG emissions** from purchased goods and services (associated with ingredients) by 30.3% by 2030, from a 2021 baseline2 (submitted to SBTi for validation as 1.5°C-aligned in November 2023).

We have moved from intensity GHG reduction targets to absolute GHG reduction targets.3 At the same time, we have chosen to increase the pace of these targets to align with the goal of limiting global average temperature rise to 1.5°C.

These targets have been split to separate GHG emissions between those resulting from forest, land and agriculture (FLAG) and those resulting from energy and industry.

While these two targets are separate, together they represent a 39% absolute reduction in total targeted Scope 3 emissions. Detailed notes on emissions excluded from our near-term Scope 3 GHG reduction targets are provided in Appendix 1.

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2 This target includes both FLAG emissions and FLAG removals.

3 We will retire our current value chain emissions intensity targets once our new near-term Scope 3 GHG reduction targets have been validated by the Science Based Targets initiative (SBTi).
**Our Net Zero by 2039 ambition**

Our Net Zero by 2039 ambition remains unchanged.

- Achieve net zero GHG emissions covering Scope 1,2 & 3 (excluding indirect consumer use emissions) by 2039.

Unilever will seek to balance any unabated emissions within the scope of our Net Zero ambition, from 2039, with the same volume of carbon removals. It is clear that for the world to keep global warming close to 1.5°C in line with the Paris Agreement, emissions must continue to reduce beyond this date to the minimum level that is technically feasible by 2050.

This will require further systemic change in industry, agriculture and consumption, driven by innovation and policy, and Unilever is committed to playing a leading role in enabling this long-term transformation.

We have begun to engage in selective industry roundtables on the subject of carbon removals. This will be an area of rapid innovation over the coming decade and the most recent IPCC assessment report (March 2023) identified that the deployment of carbon removals will be necessary to achieve global net zero GHG emissions.

We believe it is important to consider issues of the quality and permanence of carbon removals used to support net zero goals, particularly the non-equivalence of fossil fuel emissions and biogenic carbon removals. To the extent that carbon removal solutions have a land footprint, we are also sensitive to the potential unintended consequences for Indigenous peoples, local communities, and other environmental indicators more broadly. These concerns should be reflected in all organisations’ future carbon removal strategies.

This is based on the definition of ‘net zero’ set by the UN Intergovernmental Panel on Climate Change (IPCC). The IPCC defines net zero as a state in which anthropogenic GHG emissions to the atmosphere are balanced by anthropogenic GHG removals from the atmosphere over a defined period.

Unilever Climate Transition Action Plan
Our emissions reduction plan

Ultimately our intention is for our emissions reduction plan to cover all the emissions within the scope of our Net Zero by 2039 ambition. However, given the importance of early action, the CTAP presented here focuses on the emissions within the scope of near-term Scope 1, 2 & 3 GHG reduction targets where we have the greatest potential to make an impact and access to better data to track our performance.

In 2023, each of our five Business Groups identified the priority action areas towards delivering these targets. They cover key phases of the lifecycle of our products, including the raw materials we purchase, their production and distribution, packaging, direct emissions in the consumer-use phase, and finally, their end of life. Some action areas are relevant to all Business Groups (such as the Supplier Climate Programme, Packaging, and Logistics). Others are specific to one or more Business Groups (US and Canada Aerosol Propellants for Beauty & Wellbeing and Personal Care, Ice cream Cabinets for Ice Cream). The action areas have now been integrated into each of our Business Groups’ financial growth plans.

These plans identify actions capable of delivering our near-term Scope 1 & 2 GHG reduction target and approximately two-thirds of our near-term Scope 3 GHG reduction targets, with one-third left to find in the coming years. We believe this innovation and scaling gap demonstrates that our targets are suitably ambitious and stretching, and also underscores the need to continually search for new solutions and ways to scale existing ones faster than is currently possible.

The most significant challenge for our near-term Scope 3 GHG reduction targets relates to the emissions in our Home Care business, where commercially viable pathways to reduce emissions from energy-intensive chemical feedstocks by 2030 are not yet clear. This is a significant strategic challenge for Unilever and for other companies that are dependent on similar supply chains.
Our operations
Our operations (Scope 1 & 2)

Our operational emissions are within our direct control. We aim to reduce all operational emissions from electricity, heat, and refrigerants by 100% by 2030. We have achieved a 74% emissions reduction vs 2015 (achieving our near-term Scope 1 & 2 GHG reduction target two years early), primarily through our transition to renewable electricity, coupled with energy efficiency programmes.

Key actions

Over the next three years, we plan to invest €150m in our manufacturing decarbonisation programme focused on three key areas:

- **Decarbonise our thermal and electrical energy**
  - Improving thermal efficiency (e.g. by reusing waste heat)
  - Improving electrical efficiency (e.g. by installing more efficient equipment and controls)
  - Introducing more solar thermal technology
  - Electrifying thermal processes
  - Transitioning to sustainably sourced biofuels, such as biomethane

- **Increase our use of renewable power**
  - Exploring increased on-site renewable electricity generation
  - Enabling off-site renewable electricity generation through large-scale, physical, and virtual power purchase agreements (PPAs)

- **Reduce emissions from refrigeration**
  - Continuing our phase-out of high-impact HFC refrigeration systems
  - Training our teams on how to identify, report, and prevent leaks from existing systems

A key project in this area is moving from natural gas to biomethane at our Oleochemicals plant in Indonesia. The biomethane will be produced using palm oil mill effluent from low-risk deforestation-free mills in our supply chain.

Reduction in Scope 1 & 2 GHG emissions achieved in 2023 vs our 2015 baseline
Dependencies

- **Availability of cost-effective thermal energy solutions.** We are working to accelerate the adoption of renewable thermal technologies and advocating for supportive policies through coalitions such as the **Renewable Thermal Collaborative** in the US.

- **Local availability of sustainably sourced biofuels.** This helps to support the transition away from fossil fuels.

- **Continued validity of market-based mechanisms for renewable energy.** This includes the validity of unbundled **Energy Attribute Certificates (EACs)** within reporting frameworks such as the GHG Protocol for renewable electricity sourcing. As a member of **RE100** (led by Climate Group), we adhere to its technical criteria and advocate for quality and additionality in our renewable electricity sourcing to ensure EACs remain a legitimate route for sourcing renewable power.
Our value chain
Our value chain (Scope 3)

Our plan to progress towards our near-term Scope 3 GHG reduction targets has nine priority action areas. Details of the actions we are taking in each of the nine areas are set out on the following pages.

Scope 3 GHG reduction plan

^The innovation and scaling gap represents the amount of GHG emissions for which we need to develop new or scale existing solutions.
Supplier Climate Programme

Our Supplier Climate Programme, launched in 2021, is focused on accelerating the transition of key suppliers to a position of climate leadership. We define this as suppliers having set their own science-based GHG reduction targets, publicly reporting progress against their targets, and having the capacity and capability to provide us with a Product Carbon Footprint (PCF) for the materials we buy.

By the end of 2024, we aim to have reached 300 of our most emissions-intensive suppliers (who account for approximately 44% of our Scope 3 GHG emissions related to raw materials, ingredients and packaging), building their climate capabilities in support of these goals. These suppliers include third-party manufacturers who produce finished goods for Unilever.

Key actions

- **Scale up the Unilever Supplier Climate Programme.** We are co-funding supplier access to expert support services, sharing best practice knowledge and industry examples to develop an emissions baseline, and providing assistance in setting GHG reduction targets and guidance in developing GHG reduction plans.

- **Create innovation partnerships with select suppliers for GHG reduction.** We are running in-depth workshops with a subset of our suppliers to identify innovation partnerships and high-impact emissions reduction opportunities. From 2024, we will begin to equip our procurement team with the capability to interpret and meaningfully integrate emissions-intensity data and emissions reduction into their commercial strategies.

- **Actively engage with industry-wide initiatives to drive standardisation and scale up approaches to climate action and transparency.** These initiatives include:
  - Partnership for Carbon Transparency (PACT)
  - Scope 3 Peer Group
  - 1.5°C Supply Chain Leaders Group
  - World Business Council for Sustainable Development (WBCSD) Climate Imperative
  - Environmental Defense Fund’s Net Zero Action Accelerator

Dependencies

- **Industry alignment around common requirements and methodologies for PCF data.** This ensures suppliers can comply with customer requests for GHG data development and sharing and will ultimately enable us to meet the same customer requests. To achieve a position where we can fully integrate PCF and emissions reduction data into our procurement decisions, we depend on the wider consumer goods industry moving in a similar direction.
Reformulating products

Reformulating our products is one of our biggest opportunities to reduce emissions. Importantly, we are taking action without compromising on product performance or consumer experience.

Key actions

- **Reformulate our Home Care products to use innovative lower-GHG ingredients.** Following the successful launch in 2023 of a new generation of fast-dissolving, cold-wash ready, concentrated laundry capsules in the UK and France, we will roll out this innovation further in the next couple of years.

- **Use plant-based and lower-GHG food ingredients in Nutrition.** We have successfully launched low-oil mayonnaise, reduced monosodium glutamate (MSG) bouillon, vegan mayonnaise and other plant-based products. In the next few years, we will continue to scale these products globally.

- **Increase plant-based ice cream options and alternatives.** We are continuing to make indulgent, plant-based variants an integral part of new product ranges in priority markets, such as Ben & Jerry’s in Europe. In addition, we continue to explore the introduction of plant-based protein and fat alternatives where appropriate elsewhere in our portfolio.

- **Reduce palm oil usage in soap bars.** Considerable research is underway to lower the emissions intensity of soap bars by reducing the use of oils, while simultaneously aiming to maintain and improve the consumer experience. Specifically, we are working to replace high GHG-impact palm oil-derived materials with novel, low GHG-impact structuring technologies.

Dependencies

- **Increased consumer acceptance of plant-based products and technological developments.** In the coming years, research into consumer perceptions and R&D investment to build confidence in the taste and texture comparability of plant-based products will be a priority.

- **Changes to national Standards of Identity (SOI).** We are required to align our product content and production methods with SOI in different markets – for example, the minimum quantity of vegetable oil in our mayonnaise or levels of dairy in our ice creams. We continue to engage with governments to ensure our ability to market our products successfully in geographies where these SOI challenges apply.
Forest-risk commodities

The GHG emissions from the production of our key forest-risk commodities (i.e. palm oil, paper and board, tea, soy and cocoa) arise from land use change (e.g. deforestation), agricultural practices and downstream processing. 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.

Key actions

- **Invest in our value chain to meet current and future demand for deforestation-free commodities.** We will continue to work with suppliers to build the right infrastructure and systems to meet our deforestation-free requirements. Initially, this means fewer suppliers in deeper partnerships. Additionally, we are building and investing in more infrastructure (e.g. our cumulative investment of **US$350m in our Unilever Oleochemicals facility** in Indonesia), and therefore, increasing sourcing at the primary production and farm level. This will help us support more suppliers to onboard and transition to deforestation-free and net zero. We are also working to improve the management of palm that continues to be grown on peatland, while also seeking to source primarily from areas not exposed to peatland. All of these efforts will be supported by our investments in technology to enhance traceability and improve monitoring capabilities to measure GHG emissions along the supply chain and at farm level.

- **Enrol suppliers and smallholder farmers in our programmes.** In doing so, we can help them improve practices and ensure they do not contribute to land use change, while also helping them improve their agricultural productivity and income. These efforts will be critical in reducing their GHG emissions and building an inclusive climate transition.

- **Drive improvements in the processing of forest-risk commodities.** We do this by encouraging investment in managing and capturing these emissions with our strategic partners. A key focus will be on reducing methane emissions from palm oil mill effluent (POME).

Dependencies

- **Availability of deforestation-free and lower-emission commodities.** As other companies look to improve their practices, including in response to the introduction of regulations such as the **EU Deforestation Regulation**, the availability of deforestation-free commodities may continue to become more constrained. Similar constraints may affect the sourcing of palm oil in line with best practice standards, e.g. not grown on peatland. We will engage with a range of local stakeholders to ensure ongoing access.

- **Adoption of consistent standards for forest-risk commodities and level playing fields globally.** While regulations may introduce a level playing field in certain markets, others may continue to operate on different standards. A lack of consensus around forest-risk commodity management would continue to disrupt efforts to manage deforestation-free supply chains. We will continue to advocate for level playing fields and consensus around best practice.
Engaging communities in landscape-level approaches to climate and nature

Through our no-deforestation programmes, we are investing in reducing land-use impacts within our value chain. We are also looking to invest in the landscapes and jurisdictions around our sourcing locations. This means engaging with smallholder farmers, civil society, governments, businesses, and communities to support the design and implementation of strategic programmes that can positively transform five different palm oil production landscapes.

Our current landscapes already cover a total area of 9m hectares across Latin America, South East Asia, and Africa. Within these regions, we are helping to protect and restore over 200,000 hectares of forests and have a pipeline of projects that would extend to cover a further 300,000 hectares. We also seek cooperation that will allow us to scale our projects faster and further. As partners of the Rimba Collective, we are collaborating on projects such as the Dove Nature Regeneration Project that will help protect and restore an area of forest eight times the size of Manhattan, while supporting local communities to thrive.
Regenerative agriculture

Our focus on regenerative agricultural practices aims to deliver positive impacts on soil health, farm biodiversity, and the resilience of agricultural systems, all while reducing carbon emissions and revitalizing land. Currently, we have 46 projects in collaboration with our suppliers, covering 270,000 hectares of land transitioning to regenerative systems. These efforts are instrumental in producing key ingredients for our Nutrition and Ice Cream products, including rice, soybeans, wheat, rapeseed, corn, tea, and dairy products.

In 2021, we published our Regenerative Agriculture Principles and have since been collaborating with our farmers and suppliers to implement practices tailored to local contexts, including:

- the use of cover crops
- crop rotation
- reduced tillage
- mitigating enteric emissions and emissions from livestock feed production
- effective manure management
- the substitution of synthetic fertilisers with natural alternatives
- optimizing milk processing
- substituted synthetic fertilisers with natural alternatives

Our primary objective, especially in the initial years, is to reduce emissions at the farmer level. However, we also recognize the potential to sequester carbon dioxide from the atmosphere and store it in the ground as soil organic carbon, particularly within our soy and rapeseed oil value chains.

Key actions

- **Scale up adoption of regenerative agriculture.** In our Nutrition business group, we aim to cover 650,000 hectares by 2027. This represents approximately 50% of our land footprint in Nutrition. Priority-crop geography combinations include soy in Brazil and the US, and rapeseed in the UK and EU, particularly in Germany and Poland. We estimate the currently identified regenerative agriculture projects will cumulatively cost c. €140m in the period to 2030. In addition to lowering emissions, this will promote the resilience of our supply chain, reducing sources of volatility and safeguarding our access to raw materials.

- **Expand our Lower Carbon Dairy Programme.** By 2030, we aim for a significant portion of our global dairy volume to be sourced from farms implementing regenerative agricultural practices, predominantly across the US, Europe, India, and Turkey. In 2024, we will evaluate the results of a dairy pilot project conducted by Ben & Jerry's in the US and the Netherlands. This will provide us with valuable insights and help us recruit additional farmers to broaden the programme's scope. From 2025, we aim to expand the programme's implementation by introducing similar initiatives across two additional markets.

- **Work together across shared supply chains.** We are working in transparent, pre-competitive partnerships with other businesses with whom we share suppliers. This cooperation will amplify the impact of our programmes, leading to more effective transitions and greater overall benefits across environmental, social, and economic dimensions. For instance, our alliance with PepsiCo in Iowa has already enabled us to pool resources and scale projects efficiently, even when our procurement constitutes only a fraction of a farmer’s total agricultural yield.
Dependencies

- **Farmer capacity and capability to implement regenerative agricultural practices.**
  To address this, we are investing in programme management and training to expand the number of skilled professionals for comprehensive solutions and farmer engagement. We are also establishing a network of regional partners with technical agronomical expertise across Latin America, Europe, and the US, bolstering the capabilities of farmers within these regions.

- **Shared understanding of regenerative agriculture principles and practices.**
  There is a pressing need for an industry-wide, outcome-oriented framework encompassing a shared understanding of regenerative agriculture principles and practices and a practical approach to data handling, measurement, reporting, and verification. We will continue to work collaboratively with others to achieve this.

- **Supportive regulatory environment.** An accelerated adoption of regenerative agricultural practices requires a supportive regulatory environment that mitigates risks for farmers. This includes financial incentives for farmers to transition to and maintain the practices, such as subsidies included in national policies and incentive schemes. We are working collaboratively on this in the US, EU, and India and expanding to other geographies with project implementation.

**Spotlight on the GHG Protocol**

Accurately quantifying the emissions reduction or carbon removal benefits of the agricultural practices we support in our upstream value chain is critical to meeting our targets. We adhere to the GHG Protocol Standards but believe they will need to evolve if companies are to be encouraged to contribute to collective efforts to protect and regenerate nature within the agricultural landscapes from which they source. This could mean permitting companies to account for a share of GHG emissions reductions or removals within the supply sheds from which they source, even in the absence of physical traceability. In our plan, we assume that these changes will come about in the next seven years and therefore, that Unilever will be permitted to count the benefits of our work in forest-risk commodities, regenerative agriculture, and lower carbon dairy towards the delivery of our near-term Scope 3 GHG reduction targets. We plan to actively engage with the GHG Protocol to shape the evolution of these standards. Without such an evolution, many companies, including Unilever, will struggle to demonstrate how they are meeting their ambitious GHG reduction targets.
Chemical ingredients

Two key chemical ingredients contribute a significant proportion of our Scope 3 GHG emissions: linear alkylbenzene sulphonate (LAS) and soda ash.

**Linear alkylbenzene sulphonate (LAS)**

Linear alkylbenzene sulphonate (LAS) is an organic chemical used as a surfactant (or cleaning agent) in Home Care products such as laundry detergents. LAS has historically been derived from petrochemical feedstocks. The emissions of petrochemical-derived LAS can be divided into two types: first, the GHG emissions when it is produced (approximately 34%) and second, the GHG emissions through biodegradation when the product is used and passes into wastewater (approximately 64%).

**Soda ash**

Soda ash is the second-biggest contributor to the GHG ingredient emissions of our Home Care business. It is an inorganic chemical used as a key ingredient in laundry powders, the most popular laundry detergent format in key markets such as India, Brazil, and China. Soda ash is either mined or produced synthetically. Mined soda ash generally has a lower GHG intensity but is unavailable in some of our key markets. Where it is not available, we rely on synthetic soda ash production. Synthetic soda ash is energy-intensive and, due to the markets where it is produced, this energy is often produced by burning coal. Ammonia, a key ingredient used in the manufacture of synthetic soda ash, also has a high GHG emissions intensity.
Key actions

- **Reduce the GHG intensity of LAS production.** To reduce emissions from production, we encourage our suppliers to use renewable energy. Additionally, along with SCI (Society of Chemical Industry), we are spearheading the £5.4m Flue2Chem project in the UK, collaborating with 13 other partners to take waste gas from foundation industries such as metal, glass, paper, or chemicals and generate an alternative source of carbon for surfactant production.

- **Reduce the GHG intensity of soda ash production.** Building on the work done with our soda ash suppliers for the past three years, we will scale up the use of soda ash with lower-than-average GHG emissions, predominantly using energy sources such as natural gas and biomass. We also intend to pilot an innovative technological solution to produce synthetic soda ash from green ammonia.

Dependencies

- **Industry cooperation and advocacy.** Low-carbon, synthetic soda ash production requires a cooperation between end-users, soda ash manufacturers and the fertiliser industry – which uses ammonia in high quantities – to change the energy systems through which synthetic soda ash is produced and to develop a cost-effective supply of ‘green’ ammonia.

- **Supplier climate action.** We depend on ongoing innovation partnerships with suppliers to develop and procure low-carbon soda ash. To encourage these partnerships, we are evolving our procurement policy to consider the relative GHG emissions intensity of our suppliers’ products and to support suppliers in identifying, measuring, and reducing their GHG emissions through our Supplier Climate Programme.

- **A level playing field for the production of renewable linear alkylbenzene sulfonate (LAS).** LAS competes with sustainable aviation fuel for access to renewable feedstocks. Currently, there are significant public subsidies and regulatory support for sustainable aviation fuel, which do not exist for renewable LAS. Without equivalent support for renewable LAS, commercial barriers to the adoption of renewable LAS at scale will remain. Progress at scale is only possible if our goals are shared with others in the surfactant value chain, so we will collaborate and advocate for policies that support our plan. This includes advocating for incentives that make renewable LAS an attractive business opportunity for both LAS producers and end users such as Unilever. We will continue to partner with key surfactant and inorganic chemical suppliers to drive ingredient and manufacturing reductions that reduce emissions. In addition we are engaging 74 Home Care suppliers in the Supplier Climate Programme.

Unilever Climate Transition Action Plan
Packaging

Emissions from packaging are a significant contribution to our total Scope 3 GHG emissions and predominantly arise during two lifecycle stages: at feedstock creation, for example, where plastics traditionally use fossil fuels, and at end of life, particularly if disposed of through incineration or landfill. Our progress within this action area is demonstrated through our continued use of post-consumer recycled plastic (PCR), which increased from 18% in 2021 to 22% in 2023 thereby further reducing our dependence on virgin fossil-fuel-derived plastics.

Key actions

• **Reduce our overall packaging material use.** We are designing new product formats, like laundry sheets and shampoo bars, which permit innovative packaging that requires fewer materials while also using advanced digital modelling techniques to identify new opportunities to reduce the weight of our products. Scaling this up can be challenging given sustained consumer preference for convenience, value, and performance.

• **Transition towards increased use of recycled and renewable feedstocks.** We aim to transition from virgin, fossil-fuel-derived materials to alternatives made of recycled and renewable feedstocks to reduce the emissions of the packaging material we still require. With mechanically recycled plastic estimated to have half the GHG footprint of virgin fossil-fuel-derived plastic, and chemically recycled flexible plastic around 40% less, increasing the use of PCR remains a priority. Our dedicated team, led from our R&D Packaging Centre, continues working on new technologies and approval systems to improve the quality and availability of PCR in cooperation with suppliers.

Further opportunities to increase the use of PCR are also created by extending its use into new formats, such as toothpaste tubes and flexible packaging, with first launches already in the market. We also aim to increase our use of recycled aluminium and paper while developing new bio-plastic materials from renewable feedstocks and paper-based packaging from non-forestry-derived fibres in cooperation with our suppliers.

• **Design our packaging for recycling.** We will continue to design our packaging for recycling, to support the development of necessary waste management infrastructure, maximise the value of collected waste and avoid emissions from end of life incineration. **72% of our plastic packaging portfolio is already designed for recycling,** and we continue to develop new packaging innovations to increase this figure.

• **Advocate for better collection, recycling, and reuse infrastructure.** To stimulate the market for PCR content and improve the availability of high-quality recycled materials, we support the development of necessary waste management infrastructure to maximise the value of collected waste and avoid emissions from end-of-life incineration. Next to this, we aim to scale up reusable packaging models. Based on our learnings from around 50 pilots, we are now working with industry peers and actively participating in initiatives led by the [World Economic Forum](https://www.weforum.org/) and the [Ellen MacArthur Foundation](https://www.ellenmacarthurfoundation.org/) to establish if and how we can bring refill-reuse solutions to consumers in an effective, convenient, and affordable way.

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Dependencies

- **Implementation of regulated Extended Producer Responsibility (EPR) schemes.** We will continue advocating for well-designed EPR schemes, where companies such as Unilever pay for and manage the collection and processing of packaging. EPR systems provide dedicated financing for waste management, driving up recycling rates and the supply of PCR.

- **Agreement of a global plastics treaty.** As a member and co-chair of the Business Coalition for a Global Plastics Treaty, Unilever is advocating for a high-ambition outcome of a legally binding treaty that sets global, harmonised rules. Global action will help create the systems-level change we need to reduce the production and use of plastic through a circular economy approach, and to contribute to a reduction in global GHG emissions.

- **Public policy that creates the right enabling environment for new packaging models to succeed.** This includes setting standards, metrics, and incentives for new refill-reuse business models.
Logistics

We use logistics and distribution networks across the world to transport our raw materials and products, resulting in GHG emissions from fossil fuel use.

Key actions

• Improve transport network efficiency. Our activities in the last three years have focused on improving utilisation rates and reducing distances travelled. We expect most of our reductions up to 2026 will rely on further operational improvements. Specifically, we anticipate a total of 16% reduction in our upstream transport and distribution by 2026 as a result of network redesign, increased utilisation of intermodal transport, and various operational efficiencies such as load-fill optimisation and reduced fuel consumption.

• Scale up electric and alternative fuel vehicles. Beyond 2026, we expect to increase our reductions coming from electric and alternative fuel vehicles. Over the next three years, we plan to learn from our electric vehicle pilots to scale up the adoption of clean technologies in key markets such as the US, Europe, China, and Brazil.

Dependencies

• Accelerated decarbonisation of the transport sector. As we depend on third-party transport equipment and wider transport infrastructure, the current pace of zero-emission technology limits our ability to reduce emissions further.

• Improved availability of alternative fuels, electric vehicles (especially heavy-duty vehicles), and recharging infrastructure. At present, many of these remain limited in many locations around the world. In addition, deep emissions reductions are only possible when electricity generation supporting electrified transport modes is renewable. We are reliant on governments in the markets we operate supporting the acceleration and scale of clean technology adoption.

To address these dependencies, we continue to engage with several coalitions, councils, and associations to accelerate the pace of change. These include the Smart Freight Centre (an international industry coalition focused on reducing the emission impacts of freight transportation), Cargo Owners for Zero Emission Vessels (a similar coalition aiming to identify and implement emissions reduction solutions within shipping), and the Global Maritime Forum.
Ice cream cabinets

We have a global cabinet fleet of close to 3 million point-of-sale ice cream freezers, all of which use electricity with associated GHG emissions.

**Key actions**

- **Increase cabinet energy efficiency.** We will continue renewing our cabinet fleet at the end of life with more energy-efficient models, such as horizontal cabinets and those with more efficient freezer components and technologies. We plan to prioritise significant markets and those where the power grid has higher emissions intensity factors. By 2030, we aim for all new cabinets to use more efficient components (such as compressors or fan motors) and other design changes which can **reduce cabinet energy usage by 15-20%**.

- **‘Warm up’ the cold chain.** This involves raising the temperature settings of the cabinets from the *standard setting of -18°C to a higher setting of -12°C*, requiring less energy. The programme involves reformulation of some of our ice cream portfolio to ensure the same quality and consumer experience at this warmer temperature. Based on trials in Germany, we estimate that the temperature change has the potential to deliver **20-30% energy reduction** per freezer. Further trials will be conducted in Indonesia and other early adopter markets over the next three years. The Indonesia pilot will include both reformulated and naturally resilient ice cream products. In Q4 2023, we announced we will grant free, non-exclusive licences for 12 reformulation patents to support industry movement towards warmer cabinets and emissions reduction. Access to these patents is intended to help the industry make the same transition.

- **Transition to renewable energy.** For the energy use that cannot be reduced through efficiency measures or our cabinet warming programme, we will support a transition to renewable sources. We prefer this to happen through PPAs or green electricity tariffs that promote the development of local renewable power markets. We will also explore direct solutions such as solar panel installation at the retailer level. However, where these are not possible or practicable, we will explore options such as the purchase of local energy attribute certificates (EACs) to match the energy usage of our cabinets.
Dependencies

- **Ongoing transition to renewable electricity.** We assume that national electricity grids will continue to transform towards renewables in line with current projections, and we will continue to support this change through advocacy and engagement through campaigns such as RE100.

- **Market access to PPAs and ongoing acceptability of EACs.** We assume access to power purchase agreements in markets, as well as the acceptability of EACs for renewable electricity produced within market boundaries – including their use for reporting Scope 3 emissions from leased assets.

- **Change in freezer temperature regulations.** Where we are looking to increase the temperature of our cabinets, we will need to work with regulators to ensure alignment in specific markets where regulations do not currently allow higher temperatures. Our plans also require us to gain industry support and ensure compliance with competition laws. We have already started engagement at the EU level with valuable feedback from the ice cream and wider frozen food industry. We will look to extend our engagement with industry peers worldwide.
Aerosol propellants in the US & Canada

Propellants are ingredients used within products such as hair sprays, antiperspirant sprays, deodorants, and body sprays. They are a growing format preferred by consumers due to characteristics such as their convenience, hygiene, and ease of use.

Outside of the US & Canada, Unilever uses natural hydrocarbon gases for these spray formats which are not classified as GHG emissions. However, in part due to restrictions in the US and Canada regarding volatile organic compound (VOC) regulations, our spray formulas in these markets use hydrofluorocarbon (HFC) propellants. These propellants typically have a global warming potential (GWP) of around 164, meaning they are 164 times more potent than carbon dioxide in contributing to global warming.

Key actions

- Develop alternative propellants for the US market. The regulations in the US have now changed and we can use less GHG-intensive propellants. We are currently investigating alternative propellant solutions for the US.

Dependencies

- Consumer acceptance of aerosol propellant innovations in the US and Canada markets.
- Removal of potential regulatory roadblocks in Canada.

To address these dependencies, we continue to develop and test alternative propellant systems that reduce emissions without compromising the consumer experience, and to work with Environment and Climate Change Canada to address potential regulatory roadblocks in that market.
Our wider influence on society
Our wider influence on society

Our advocacy has formed a key part of our climate action to date and has been recognised as industry-leading by InfluenceMap.6 We have developed a targeted advocacy agenda with objectives up to 2030, many of which have been outlined above as part of our plan to target specific emissions reductions (i.e. regenerative agriculture, cold chain standards). We will also continue to advocate for policies that support economy-wide transformation, including:

• Encouraging governments to raise national climate ambition in our markets to align with a 1.5°C pathway in line with the more ambitious goal of the Paris Agreement.
• Scaling up renewable energy capacity and phase-out of fossil fuels.
• Providing financial and policy support for forest protection and nature restoration.

We will pursue broader support for these objectives at an international level via forums such as the World Economic Forum’s Alliance of CEO Climate Leaders, We Mean Business Coalition, WBCSD, the Corporate Leaders Groups, and the Carbon Pricing Leadership Coalition.

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Policy advocacy in support of priority action areas

We will advocate for policies that drive the global transition to net zero and accelerate the impact of Unilever’s mitigating actions. Importantly, by supporting policies that create a level playing field, we aim to de-risk the transition, helping us achieve our ambitions without putting the business at a competitive disadvantage.

Key cross-cutting advocacy asks include:
- **Raise the ambition of national climate strategies and plans in key markets to align with a 1.5°C pathway**
- **Ensure carbon is priced at levels necessary for the delivery of the Paris Agreement**
- **Scale up renewable energy capacity and the rapid phase-out of fossil fuels, including fossil fuel subsidies**
- **Support forest protection and nature restoration**
- **Encourage the evolution of the GHG Protocol Standards to incentivise emissions reduction actions in value chains**

Our cross-cutting advocacy asks underpin more specific advocacy in support of individual action areas in our plan:

- **Reformulating products**: Ensure Standards of Identity rules are not a barrier to portfolio development.
- **Forest-risk commodities**: Advocate for policies that facilitate the maintenance of a deforestation-free supply chain even when sourcing increasing volumes of ingredients in a competitive market.
- **Regenerative agriculture**: Lobby for a regulatory landscape that supports farmers to transition to and maintain a regenerative agriculture approach.
- **Chemical ingredients**: Create a level playing field that supports national policies that rapidly accelerate the scale-up of non-fossil chemical feedstocks and addresses energy emissions from ingredient production.
- **Packaging**: Advocate for the development of Extended Producer Responsibility (EPR) legislation, implementation of regulated EPR schemes, and an agreed Global Plastics Treaty.
- **Logistics**: Support policies that drive the clean transition of transportation infrastructure, e.g. access to renewable energy and EV infrastructure.
- **Ice cream cabinets**: Improve access to renewable energy and remove barriers to warming up the cold chain.
- **Aerosols**: Address potential regulatory roadblocks in Canada.

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Our wider influence on society
Trade associations and industry partnerships

Trade associations

As we progress on our climate action journey, we want our industries to move forward too. We have conducted an in-depth review of our main trade associations to assess their alignment with the Paris Agreement and our climate policy positions and have published this review on our website. We have also examined the extent to which we can influence these positions.

We have updated our internal trade association governance guidance to make clear that when entering into a new trade associations membership or when renewing a membership, our trade associations must confirm that their climate policy positions are aligned with Unilever. If they are not, they must confirm why this is the case and whether they are open to change.

Where we consider it necessary, we offer guidance and support to our trade associations to help determine whether they are aligned with our climate policy positions and agree a way forward when they do not. In some circumstances, a trade association may be advocating for policy change that runs counter to Unilever’s interests or position. In these cases, our preference is to engage the trade association to determine a) why their position is at odds with ours; and b) if their position(s) can change. If a trade association’s position cannot be made consistent with Unilever’s, then we reserve the right to withdraw our membership and make this information public.

In some instances, there may be a clash of positions; however, we may decide that Unilever’s interests are best served by staying within the trade association. If this happens, Unilever reserves the right to make a public statement to this effect: we will then continue to work with the trade association to encourage it to align its climate policy position to our own.

Industry partnerships and coalitions

We believe that cross-industry action can contribute to achieving both our goals and an economy-wide transition. We will continue to work with suppliers and industry peers and participate in issue-specific coalitions, such as RE100, to achieve transformational change within our chemicals and agricultural value chains. We will also continue to actively participate in groups seeking to pioneer net zero pathways, such as the WBCSD, the Exponential Roadmap Initiative and the We Mean Business Coalition.
Governance and delivery
Governance

Unilever Board and Board committees

The Board has overall accountability for the management of all risks and opportunities, including those arising from climate change and our CTAP. Our CEO and Executive Board member, Hein Schumacher, is ultimately responsible for overseeing our climate change agenda and the implementation of our CTAP. The Board delegates responsibility for specific matters related to climate change and our CTAP to different Board subcommittees:

- The Corporate Responsibility Committee (CRC) has responsibility for the oversight of Unilever’s conduct regarding our corporate and societal responsibilities, our reputation as a responsible corporate citizen, and our culture. The CRC reviews and provides input to Unilever on the management of current and emerging sustainability matters affecting the Unilever Group. It also provides external and independent oversight and guidance on the environmental and social impact of how Unilever conducts business. The Committee is responsible for reviewing the CTAP, ensuring we remain current and reviewing the progress towards meeting targets, and providing recommendations to the Board in relation to the development of the CTAP. The Committee reports all relevant matters discussed at its meetings to the Board.

- The Audit Committee oversees the non-financial disclosures in our Annual Report and Accounts, including the progress reports against the CTAP. This includes reviewing the scope and results of any internal and external assurance activities obtained over the disclosures.

Linking climate performance to executive remuneration

The Compensation Committee develops the Directors’ Remuneration Policy and sets performance measures designed to challenge and support the Executive Directors to drive shareholder value, while delivering our sustainability commitments, including climate-focused targets. In March 2024, we will propose amendments to our Remuneration Policy which, if approved by shareholders at the 2024 AGM, would result in a Sustainability Progress Index (including climate targets) with a 15% weighting for 2024 Performance Share Plan (PSP) awards onwards. The PSP will, if approved, apply to members of the Unilever Leadership Executive (ULE) and our senior managers (approximately 500 employees) from 2024. The Remuneration Policy can be found in our Annual Report and Accounts.

Shareholder engagement

The CTAP was put forward as an advisory vote at the company’s 2021 AGM, which passed with the support of over 99% of the votes cast. Similarly, shareholders will have the opportunity to voice their support for this updated CTAP at the 2024 AGM. As was the case in 2021, this advisory vote in no way removes the Board’s responsibility for this strategy. These advisory votes are not mandatory but provide us with a more informed dialogue with our shareholders. If the resolution were to receive less than 80% support, we would comply with the UK Corporate Governance Code and consult shareholders as to why this was the case.
Implementing and measuring progress against the plan

The Corporate Responsibility Committee (CRC) delegates the day-to-day oversight of the CTAP to the Unilever Leadership Executive (ULE), receiving updates on the progress of our CTAP from the ULE four times a year.

The ULE comprises the CEO, CFO, and other senior executives, including the President of each Business Group and the leaders of key functions. The ULE reviews progress against our Net Zero by 2039 ambition, our near-term Scope 1 & 2 GHG reduction target, and our near-term Scope 3 GHG reduction targets quarterly. The ULE is supported by our newly created Unilever Leadership Council (ULC), a group of senior leaders including our Chief Sustainability Officer.

Each of the Business Groups and Business Operations are responsible for the delivery of their respective action areas as part of the CTAP, with a Sustainability Lead in each Business Group. The Business Groups are supported by the Sustainability Function and the Business Operations Sustainability team.

Our Climate & Nature Investment Committee evaluates and approves investment proposals and will review the progress of the Climate & Nature Fund. While investments made possible by our Climate & Nature Fund have the potential to contribute to the acceleration of our mitigating actions, it is not the primary financial resource used to deliver our CTAP (see Financial Planning below).

We will continue to report our progress against the CTAP within our Annual Report and Accounts and align to best-practice disclosure standards including CDP and the recommendations of the TCFD. Our approach to reporting will be informed by emerging legislation such as the European Sustainability Reporting Standards (ESRS) requirements, which apply to Unilever with effect from 1 January 2024.

Supporting policies

The implementation of our plan is supported by several Unilever policies.

Our Environmental Policy defines our priority environmental focus areas. These include Climate action, Protect and regenerate nature, and Waste-free world. In addition to the sustainability priority areas defined by our strategy, we are committed to eco-efficiency practices in our operations which reduce emissions to air, land, and water.

Our Responsible Partner Policy (RPP) and its Fundamental Principles embody our commitment to responsible, transparent, and sustainable practices, describing what Unilever requires of business partners so we can do business together responsibly. Requirements are divided into three pillars: Business Integrity and Ethics, Human Rights, and Planet. More information on Unilever’s work to embed respect for human rights across our value chain can be found on our website. In September 2023, we published the first version of our Principles in Support of Human Rights Defenders, including land and environmental defenders, which includes complementary implementation guidance to support the integration of these principles across our existing commitments and requirements.
Our cross-commodity People & Nature Policy (P&N), also makes our no deforestation and conversion, transparency and traceability, and human rights requirements clear to our suppliers. We will seek to implement and independently verify the P&N policy’s requirements over time with all our suppliers. This requires a collaborative effort, which is why we take a leading role in multistakeholder partnerships such as the Consumer Goods Forum’s Forest Positive Coalition (CGF), the Roundtable on Sustainable Palm Oil (RSPO) and the Palm Oil Collaboration Group (POCG).

The Unilever Sustainable Agriculture Code (SAC) has been one of the major tools in our sustainable sourcing programme since 2010. Through it, we have reached hundreds of suppliers and hundreds of thousands of farmers, helping them implement the principles of sustainable agriculture.

Our Code of Business Principles: Respect, Dignity and Fair Treatment demonstrates our values of integrity, respect, responsibility and pioneering. They govern everything we do. Our Code Policies define the ethical behaviours that we all need to demonstrate when working for Unilever. They are mandatory.
Financial planning

Our sustainability strategy, which includes our response to climate change, is embedded into our overall business strategy. It is not possible to separate out the costs and investments we are going to incur to address climate change mitigation or adaptation. When we consider product innovation, for example, we are responding to many different factors such as consumer needs, cost of different ingredients, quality and reliability of sourcing ingredients, carbon intensity of ingredients or factory capabilities. This means it is impossible to separate out one element of the cost or benefit, to be able to provide a separate cost for our response to climate change. In addition, at this stage, the route map to reach our Net Zero by 2039 ambition is not fully developed and so we are unable to include all such costs in the long-term financial plans until solutions emerge.

Each of our five Business Groups has a financial growth plan which details the strategic actions they are planning to take and the related financial investments and P&L impacts. Within those plans, there may be a small number of costs related to a climate mitigation activity, but disclosure of such individual costs would not be meaningful as it would only represent a small element of the total embedded cost. Each year, we disclose how much we are investing in very long-term, prospective, stand-alone climate and nature projects through our reporting against our commitment to spend €1bn in this area from 2020 to 2030. We continually monitor the potential financial impact of various long-term climate scenarios as detailed in our annual TCFD reporting which can be found in our Annual Report and Accounts.
Skills and training

We are committed to fostering climate and sustainability literacy among our employees, equipping them with role-specific skillsets. At Board level, the Nominating and Corporate Governance Committee ensures the Board has sufficient sustainability skills and experience and recommends membership of the CRC for appointment by the Board. The Committee receives regular updates from management on climate risks and opportunities and how the business is tackling these in the context of the CTAP. The Committee also receives specific briefings on relevant issues such as net zero and corporate target setting as well as on the most important action areas for achieving Unilever’s GHG reduction targets, such as regenerative agriculture.

At senior management level, we cultivate sustainability and climate-specific skills through our Senior Strategic Leadership Programme. This includes skills for creating and executing a sustainable business strategy and leading sustainable systemic transformation.

We have partnered with external sustainability specialists for sustainability training design and delivery. Our broader workforce has access to the Sustainability School within our Unilever-wide learning platform. It offers a range of courses supporting employees in delivering our strategy, including our climate targets. We also offer deep-dive external-accredited courses on a wide range of ESG topics, developed with UK and European universities.
Internal carbon pricing

We use an internal carbon price for capital expenditure decisions which the Carbon Pricing Leadership Coalition determined would be consistent with achieving the 1.5°C temperature goal of the Paris Agreement. The Carbon Pricing Leadership Coalition, of which Unilever is a member, launched a High-Level Commission on Carbon Pricing in 2015. The Commission’s report, released in 2017, concluded that a carbon price of $40-$80 per tonne of carbon dioxide equivalent (CO$_2$e) by 2020, rising to $50-$100 per tonne by 2030, when combined with supportive policies, would allow for the achievement of the Paris goal. We therefore use a shadow carbon price of €70/t CO$_2$e, a figure which is reviewed annually. This provides an alternate view of capital expenditure business cases with the benefits and risks associated with GHG emissions ‘priced in’, and acts as a form of carbon sensitivity analysis when making capital expenditure investment decisions in our operations.

In practice, as not many of our operations are particularly energy-intensive, our Scope 1 & 2 GHG reduction targets act as a more significant decision factor than the shadow carbon price. However, we believe the practice of internal carbon pricing is important in signalling support for carbon pricing as a policy instrument, and forms part of our commitment to align with the UN Global Compact’s Business Leadership Criteria on Carbon Pricing.
The Unilever Climate & Nature Fund

Our **Climate & Nature Fund** is an impact-led investment platform helping us to contribute to a net zero world and positively impact nature, livelihoods, and resource efficiency. The aim is to invest in strategic activities that seek to influence industry-wide change and help us achieve our goals by integrating sustainability into a strategic value-creating agenda for Unilever.

Because the required value-chain transformations will need to happen at industry level, we are using the fund as a platform to inspire cooperation and generate co-financing to scale results. Unilever has **committed to investing €1bn between 2020 and 2030** through the Climate & Nature Fund, and we hope to mobilise an equal amount in co-financing from partners through vehicles such as the private equity impact fund created with **AXA** and **Tikehau Capital** in 2022.

At the end of 2023, the Climate & Nature Fund had spent and committed **€286m since its inception**. Through our initial investments, we have learnt that the fund can open multiple pathways of value creation for the organisation, be it through injecting resilience and productivity in our value chain, reducing our exposure to regulatory costs or strengthening the growth of our brands. For example, an investment in a joint venture with **Genomatica**, a leader in biotech and sustainability, is being used to scale and commercialise alternatives to palm oil and fossil-fuel-derived cleansing ingredients. Similarly, our catalytic investment into a partnership with **USAID** is being used to foster the growth of small and medium-sized enterprises (SMEs) which are strategic to building a more circular economy for packaging.
Appendix 1

Technical notes on target scopes and emissions measurement

Emissions covered by our near-term Scope 3 GHG reduction targets

Our near-term Scope 3 GHG reduction targets cover approximately 71% of the emissions in scope of our Net Zero by 2039 ambition. The GHG Protocol Scope 3 Emissions categories included are listed in the formal statement of our targets on page 11. This selection ensures we place our attention where we can measure and seek to reduce our emissions now while also, we believe, complying with the criteria of the SBTi.

Emissions out of scope of our near-term Scope 3 GHG reduction targets but relevant to our Net Zero by 2039 ambition

Two notable emissions categories are out of scope for our near-term Scope 3 GHG reduction targets, but relevant to our Net Zero by 2039 ambition: indirect procurement, and third-party contract manufacturing outside of India.

One of the challenges with these categories of emissions is that accurate, supplier-specific data is not readily available to us, which means that reporting will be based exclusively on estimated, industry-average data which is not affected by the specific business decisions we make. Over time we expect this data to improve, but in the short term we have chosen to focus on improving the data quality of the emissions categories which are covered by our near-term targets.

Indirect procurement covers the purchasing of other goods and services that do not directly go into our products. The largest category of spend here is our advertising and media spend. Unilever has been encouraging the advertising industry to step up, helping to establish global industry initiatives Ad Net Zero with the Advertising Association, and the Planet Pledge with the World Federation of Advertisers. The advertising industry is at an early stage in understanding its GHG emissions and how it can better drive action, and we will continue to support our media partners as they embark on this journey.

Third-party contract manufacturers (CM) are used by Unilever to manufacture products on our behalf. While most Unilever products are made in our own factories, a proportion of the products (estimated at roughly 15% of the emissions in scope of our Net Zero by 2039 ambition) we sell are made for us to specifications and formulations set by us. India being the most material country in terms of CMs’ footprint (roughly 25% of our total GHG emissions from CMs), we have begun engaging our Indian CMs on the emissions reduction journey and have included CMs in India within our Scope 3 target. As we progress and learn how to most effectively engage CMs, we will consider expanding the number of CMs in scope.

Other smaller emissions sources excluded from the scope of our near-term targets include capital goods, waste generated in our operations, business travel and employee commuting, downstream transport and distribution, and franchises.

Note that while business travel is not a particularly significant source of emissions for Unilever, we recognise that it is nevertheless one that stakeholders expect us to tackle. We continue to participate in groups such as EV100, which are also raising the bar to encourage companies to move away from electric hybrids to 100% electric vehicles.

Restatement of emissions data: We anticipate that there could be further restatements in our emissions data in future years, because of evolving reporting requirements and or IPCC updates on official carbon conversion factors depending on the significance of such changes. Restatements may also be made to correct errors in our reporting, as a result of incorrect data or calculations or when we need to reflect the impact of an acquisition or disposal to ensure disclosures are meaningful. We will only restate when there is a material impact on the metrics being reported and only then if good quality data is available. If good quality data is not available, we will write a narrative explaining the limitations of the prior year comparatives or baseline years.
Appendix 2

Our position on carbon credits

Our position on carbon credits and offsetting remains unchanged from the plan we published in 2021.

Delivery of GHG reduction targets

We will not use carbon credits to meet our near-term GHG reduction targets.

Beyond Value Chain Mitigation (BVCM)

We welcome the development of a robust, high-integrity framework for BVCM claims. However, we believe that for companies such as Unilever with significant potential to drive real emissions reduction within our value chains, prioritising efforts to reduce emissions in the value chain may be more attractive than BVCM programmes, however high their quality.

We recognise that voluntary carbon markets can provide additional financial flows to strategic global priorities such as tropical forest protection. These markets must be supported with clear guidance to ensure that demand for high-integrity carbon credits from companies who wish to make high-integrity voluntary carbon market claims can do so without reducing the pressure to drive technically and commercially feasible emissions reductions at source.

Use of carbon credits to support brand claims

In 2023, none of our key brands made consumer-facing claims backed by carbon credits. In the past, some Unilever brands have sought to substantiate consumer-facing claims using the purchase of carbon credits, such as ‘carbon neutral’ or ‘climate neutral’. Increasingly, we expect brands not to follow this approach. If brands should purchase carbon credits in future, we are clear that this counts as a BVCM action from a Unilever perspective. Any credits are not and will not be used to contribute to the achievement of Unilever’s near-term GHG reduction targets.

Note on carbon removals

Under SBTi rules, carbon removals within our value chain may be counted towards achieving our near-term Scope 3 GHG (FLAG) reduction target. We will not purchase carbon credits to meet this target and intend to align closely with the SBTi and GHG Protocol accounting standards as they develop. As of 2024, the GHG Protocol Land Sector and Removals Guidance remains in draft. We have taken this draft guidance into account when preparing this revised plan.
### Glossary of key terms and acronyms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beyond Value Chain Mitigation (BVCM)</strong></td>
<td>BVCM has emerged in the past three years to describe the practice of purchasing voluntary carbon credits as an additional action, above and beyond that which a company takes to reduce emissions within its value chain. It distinguishes itself from the practice of ‘offsetting’ in that companies are encouraged to purchase credits without making a climate or carbon neutrality claim. The development of the claims architecture for BVCM claims has been led by the Voluntary Carbon Markets Integrity Initiative (VCMI), a group Unilever has engaged with over the past three years.</td>
</tr>
<tr>
<td><strong>Carbon credits</strong></td>
<td>Unilever does not use carbon credits to meet our near-term GHG reduction targets. A carbon credit is a financially tradable instrument that represents a reduction, removal, or avoidance of one tonne of carbon dioxide equivalent achieved by a project. They are used by businesses and individuals to account for activity that they have funded. Carbon credits have drawn criticism for their use in offsetting whereby a company uses carbon credits generated from projects outside its value chain to compensate for emissions in its operations or within its value chain. Offsetting does not lower the company’s gross emissions footprint.</td>
</tr>
<tr>
<td><strong>Carbon dioxide equivalent (CO$_2$e)</strong></td>
<td>This metric is used to measure and compare GHGs that are not carbon dioxide, so that their relative contribution to climate change, based on their global warming potential (GWP), can be understood, and compared.</td>
</tr>
<tr>
<td><strong>Carbon removals</strong></td>
<td>Carbon removals are generated by activities that draw down carbon from the atmosphere. Removals can be nature-based (e.g. reforestation) or technology-based (e.g. direct air capture and underground storage).</td>
</tr>
<tr>
<td><strong>Deforestation</strong></td>
<td>Loss of natural forest as a result of i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.</td>
</tr>
<tr>
<td><strong>Energy Attribute Certificate (EAC)</strong></td>
<td>Energy Attribute Certificates (EACs) are contractual instruments that provide an energy buyer information (attributes) about the energy generated. They are most often used for certifying that purchased energy has been generated by renewable sources.</td>
</tr>
<tr>
<td><strong>FLAG</strong></td>
<td>FLAG emissions refer to GHG emissions from forests, land, and agriculture.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>-------------</td>
</tr>
<tr>
<td>Forest-risk commodities</td>
<td>Globally traded goods and raw materials that originate from tropical forest ecosystems, either directly from within forest areas, or from areas previously under forest cover, whose extraction or production contributes significantly to global tropical deforestation and degradation.</td>
</tr>
<tr>
<td>GHG Protocol</td>
<td>The Greenhouse Gas Protocol is an international organisation that provides standards and tools to consistently measure, manage and report the GHG emissions of businesses and governments.</td>
</tr>
<tr>
<td>Global Warming Potential (GWP)</td>
<td>GWP measures how much infrared radiation one tonne of the greenhouse gas in question would absorb within a given time frame. It compares the relative contribution of different greenhouse gases and estimates their aggregate impact.</td>
</tr>
<tr>
<td>Greenhouse gases (GHG)</td>
<td>Greenhouse gases are gases within the atmosphere that trap infrared radiation from the sun, preventing its reflection back towards space, leading to the warming of the atmosphere. The main greenhouse gases include carbon dioxide, methane, nitrous oxide, and water vapour. Other synthetic materials are also classed as greenhouse gases. Different GHGs have different levels of global warming potential (GWP).</td>
</tr>
<tr>
<td>Net zero</td>
<td>The United Nations Intergovernmental Panel on Climate Change defines net zero emissions as when “anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period.” Our Net Zero by 2039 ambition means that we will seek to balance any unabated emissions within the scope of our Net Zero by 2039 ambition, from 2039, with the same volume of like-for-like carbon removals. Whilst we are applying this UN definition in this CTAP, we anticipate that this definition of ‘net zero’ will likely need to adapt over time to ensure alignment with developing global standards. Currently Race to Zero Criteria 3.0, ISO Net Zero Guidelines (IEA 42:2022) and the SBTi Corporate Net Zero Standard have implemented alternative definitions and we expect work will be necessary to agree a global standard.</td>
</tr>
<tr>
<td>Offsetting</td>
<td>See Carbon credits.</td>
</tr>
<tr>
<td>Science Based Targets initiative (SBTi)</td>
<td>The Science Based Targets initiative is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI), and WWF. It aims to catalyse private sector action on climate change by supporting companies and financial institutions to understand how quickly they need to reduce emissions, to align with net zero science-based targets, in line with the more ambitious Paris ambition of limiting warming to 1.5°C.</td>
</tr>
<tr>
<td>Value chain</td>
<td>The full range of steps needed to create a product. It covers everything from the initial design all the way through to the end consumer and the product end of life. Value chain activities and their resulting GHG emissions are often split into upstream (occurring before our business) and downstream (occurring after our business).</td>
</tr>
</tbody>
</table>
## Appendix 4

### Overview of Unilever's climate change reporting

<table>
<thead>
<tr>
<th>Information</th>
<th>Climate-related risks and opportunities</th>
<th>Clear plans and targets to transition towards net zero ambition</th>
<th>Progress against our transition plans and targets</th>
<th>Additional climate disclosures for Unilever stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Format</td>
<td>Task Force on Climate-related Financial Disclosures (TCFD) statement</td>
<td>This document, our Climate Transition Action Plan (CTAP)</td>
<td>CTAP Progress Report</td>
<td>CDP disclosure</td>
</tr>
<tr>
<td>Location</td>
<td>Published in our Annual Report and Accounts</td>
<td>Published online as a stand-alone document</td>
<td>Published in our Annual Report and Accounts</td>
<td>Published online via the CDP website</td>
</tr>
</tbody>
</table>

As disclosure requirements develop, we will continue to align with best practice and new legislative such as the upcoming European Sustainability Reporting Standards (ESRS).
Disclaimers

This document contains a number of graphics, infographics and text boxes which aim to give a high-level overview of certain elements of this Plan and improve the accessibility of this Plan for readers. These graphics, infographics and text boxes are designed to be read within the context of the Plan as a whole.

This document, and the information and data contained herein, has been developed based on current information, estimates and beliefs, using models, methodologies and standards which are subject to certain assumptions and limitations, including (but not limited to) the availability and accuracy of data, lack of standardisation of data and lack of historical data, as well as other future contingencies, dependencies, risks and uncertainties (due to, among other things, global and regional legislative, judicial, fiscal, technological and regulatory developments including regulatory measures addressing climate change). As a result, such models, methodologies, and standards may be subject to adjustment beyond the control of Unilever and may change over time. Unilever does not undertake to update any such statements, information or data contained herein, nor to inform you if any statements, data, or information contained herein change in future.

This document also contains data on Unilever’s Scope 1, 2 and 3 emissions. Some of this data is based on estimates, assumptions and uncertainties. Scope 1 and 2 emissions data relates to emissions from Unilever’s own activities and supplied heat, power and cooling and is generally easier for Unilever to gather than Scope 3 emissions data. Scope 3 emissions relate to other organisations’ emissions and is therefore subject to a range of additional uncertainties, including that: data used to model lifecycle footprints is typically industry-standard data or estimates rather than relating to individual suppliers; and lifecycle models such as Unilever’s cover many but not all products and markets. In addition, international standards and protocols relating to Scope 1, 2, and 3 emissions calculations and categorisations also continue to evolve, as do accepted norms regarding terminology such as carbon neutral and net zero which may affect the emissions data Unilever reports. As Scope 3 emissions data improves, shifting over time from generic modelled data to more specific data, the data reported in this document is likely to evolve.

The models, methodologies, data, and standards used to develop this document and the information and data contained herein are not of the same standard as those available in the context of other financial information, nor subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles and are subject to rapid change and development for the reasons stated above. Any opinions and estimates given in this document should therefore be regarded as indicative, preliminary and/or illustrative given these issues. Actual outcomes may differ from those set out herein.

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Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements, including ‘forward-looking statements’ within the meaning of the United States Private Securities Litigation Reform Act of 1995. Words such as 'will', 'aim', 'expects', 'expectations', 'progress', 'estimate', 'anticipates', 'intends', 'intention', 'looks', 'believes', 'vision', 'ambition', 'target', 'seek', 'goal', 'plan', 'potential', 'try', 'work towards', 'future', 'become', 'introduce', 'transform', 'outcome', 'project', 'projections', 'deliver', 'evolve', 'come about', 'develop', 'forwards', 'pioneer', 'going to', 'prospective', 'long-term', 'objective', 'achievement', or the negative of these terms and other similar expressions of future actions or results, and their negatives, are intended to identify such forward-looking statements. Forward-looking statements include, but are not limited to, statements and information regarding the Unilever Group’s (the ‘Group’) targets and strategy to reduce in absolute terms its operational (Scope 1 & 2) emissions by 70% by 2025 and by 100% by 2030 against a 2015 baseline and to achieve net zero emissions covering Scope 1, 2 and 3 emissions by 2039, as well as its targets and strategy to reduce in-scope absolute Scope 3 (energy & industrial emissions) by 42% and Scope 3 (forest, land, and agriculture (FLAG) emissions) by 30.3% by 2030 from a 2021 baseline as set out in more detail in the Targets section of this document (the ‘Climate Transition Action Plan’).

Forward-looking statements also include, but are not limited to, actions to reduce emissions in the Group’s own operations and across its value chain, including reducing emissions at the Group’s factories, offices and labs as well as within its supply chain (e.g. raw materials, packaging materials, logistics and distribution), retail outlets and waste processing; the redesign of products to reduce emissions through innovation; business travel, commuting and homeworking; capital investment related to the Climate Transition Action Plan; the Group’s €1bn Climate & Nature Fund and its investments; and future advocacy and partnerships in wider society.

These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. Forward-looking statements are based on the current expectations and assumptions of management. They are not historical facts, nor are they guarantees of future performance or outcomes. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Among other risks and uncertainties, the material or principal factors which could cause actual results to differ materially include, but are not limited to, those set out under the heading ‘Dependencies’ under each emissions reduction lever set out in this document. No assurance can be given that the forward-looking statements in this document will be realised.

These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

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