



**A4S**

**CFO LEADERSHIP  
NETWORK**

ENHANCING INVESTOR ENGAGEMENT

**Practical example: Unilever**



THE PRINCE OF WALES'S  
CHARITABLE FUND



Unilever



# INTRODUCTION

The A4S Essential Guide to Enhancing Investor Engagement was first published in 2014. Since the initial publication, the nature, quality and extent of investor interest in the topic of sustainability has grown dramatically, with members of the A4S CFO Leadership Network noting a shift from ‘we never get asked about our sustainability initiatives’ to ‘it (sustainability) comes up in every investor engagement’. This growing investor focus on the link between environmental and social issues and long-term value creation means companies must think about the relevance of sustainability for their business and the opportunities it presents for effective investor engagement.

As part of the 2021 refresh of the guide, we have generated a series of practical examples from companies in our CFO Leadership Network, including Unilever, to illustrate ways in which they are linking environmental and social trends, business performance and investor engagement. In addition to explaining why it is important to engage with investors, the guide provides recommendations around three broad themes:

- How to convince investors that sustainability is being integrated into your business.
- How to communicate with your investors.
- How to integrate into your investor relations activities.

This set of case studies explores aspects of how Unilever’s sustainability activities align with increased investor interest in environmental, social and governance (ESG) topics. Specifically, it looks at how Unilever:

- Integrates sustainability into its strategy
- Adopts a commercial tone in communicating with investors
- Makes everyone sustainability literate
- Gives investors a say on climate

## UNILEVER

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At Unilever, we are driven by our purpose: to make sustainable living commonplace. Established over 100 years ago, we are one of the world’s largest consumer goods companies. We are known for our great brands, a global footprint and our belief in doing business the right way.



# CONVINCING INVESTORS THAT SUSTAINABILITY MATTERS: INTEGRATE INTO STRATEGY

Investors are interested in understanding how we think about value creation, how we identify opportunities, and how we manage our risks. For us, sustainability is integral to our business growth and performance over the short, medium and long term and thus to our value creation story.

In 2020 we announced the [Unilever Compass](#), our new integrated strategy. It builds on the lessons learnt from Unilever's Sustainable Living Plan (then 10 years old and coming to an end) and extensive engagement with employees and external stakeholders. The strategy retains Unilever's purpose, which is to make sustainable living commonplace, but sets a new vision, namely, to be the global leader in sustainable business.

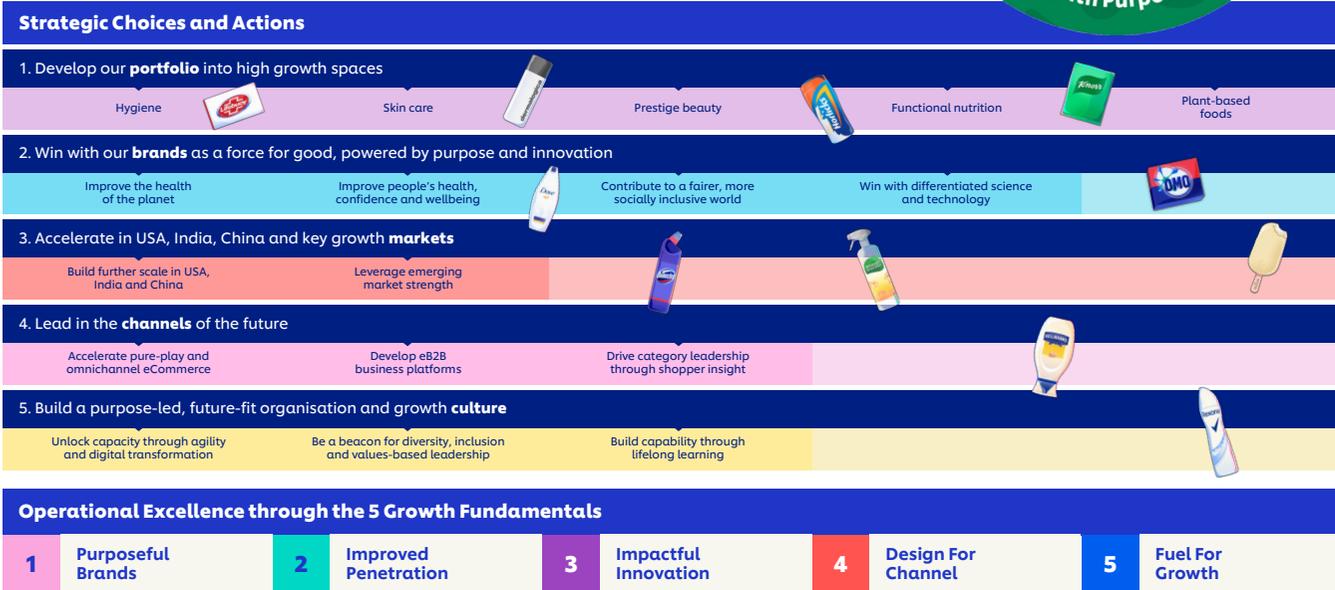
The Unilever Compass is made up of five strategic priorities, one of which is to 'position our brands as a force for good, powered by purpose and innovation'. This is underpinned by a series of multiyear metrics and targets that allow investors and other stakeholders to understand what this priority means and how we plan to measure progress.

This approach clearly articulates the centrality of sustainability to our strategy. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry.

# The Unilever Compass



**Our Vision** is to be the global leader in sustainable business. We will demonstrate how our purpose-led, future-fit business model drives superior performance, consistently delivering financial results in the top third of our industry.



Source: Extract from [Unilever's Compass Strategy](#), May 2020

# Win with our brands as a force for good, powered by purpose and innovation



Improve the health of the planet			Improve people's health, confidence and wellbeing		Contribute to a fairer, more socially inclusive world				
Climate action	Protect and regenerate nature	Waste-free world	Positive nutrition	Health and wellbeing	Equity, diversity and inclusion	Raise living standards	Future of work		
Net zero emissions from all our products from sourcing to point of sale by 2039	Deforestation-free supply chain in palm oil, paper and board, tea, soy and cocoa by 2023	50% virgin plastic reduction by 2025, including an absolute reduction of 100,000 tonnes	€1 billion annual sales from plant-based meat and dairy alternatives by 2025-2027	Take action through our brands to improve health and wellbeing and advance equity and inclusion, reaching 1 billion people per year by 2030.	Achieve an equitable and inclusive culture by eliminating any bias and discrimination in our practices and policies	Ensure that everyone who directly provides goods and services to Unilever will earn at least a living wage or income by 2030	Help equip 10 million young people with essential skills by 2030		
Halve greenhouse gas impact of our products across the lifecycle by 2030	Help protect and regenerate 1.5 million hectares of land, forests and oceans by 2030	25% recycled plastic by 2025	Double the number of products sold that deliver positive nutrition by 2025	We will focus on: <ul style="list-style-type: none"> <li>• Gender equity</li> <li>• Race and ethnicity equity</li> <li>• Body confidence and self-esteem</li> <li>• Mental wellbeing</li> <li>• Hand hygiene</li> <li>• Sanitation</li> <li>• Oral health</li> <li>• Skin health and healing</li> </ul>	Accelerate diverse representation at all levels of leadership	Help 5 million small and medium-sized enterprises grow their business by 2025	Pioneer new models to provide our employees with flexible employment options by 2030		
Zero emissions in our operations by 2030	100% sustainable sourcing of our key agricultural crops	Collect and process more plastic than we sell by 2025	70% of our portfolio to meet WHO-aligned nutritional standards by 2022		5% of our workforce to be made up of people with disabilities by 2025		Reskill or upskill our employees with future-fit skills by 2025		
Replace fossil-fuel derived carbon with renewable or recycled carbon in all our cleaning and laundry product formulations by 2030	Empower farmers and smallholders to protect and regenerate farm environments	100% reusable, recyclable or compostable plastic packaging by 2025	95% of packaged ice cream to contain no more than 22g total sugar per serving by 2025		Spend €2 billion annually with diverse businesses worldwide by 2025				
Share the carbon footprint of every product we sell	Implement water stewardship programmes in 100 locations in water-stressed areas by 2030	Halve food waste in our operations by 2025	95% of packaged ice cream to contain no more than 250 kcal per serving by 2025		Increase representation of diverse groups in our advertising				
	100% of our ingredients will be biodegradable by 2030	Maintain zero waste to landfill in our factories	85% of our Foods portfolio to help consumers reduce their salt intake to no more than 5g per day by 2022						
Supported by: €1 billion Climate & Nature Fund									
<b>Respect human rights</b> Respect and promote human rights and the effective implementation of the UN Guiding Principles, and ensure compliance with our Responsible Sourcing Policy									
<b>Our responsible business fundamentals</b>									
Business integrity	Safety at work	Employee wellbeing	Product safety and quality	Responsible innovation	Responsible advertising and marketing	Safeguarding data	Engaging with stakeholders	Responsible taxpayer	Committed to transparency

See our Planet & Society Hub on [unilever.com](https://www.unilever.com) for more

Source: Extract from [Unilever's Compass Strategy](#), May 2020

# HOW TO COMMUNICATE WITH YOUR INVESTORS: ADOPT A COMMERCIAL TONE

Because sustainability is integrated into our strategy, we can explain how our focus on sustainability contributes to superior performance over time, through:

- **Positive contribution to growth:** having brands that stand for something that consumers care about (both in words and actions) is strongly correlated with brand power and ultimately brand growth. GenZ and Millennials, who make up an increasing proportion of the population, particularly care about the brand choices they make. Thus, purposeful brands backed by a purposeful business will drive growth.
- **Cost reduction:** while there may be upfront costs associated with some of our sustainability initiatives, eg moving from virgin to recycled plastics, the expectation (borne out by evidence) is that costs will decrease over time. In addition, certain sustainable practices, eg water and energy efficiency initiatives or reduction of waste/packaging, result in cost efficiencies.

- **Building trust:** our positioning as a sustainable business helps us to build trust with employees, partners and customers, eg it helps us to be an employer of choice in many of the markets we operate in.
- **Risk reduction:** for example, working with smallholder farmers in our supply chain to improve their climate resilience has an overall benefit for both Unilever (by securing supply) and our suppliers.



Source: Extract from [Unilever's Q4 and Full Year 2020 Results presentation](#)

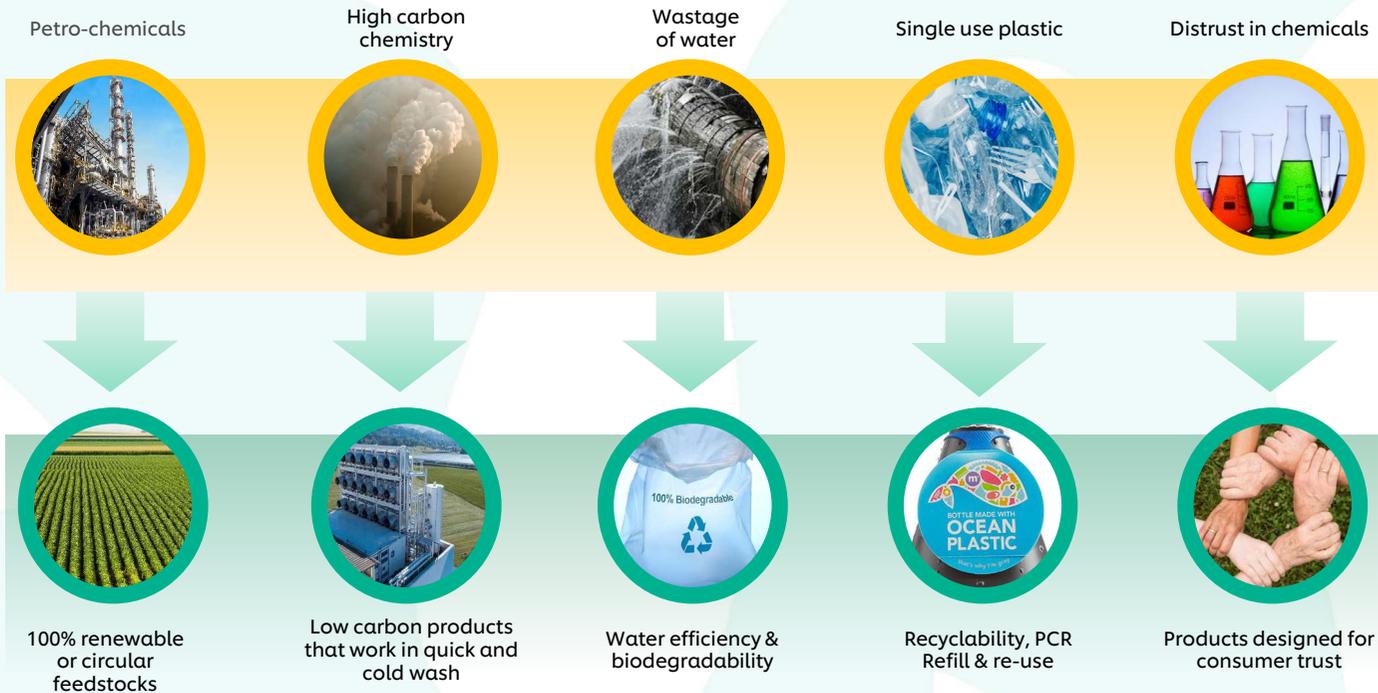
# LINK TO STRATEGY: MAKE EVERYONE SUSTAINABILITY LITERATE

Because sustainability is embedded into the business at Unilever and is integral to value creation, it is not treated as a discrete topic area from an investor relations (IR) perspective. The IR team will field sustainability-focused questions from investors and pull in additional support from relevant teams/individuals within the organization, as required. Everyone who speaks about our business is equipped to talk about sustainability in their line of business.



Source: Extract from [Unilever US Deep Dive webcast, 22nd March 2021](#) – presentation by Fabian Garcia, President, Unilever North America

## Clean Future - our differentiated Home Care strategy



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Source: Extract from [Bernstein European Strategic Decisions Conference](#), 23rd September 2020 – presentation by Richard Slater, Chief R&D Officer

# WHY ENGAGE WITH YOUR INVESTORS ON SUSTAINABILITY: GIVING INVESTORS A SAY ON CLIMATE

Over the last few years, we have started to see more active engagement on environmental and social topics from investors and much greater emphasis on corporate action.

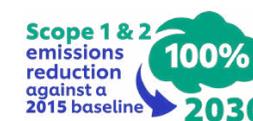
In addition to weaving ESG into all our investor relations activities, we have done some deep dive activities. In December 2020, we announced that we would be giving shareholders a non-binding advisory vote on our '[Climate Transition Action Plan](#)'. This would be the first time that a major global company had voluntarily committed to putting its climate transition plans before shareholders for a vote. We have several reasons for doing this.

We recognize that reaching net zero across the whole economy requires engagement between companies and investors. Putting the action plan to a vote at the annual general meeting (AGM) strengthens the nature and the quality of the engagement. It also demonstrates our commitment to following through on the plan, given that it includes multiyear targets, and a willingness

to be held accountable for delivery against the plan. The 2021 AGM was a first step in an ongoing process of engagement and we were very pleased that it received over 99% shareholder support. We intend to report annually on our progress in the areas outlined under the plan and seek an advisory shareholder vote every three years.

This 'say on climate' vote is not the first time that we have engaged investors on our climate targets. In June 2020, we added to our existing science-based targets by announcing our intention to achieve net zero across all our products, across our value chain, excluding indirect use-phase emissions by 2039. In September, we hosted a '[Climate Action](#)' webinar for investors and analysts. During the webinar, we explained why companies and investors alike needed to be concerned with climate change. In addition to highlighting the existential nature of climate change, our Global Climate and Environment Director set out why we saw policy movement on climate change as a source of business opportunity.

We hope that our approach and the result will encourage other companies to follow suit. We believe investors will increasingly expect to have a 'say on climate'. By engaging in this way, we improve outcomes for all.



Source: Extract from Unilever's '[Climate Transition Action Plan](#)', March 2021



## CONCLUSION

Investors are demanding more from companies around their sustainability performance and disclosure and assessing the credibility of company commitments. This overview has set out some examples of how one company is communicating effectively with investors about their integrated strategy and how it cascades down into the business, as well as giving investors a say on its climate transition action plan. For more information and practical examples, see the [A4S Essential Guide to Enhancing Investor Engagement](#).

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[The Prince's Accounting for Sustainability Project \(A4S\)](#)



[ThePrincesA4S](https://www.youtube.com/ThePrincesA4S)



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[www.accountingforsustainability.org](http://www.accountingforsustainability.org)

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