



Unilever Statement on Climate and Energy Policy

Climate Change – The business Case for Action

Climate change is accelerating and is already harming people and ecosystems around the world. It will result in potentially serious consequences to our business operations.

For example, the sourcing of our agricultural raw materials will be affected by changes in weather patterns; our business and our consumers will be affected by increases in energy and food prices and extreme weather events will displace communities. We are already feeling some of these impacts.

The international scientific consensus is that rising greenhouse gas emissions pose serious threats to the long term viability of human civilisation and that urgent action must be taken if catastrophic impacts on human well-being are to be avoided or, at the very least, reduced and mitigated.

Governments' ambitions to limit warming to 2°C now appear increasingly unrealistic: in 2012 PWC estimated that the required improvement in global carbon intensity to meet a 2°C warming target had risen to 5.1% a year from now to 2050 – a rate of decarbonisation not achieved since World War Two. But every year of delay will increase emissions, lock the economy into a high carbon future and make future emissions reductions more costly. The world must therefore act in a swift and coordinated way to avoid the more pessimistic scenarios of 4°C or even 6 °C.

Being proactive on climate change is essential to ensuring that Unilever remains a viable business in the future. We will also reap the benefits in innovation, new product development and cost efficiencies.

Unilever's Approach

Unilever's aim is to reduce greenhouse gas emissions by a combination of improved energy efficiency, technology change and the use of renewable energy from sun, wind, water, wood and waste.

This is why, as part of Unilever's Sustainable Living Plan, we have set a target to halve the greenhouse gas impact of our products across their lifecycle by 2020. We are making progress towards this commitment, particularly in reducing green house gas emissions from transport and manufacturing and using more renewable energy. Since 2008 we have reduced our environmental footprint while avoiding cumulative supply chain costs of over Euro 300 million.

By 2020 CO₂ emissions from energy from our factories will be at or below 2008 levels despite significantly higher volumes. This represents a reduction of around 40% per tonne of production. Versus a 1995 baseline, this represents a 63% reduction per tonne of Production and a 43% absolute reduction. We will more than double our use of renewable energy to 40% of our total energy requirement by 2020. We recognise that this is only a first step towards a long-term goal of 100% renewable energy.

However, our biggest greenhouse gas impact is associated with the consumer use phase of our products, when energy is used to heat water for showering and laundry. Tackling this will require a wider transformation to a low carbon economy.

This will require courageous government policies, effective carbon pricing and the wide-scale decarbonising of energy grids.

A Critical Role for Governments

We recognise the challenges faced by political leaders in developing ambitious frameworks for action on climate change, which is why we are members of a number of progressive advocacy groups such as the Corporate Leaders Group on Climate Change.

Alongside other corporate leaders, we have called for governments to adopt ambitious, international and legally-binding targets to reduce greenhouse gases, renewable energy use, and improvement of energy-efficiency for 2020, and for a clear, stable and cost-effective policy framework to underpin the investment needed to finance the achievement of such targets. With regard to the EU 2030 targets, Unilever calls upon EU Member States to adopt a comprehensive package of binding targets.

The Netherlands for example has set a renewable energy target of 16% by 2020, with current use of renewable energy at approximately 4%. Unilever believes that with the right policies and incentives countries will be able to significantly increase its share of renewable energy thereby actually achieving the set targets. Unilever believes that reaching this 16% renewable energy target in 2020 in the Netherlands is possible with the right set of policies and incentives.

It is crucial that in doing so, the right kind of renewable energy use is promoted and used.

We believe governments worldwide have the responsibility to subject their bio-energy policies to a full impact assessment. These assessments should cover environmental, social and economic impacts from production through to end use.

In that way risks can be mitigated. One such risk is the potential impact of biomass energy programmes and biofuel targets, in particular on food security and sustainable agriculture. Unilever believes that most first-generation biofuels - produced from feedstock such as vegetable oils, starch ethanol or sugar ethanol – are neither environmentally efficient nor cost-effective ways to reduce greenhouse gas emissions.

The use of valuable food crops for energy purposes will increase pressure on eco-systems and biodiversity. Deforestation, particularly in the case of palm oil and soybeans, could lead to the devastation of the last remaining rainforests in Borneo and the Amazon region.

Unilever believe there is a strong case for government and business investment in new technologies and further research on the sustainable use of biomass.

We believe that the use of biomass for energy purposes should not be stimulated by government programmes without the application of transparent sustainability criteria, at the risk of generating unintended consequences that could actually undermine the original goal of a more sustainable energy policy.

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