

Zurich, 26.06.2024

Unilever PLC
Unilever House
100 Victoria Embankment
London EC4Y 0DY
United King

Unilever: Reporting, Sustainability Progress Index and Deforestation

Dear Mr. Fernandez,

Globalance Bank Ltd. is a Swiss Private Bank with focus on sustainable and future-fit investing. Unilever forms part of our core equity allocation resulting from our favorable assessment.

Active Ownership is an important aspect of Globalance's raison d'être. Climate change and biodiversity are two of our focus areas. We conduct an in-depth analysis for the material positions of our core equity allocation and engage with the invested companies where relevant. We would like to discuss the following topics with you:

Globalance Requests

- 1) Keep reporting on food waste and nutrition-related objectives.
- 2) Align climate and nature KPIs of the Sustainability Progress Index (part of the Performance Share Plan) with Unilever's company targets.
- 3) Report Unilever's cattle-related deforestation data and progress through the CDP Forest Questionnaire.

Our Impact Research Team would like to discuss these points during a 45 min. call and looks forward to hearing from you with your availabilities.

Sincerely,



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About Globalance

Globalance is an owner-run Swiss private bank and represents a paradigm shift in banking. Globalance inspires, accompanies and enables investors to successfully invest in future-oriented companies and investments that solve global challenges and shape a positive future. The founders of Globalance were also the founders of SAM Sustainable Asset Management (today: RobecoSAM) as well as co-initiators of the Dow Jones Sustainability Index. Please visit www.globalance.com.

Appendix I: Globalance Considerations

The analysis of Unilever is based on the Unilever CDP Climate and Forest Questionnaires 2023, the Unilever Annual Report 2023, Unilever's Forest Risk Commodities Reporting: 2022, and MSCI data.

1) Keep reporting on food waste and nutrition-related objectives.

- According to Planet Tracker's analysis of the changes in Unilever's targets the company's target to half food waste by 2025 as well as Unilever's nutrition-related targets (reported on p. 61 of the 2022 Annual Report and Accounts) are not part of the Unilever's sustainability focus (p. 5, Q1 2024 Trading Statement) anymore. Planet Tracker questions if progress on those targets will still be disclosed transparently in the future¹.
- At Globalance we see both topics as essential for Unilever's sustainability roadmap and encourage the company to keep disclosing on the progress of those targets.

2) Align climate and nature KPIs of the Sustainability Progress Index (part of the Performance Share Plan) with Unilever's company targets.

- The climate and nature KPIs of the Sustainability Progress Index that forms part of the Performance Share Plan 2024-2026 are:
 - a. Climate: The percentage change in greenhouse gas emissions from energy and refrigerant use in our operations, in comparison to the same period in 2015. Target: 80% (threshold 79%, maximum 81%).
 - b. Nature: The total hectares of land, forests, and oceans (as measured by ocean floor area) that Unilever programs help protect and/or regenerate. Target: 1 million hectares (threshold 900,000 hectares, maximum 1.1 million hectares).
- The targets mentioned above do not address Unilever's most material impacts on climate and nature and are not aligned with the company's target. For example, Unilever's SBTi target commits to reduce scope 1-3 emissions by 100% and Unilever's scope 3 emissions by 39% until 2030. A meaningful climate KPI for management remuneration would be aligned with the company's progress with this target.
- As a reference: Sekisui House links its management remuneration to the ratio of Zero Emission Houses built by the company which relates directly to Sekisui House's most relevant Scope 3 emission category (p.114)²

3) Report Unilever's cattle-related deforestation data and progress through the CDP Forest Questionnaire.

- Unilever is currently not reporting cattle related deforestation data through the CDP Forest Questionnaire. As a reason it is stated that beef by-products make up 0.07% of procurement volumes (CDP F0.4).
- However, cattle products do not only refer to beef - milk is a relevant cattle product. In comparison to beef, milk is an important raw material for Unilever: According to Factset 13% of Unilever's revenues are currently derived from the sub-sector "Dairy Product Production".

¹ Planet Tracker. (29 May 2024). *Unilever - A Pivotal Moment*. [Unilever - A Pivotal Moment - Planet Tracker \(planet-tracker.org\)](https://planet-tracker.org)

² Sekisui House. (2024). *Value Report 2023*. [Value Report 2023 \(English\) \(sekisuihouse.co.jp\)](https://www.sekisuihouse.co.jp)

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- Unilever includes tea and cocoa in its deforestation roadmap, even though the “Coffee, Tea and Cocoa Production” comprises only 2% of Unilever’s revenues (Factset), while dairy products make up a much larger share.
- In addition, while soy is included in Unilever’s deforestation roadmap, the soy used for cattle feeding is not. Worldwide approximately 75% of soy produced is fed to animals, only 6% is used for human consumption³. However, in your Forest Risk Commodities Reporting 2022 you estimate that the embedded soy footprint via dairy and egg makes up 6% of the company’s total soy consumption. Given that 13% of Unilever’s revenues are derived from dairy products and soy products are not directly visible in the Factset revenue distribution, this discrepancy is difficult to comprehend.
- We encourage Unilever to disclose dairy-related deforestation risks through the CDP Forest Questionnaire and through this disclosure ensure investors that the company manages its direct and indirect (via feed) deforestation risk related to dairy.

³ Food Climate Research Network. (2020). *Soy: food, feed, and land use change*. [Soy: food, feed, and land use change \(tabledebates.org\)](https://tabledebates.org)