



# Driving Corporate Climate Action with **Bold National Climate Commitments**

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Unilever

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## Foreword: Why Unilever supports strong and effective NDCs

By Hein Schumacher, CEO, Unilever

Unilever is a global consumer goods company where an estimated 3.4 billion people use our products every day. We take great pride in collaborating with a diverse network of global and local suppliers, manufacturers, and transporters to create and deliver our products, ensuring we are present in 190 countries worldwide.

However, we are increasingly concerned that our supply chains, manufacturing, and distribution networks could face significant disruptions due to the rising frequency of extreme weather events, such as high temperatures, hurricanes, and floods.

In our 2023 Annual Report<sup>1</sup>, we note climate change is a principal risk to Unilever, and warn it is a risk that is escalating, as actions

to address global warming are not moving at the anticipated pace needed. Unilever recognises that inaction on climate change could lead to higher costs, diminished profits, and stunted growth. The stakes are high – high for business, but even higher for the customers we serve, and the urgency to act has never been greater.

That is why we are investing in sustainable practices for growth. Examples of investments we are making include:

- €150 million in our manufacturing decarbonisation programme over the next three years
- €1 billion through our dedicated Climate & Nature Fund, supporting climate, nature, and circular economy projects by 2030.

However, businesses like ours cannot act alone; the world needs to act together if we are to succeed in keeping within safe planetary limits and preventing the worst impacts of climate breakdown.

To cut emissions at the rate and scale necessary to keep the world to a 1.5°C pathway, we need catalytic legal, policy, and regulatory conditions in place.

Governments must seize every opportunity to create these conditions. The upcoming Nationally Determined Contributions (NDCs) submission deadline in February 2025 presents a prime chance to deliver ambitious national climate action plans, crucial for keeping the 1.5°C target within reach.

Business leaders must play a role in this change too, by demonstrating the actions they are taking, and in doing so, helping to

provide the cover and confidence needed to propel government forward, faster on their NDCs.

NDCs should serve as the guiding star for implementing effective policies across all levels of government, so as to accelerate investment into the transition.

I call on every business that values the future of our planet and their own commercial success to seize the opportunity in the coming months to advocate for stronger and more ambitious NDCs.

We've been delighted to work with Patricia Espinosa and her team at Onepoint5 to prepare this briefing. It clearly sets out how business can support stronger NDCs, and how governments can catalyse private sector action.

## Expert view: Business as usual is no longer tenable

By Patricia Espinosa, CEO & Founding Partner, Onepoint5

Earlier this year, Professor Johan Rockström, of the Potsdam Institute for Climate Impact Research, stated that in 2024, and for the first time, we have experienced a "1.5° degrees Centigrade world". This is a world characterised by more extreme weather events, more frequent hurricanes and storms, more severe and prolonged droughts. A more dangerous and hostile world.

The costs of this "Brave New World" are massive and mounting. Last year, the losses resulting from droughts, floods, heatwaves, fires, and reinforced storms reached US\$250 billion for natural disasters worldwide.<sup>2</sup> And those losses continue to grow year on year.

But the threat we face goes beyond economic losses, however significant these

may be. Millions of people across the world and entire ecosystems in every region are exposed to the mounting impacts of climate change. This is what is truly at stake, in addition to financial or economic impacts. We are talking about immeasurable and irreparable losses for families and communities across the world. Now and years to come.

We have the power to prevent this. Science tells us that greenhouse gas (GHG) emissions must be reduced 43% by 2030 in comparison to their 2019 levels and that the world must achieve net zero emissions by 2050 to limit the average rise in temperature to 1.5°C and avoid more extreme weather phenomena. This is the way to restore the lost balance between CO<sub>2</sub>e anthropogenic emissions and

<sup>1</sup>Unilever Annual Report. Available at: <https://www.unilever.com/files/92ui5egz/production/b09c3510ee7cec58440d5f044f02bdefe85aa186.pdf>

<sup>2</sup><https://www.munichre.com/en/company/media-relations/media-information-and-corporate-news/media-information/2024/natural-disaster-figures-2023.html>

nature's capacity to remove and store GHG from the atmosphere, something will also require extensive use of new carbon-capture technologies.

Substantive changes in government policies and regulations, bold business transition strategies and close engagement from people across the world, both as citizens and consumers, will be needed to achieve that formidable task. For every region and in every country.

The transition is already under way. The world is in the midst of the most profound transformation ever attempted. The way societies meet their needs in every area, from energy to transportation, from food security through manufacturing, must leave behind obsolete, carbon-intensive practices and give way to a truly sustainable model.

Governments have a critical role to play in this transition. But the bulk of the change must take place in the private sphere. The reason for this is simple: most productive activities across the world take place in the private sector. This is confirmed by the number of people employed, by the extent of resources used, and by the volume of economic output. And the private sector is also where most emissions originate.

We are entering a new phase in history: the era of sustainability. And we must see this not as a cause for apprehension, but as a source of possibilities. The transition to

sustainable practices brings in its wake new opportunities, and the chance to avoid risks and secure a better future.

Business as usual is no longer tenable. Innovation in every aspect of business activity is needed to bring down emissions and increase adaptation and resilience. A change of mindset is needed. New abilities and a new outlook are also necessary to abandon the harmful practices that led to the climate crisis.

Ultimately, it comes down to leadership. We need governments, businesses and civil society organisations to take a leading role in promoting change. Individual efforts are important, but they will only stand a chance if they are part of a collective, economy-wide, systematic approach to bring about change.

Unilever has already made outstanding progress in lowering emissions and enhancing its own resilience in the face of climate change. It is now going beyond that by calling for governments to strengthen national commitments in their forthcoming NDC. And it is inviting other private companies and non-governmental organisations to add their voices – and their commitments – to this cause.

I can only add my own voice, with the utmost conviction, to this timely call for higher ambition and more effective implementation in climate action.

# 1. Why NDCs matter for business: driving climate action, investment, and safeguarding our future

The Paris Agreement requests countries prepare, update, and communicate their climate commitments and goals to the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC), through periodic submissions of NDCs.<sup>3</sup>

Two basic conditions must be met to ensure that NDCs serve their intended purpose: they must reflect the highest level of ambition in terms of emission reductions, adaptation enhancement and finance provision, and they must duly consider countries' specific circumstances, needs and challenges.<sup>4</sup>

Their quality and efficacy will largely determine whether the goal of limiting the rise of the average global temperature to 1.5°C will be achieved.

The latest NDC Synthesis Report, published on November 14, 2023, indicates that climate action plans are insufficient to limit global temperature rise to 1.5°C.<sup>5</sup> If the commitments laid down in all NDCs submitted by November 2023 were implemented in full, emissions could be expected to rise 8.8% by 2030, compared to 2010 levels.<sup>6</sup>

This is inconsistent with the scientific guidance, which indicates that GHG emissions must be reduced 43% by 2030 in comparison to their 2019 levels if the world is to limit the average rise in temperature to 1.5°C and avoid further increase to extreme weather phenomena.<sup>7</sup>

NDCs can also establish political support for specific climate actions, signalling a country's commitment and approach to a net zero future. This can drive the social and economic changes needed to meet national climate goals, including spurring investment from various sources (public, private, national, and international).<sup>8</sup>

If done well, NDCs can provide businesses with the long-term surety they need to invest in resilient supply chains and protect assets to ensure their long-term viability.

NDCs can also bring new opportunities for market expansion, by promoting and accelerating the transition in both mitigation and adaptation. Where sustained policy has supported key sectors of the transition, this has driven greater innovation e.g. in energy and transport, improving investor returns.<sup>9</sup>

Governments should apply lessons from these successes to nature, agriculture, and fossil-free feedstocks when drafting NDC strategies that leverage their country's strengths and challenges to accelerate business decarbonisation.

<sup>3</sup>Article 4, paragraph 2. Available at [https://unfccc.int/sites/default/files/english\\_paris\\_agreement.pdf](https://unfccc.int/sites/default/files/english_paris_agreement.pdf)

<sup>4</sup>NDC Partnership. Climate Action Enhancement Package (CAEP): Lessons in Developing Implementation Ready NDCs. Available at <https://enhancement.ndcpartnership.org/>

<sup>5</sup>Nationally determined contributions under the Paris Agreement. Synthesis report by the secretariat. Available at [https://unfccc.int/sites/default/files/resource/cma2023\\_12.pdf](https://unfccc.int/sites/default/files/resource/cma2023_12.pdf)

<sup>6</sup>Nationally determined contributions under the Paris Agreement. Synthesis report by the secretariat. Available at <https://unfccc.int/news/new-analysis-of-national-climate-plans-insufficient-progress-made-cop28-must-set-stage-for-immediate>

<sup>7</sup>IPCC, Summary for Policymakers of the IPCC Working Group III report, Climate Change 2022: Mitigation of climate change.

<sup>8</sup>[https://unfccc.int/sites/default/files/resource/cma2023\\_12.pdf](https://unfccc.int/sites/default/files/resource/cma2023_12.pdf)

<sup>9</sup><https://www.wri.org/insights/nationally-determined-contributions-ndcs-explained>

<sup>9</sup><https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-a-decade-of-data/>

## 2. Characteristics of an effective NDC

Well-drafted and implemented NDCs have the potential to transform the future of an individual country and the planet.

### This is why Unilever is calling on governments to submit NDCs that:

- **Strive for the highest level of ambition** in terms of emissions reduction and adaptation enhancement that aligns with the goal of limiting global temperature rise to 1.5°C.
- **Provide a policy framework** that supports business decarbonisation opportunities by providing adequate support for private investment through de-risking instruments and overall intervention strategies to crowd in the private sector.
- **Identify the links between NDC goals in mitigation and adaptation and key national climate strategy and policy instruments.** Establish a clear timeframe for the implementation of commitments and the proposed achievement of goals, with well-defined milestones that are linked to the country's planning and budgetary processes.
- **Promote the necessary framework for the rigorous and systematic monitoring,** measuring, and reporting of progress in mitigation and adaptation from the public and private sectors.
- **Implement robust carbon pricing mechanisms,** rising over time, with appropriate coverage and adequate social considerations.
- **Implement ambitious National Biodiversity Strategies and Action Plans** that support the targets in countries' NDCs, per the Global Biodiversity Framework.
- **Require the public disclosure** of 1.5°C pathway-aligned, science-based, and independently verifiable climate transition plans for listed and large non-listed companies, asset managers, and regulated asset owners.

## 3. Sector specific NDC Policies aligned with Unilever's Climate Transition Action Plan (CTAP)

Unilever would like to see the following inclusions within NDCs so to drive specific interventions needed to deliver its climate plans:

- **Ambitious GHG emissions reduction targets and commitments,** supported by the removal of fossil fuel subsidies, to drive national renewable energy infrastructure strategies that will open opportunities in countries. This facilitates the achievement of ambitious emissions reductions from Unilever's operations and suppliers. For example, Unilever is switching from natural gas to biomethane at its oleochemicals plant in Indonesia. The biomethane will be produced using palm oil mill effluent from low-risk deforestation-free mills in its supply chain. Unilever would like to see increased support for renewable energy and transitioning to sustainably sourced biofuels, such as biomethane. However, Unilever recognises, zero-carbon sources like wind and solar should be the first choice to generate electricity, where possible.
- **Commitments to conserve and restore forests** that will both protect nature and establish fairer market conditions for certified commodities from accredited sources, including smallholder farmers. Investing in the value chain to meet current and future demand for forest-risk commodities requires appropriate sourcing from certified deforestation-free and lower emission sources, as well as consistent standards and a level playing field globally. NDC language in this area can lay the groundwork for policy execution and foster a more favourable regulatory environment.
- **Targets, measures and reward schemes to support the transition to and maintenance of regenerative agriculture practices.** This will enhance food systems resilience to climate change and its effects. For example, in a country like India, where scale is paramount, government-led programmes operating in mission mode can provide guidance to stakeholders in the private sector. Additionally, NDC policies that launch national and subnational strategies to expand the practice of regenerative agriculture across India, including favourable access to finance, dissemination of innovative technologies and extensive capacity building programmes would be welcome.
- **Strategies to accelerate the transition to the use of renewable and recycled feedstocks for chemicals.** Ambitious NDC language in this area can provide the basis for policy implementation and a more supportive regulatory regime. This is needed to drive industry action for a switch to chemicals made from renewable and recycled raw materials, instead of fossil fuel-based chemicals.

## 4. Steps businesses can take to strengthen NDCs

Businesses can take deliberate actions during both the creation and implementation stages of the NDCs to encourage governments and provide them with the confidence and support needed to be more ambitious on climate action.

One of the most important things a business can do is demonstrate their commercial intent is aligned with national climate plans, because, when national targets and commercial targets align, progress can be rapid.

This can be seen in India with regard to renewable energy. India's first NDC set a goal to achieve 50% cumulative electric power installed capacity from non-fossil fuel-based energy sources by 2030. This was translated into a package of policies with a focus on scaling up renewable energy, including solar energy, and Indian solar companies responded rapidly. This innovation, combined with competitive bidding and reverse auctions for renewable energy projects, has led to some of the world's lowest solar tariffs.

Unilever believes strongly in such ambition loop collaboration, where private-sector businesses and public-sector policy makers share a common goal and push each other towards it, supportively. It's a back-and-forth dynamic that sets out to get us all closer to a more sustainable future.

As one of the first members of RE100, Unilever helped to signal demand for renewable electricity globally. And as a Principal Partner at the COP26 global climate conference, Unilever signed up to the U.S. State Department's Clean Energy Demand Initiative, to encourage countries to support corporate renewable procurement. Collaborations such as these have helped Unilever to source 92% of its electricity globally from renewable sources – covering what is bought from power providers in Unilever markets and what is generated on-site/off-site. Over a third of our thermal energy (heat) is from renewables too. But we need to get to 100%.

For this to happen for the next round of NDCs, a determined private sector, equipped with ambitious and science-based transition plans, should play a constructive role in identifying the most transformative climate actions a government can take, whilst also helping to build supporting consensus around those actions.<sup>10</sup>

For example, business can facilitate this process by:

- **Convening public-private dialogues to identify areas for cooperation**, through their own actions and investments, to support more ambitious policies and the development of an appropriate enabling environment that allows businesses to increase their involvement with and contribution to climate action. For example, Sweden has set a long-term target to reach net zero greenhouse gas emissions by 2045 at the latest. To accelerate progress towards this target, the Swedish government has established a partnership with business and other stakeholders called the Fossil Free Sweden initiative. This initiative has produced 22 roadmaps for decarbonising industrial sub-sectors.
- **Using system-change approaches to identify risks and barriers in the value chain** and to build collaborative solutions.<sup>11</sup> For example, Unilever supports the We Mean Business Fossil to Clean campaign to advocate for the rapid scale up of renewable energy, transition away from fossil fuels, and to reform and repurpose fossil fuel subsidies.

<sup>10</sup>[https://www.adaptation-undp.org/sites/default/files/resources/internal\\_brief\\_private\\_sector\\_engagement-adjusted.pdf](https://www.adaptation-undp.org/sites/default/files/resources/internal_brief_private_sector_engagement-adjusted.pdf)

<sup>11</sup><https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-a-decade-of-data/>

- **Bringing together chambers of commerce and business federations to drive joint action, collaboration, and dialogues** that can accelerate a just transition while safeguarding legitimate commercial interests. For example, in 2024, Unilever carried out a Climate Policy Engagement Review, examining the positions and engagement activities of our main industry associations, to determine whether they are consistent with Unilever's priority policy areas. Unilever would like our most influential industry associations to be more actively engaged in promoting outcomes and policies that can help the economy – and Unilever – to decarbonise faster.

## 5. Steps governments can take to drive private sector investment in climate action

A clear NDC investment planning process in countries is important to generate a pipeline of priority NDC-aligned projects across sectors. Setting goals is merely the initial step; NDCs must also outline clearly how countries will execute their national climate strategies.

This necessitates a comprehensive government approach, engaging various ministries and subnational governments<sup>12</sup>, that can put forward policies to catalyse private investment, which are essential to spur NDC implementation in the real economy.

Establishing the appropriate legal, policy, and regulatory frameworks to attract private sector investment is crucial for driving substantial economic transformation.

For this to happen, a policy framework that identifies new business opportunities and provides adequate support for private investment through de-risking instruments and overall intervention strategies is necessary to crowd in the private sector.<sup>13</sup>

In addition, identifying the barriers to private sector investment across relevant priority areas, policy and regulatory environments, actual or perceived risks, and transaction costs is also needed.

The following interventions could be used to ensure NDCs move from plans into funded and implemented actions:

### • Non-financial interventions:

Rule of law and enforcement, support competition and policy reform, strengthen responsible investment policy to improve the risk-return on an investment, and promote greater public-private dialogue through public consultation on the design of climate policy.

### • Financial interventions:

Risk mitigation instruments, tax breaks, public private partnerships, financing to value chain actors. Implement strict criteria for public investments, ensuring funds are directed only towards projects and companies that adhere to the Paris Agreement goals.

<sup>12</sup><https://www.wri.org/insights/nationally-determined-contributions-ndcs-explained>

<sup>13</sup><https://es.slideshare.net/slideshow/module-4-private-sector-engagement-for-ndc-implementation/237103194>

## 6. Conclusion

As the world transitions to a new economic model no longer grounded in fossil fuels, there will be competition for capital and investment to fund this transition, and countries with the best plans and frameworks may attract more investment.

Unilever is open to increasing operations in countries that share its ambition and offer the enabling environment necessary to achieve our climate targets.<sup>14</sup> The NDCs will provide a useful starting point for businesses like Unilever to understand national economy-wide transition plans and sectoral investment plans.

During the NDC drafting and implementation period, Unilever invites governments to collaborate with us through dialogues and through projects and partnerships that could provide insights and data on the costs of actions, associated financial needs, and potential policy unlocks.

By incorporating private sector insights, governments could develop better-informed investment strategies that prioritise cost-effective solutions that are good for the planet and for business to increase the likelihood of NDC implementation.<sup>15</sup>

With the February 2025 NDC deadline looming, now is the time to be clear. Unilever calls on governments to draft ambitious NDCs that will mobilise businesses to decarbonise whilst unleashing new opportunities for growth.

<sup>14</sup>March 2024, Unilever published an ambitious, shareholder-approved Climate Transition Action Plan <https://www.unilever.com/files/92ui5egz/production/2a44a1a76f4899f09a2d745ccdd86d0b65185eb5.pdf>

<sup>15</sup><https://ndcnavigator.org/routes/all-of-gov-and-society/private-sector/>