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# SDGs and the private sector: Unilever and P&G case studies

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## Abstract

This study is based on an analysis of how MNEs responded to the UN recognition of sustainability issues and how they are contributing to 2030 SDGs. In particular, the objective is to understand which SDG-related actions companies are undertaking and their impact on the environment and the society. The methodology is an investigation: the sustainability reports of two companies have been analyzed, together with articles on their websites. The research focuses on the *Consumer Good Industry*, identified by the Business & Sustainable Development Commission as a sector with strong relevance across two or more SDGs, having a “growth” nexus and composed by consumer facing brands with a crucial role in spreading sustainable lifestyle. In this sector, the SDGs mostly addressed by the companies are: SDG 2 – Zero Hunger, SDG 3 – Good Health and Well-Being and SDG 12 – Responsible Consumption and Production. In particular, two companies coming from the FMCG industry are considered sustainable leaders: Unilever with its “*Sustainable Living Plan*” and Procter&Gamble with its “*Ambition 2030, Environmental Sustainability Goals*”. The analysis performed shows that both companies are implementing internal policies (product and processes reengineering) and external ones (donations to communities and educational programs to spread sustainable lifestyles). For SDG 2, they have different approaches: Unilever, with its food brands, is working to ensure safe food to everyone, while P&G, not having a food-focused business unit, focuses on donations to NGOs; for what concern SDG 3, they both make product donations and educational campaign to improve hygiene (health) and confidence (mental well-being). Lastly, both companies are changing their approach towards resource exploitation, promoting sustainable production and consumption patterns and spreading them across their global supply chains. As the world's largest FMCG firms, Unilever and P&G have both a responsibility and an opportunity to do the right thing and create change, not only contributing to sustainable development but also increasing customers’ loyalty, employees’ productivity and their turnover.

**Key words:** sustainability for business, MNEs, SDGs, consumer good industry



## Abstract in italiano

Questo studio si basa su un'analisi di come le multinazionali affrontano la sostenibilità e i 17 SDG promossi dalle Nazioni Unite. In particolare, l'obiettivo è identificare quali azioni legate agli SDG le aziende intraprendono e il loro impatto sull'ambiente e sulla società. La metodologia si basa sulla analisi dei report di sostenibilità delle aziende e gli articoli sui loro siti web. La ricerca si concentra sull'industria dei beni di consumo, identificata dalla Business & Sustainable Development Commission come un settore con una forte rilevanza riguardo due o più SDG, con opportunità di crescita e composto da brand rivolti al consumatore, con un ruolo cruciale nella diffusione di uno stile di vita sostenibile. In questo settore, gli SDG maggiormente affrontati dalle aziende sono: SDG 2 – Zero Hunger, SDG 3 – Good Health and Well-Being and SDG 12 – Responsible Consumption and Production. In particolare, nel settore identificato, due aziende sono considerate leader sostenibili: Unilever con il suo "*Sustainable Living Plan*" e Procter&Gamble con il suo "*Ambition 2030, Environmental Sustainability Goals*". L'analisi mostra che entrambe le aziende stanno attuando politiche interne (reingegnerizzazione di prodotti e processi) ed esterne (donazioni alle comunità e programmi educativi per diffondere stili di vita sostenibili). Per l'SDG 2 il loro approccio è diverso: Unilever, con i suoi marchi alimentari, lavora per garantire cibo sicuro, mentre P&G, non avendo una business unit focalizzata sul cibo, si concentra su donazioni alle ONG; per quanto riguarda l'SDG 3, entrambe fanno donazioni di prodotti e campagne educative per migliorare l'igiene e il benessere mentale. Infine, entrambe le aziende stanno cambiando il loro approccio allo sfruttamento delle risorse, promuovendo modelli di produzione e consumo sostenibili e diffondendoli nelle catene di fornitura. In quanto maggiori aziende di beni di largo consumo al mondo, Unilever e P&G hanno la responsabilità e l'opportunità di fare la cosa giusta e di creare un cambiamento, non solo contribuendo allo sviluppo sostenibile ma anche aumentando la fedeltà dei clienti, la produttività dei dipendenti e il loro fatturato.

**Parole chiave:** sostenibilità per le imprese, multinazionali, SDG, settore dei beni di consumo



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# Introduction

Nowadays, the world is facing new megatrends that are completely changing the scenario in which companies are operating and creating new challenges that need to be addressed. In this complex situation, in 2015 the *United Nations* launched 17 Sustainable Development Goals, aiming at renewing the political commitment to sustainable development. The objective of this master thesis is to understand which role Multinational Enterprises are playing in meeting the goals of sustainable development: as a matter of fact, the private sector is called “the indispensable partner” to meet the goals defined in *Agenda 2030*, which become even more evident in 2020, when the UN declared the necessity of a “*Decade of Action*” to face SDGs underachievement. MNEs, given their wide scope of action and global value chains, are fundamental to face challenges that transcend national borders and require to establish partnerships among different actors to be addressed. The research focuses on the *Consumer Good Industry*, identified as one of the most committed to sustainable development and able to integrate it into corporate strategies, adapting companies’ business models accordingly. In particular, the policies and actions implemented by two sustainable leaders in the FMCG industry are investigated: Unilever and Procter&Gamble, selected as they rank among the 50 companies mostly committed to SDG achievement (Consumer Brand Association, 2022) and both have developed internal programs to foster the achievement of sustainable development, “*Unilever Sustainable Living Plan*” and “*Ambition 2030, Environmental Sustainability Goals*” respectively. The analysis is focused on three SDGs: SDG 2 – Zero Hunger, SDG 3 – Good Health and Well-Being and SDG 12 – Responsible Consumption and Production, identified in the report “SDGs & Sectors: a review of the business opportunities” (Business & Sustainable Development Commission, 2016) as the mostly addressed by companies operating in the FMCG industry. Through an investigation performed inside companies’ sustainability reports and corporate websites, numerous interventions fostering sustainability in developed and less developed countries

have been depicted, together with their impact in terms of donations, number of people reached and quantitative results achieved.

The thesis is structured as follows:

1. *Chapter 1* adopts a literature review approach to provide an overview on the concept of sustainability, moving from its historical roots till the definition of the Millenium Development Goals in 2000 and the Sustainable Development Goals in 2015, offering a comparison between the two. In addition, it presents the evolution of the concept of sustainability into corporates' strategies and the definition of the "Triple Bottom Line";
2. *Chapter 2* offers, through a literature review approach, a focus on the role the private sector plays in sustainable development, investigating which are the drivers and the benefits it could gain by adopting sustainability in its business strategy and how to effectively adopt it to gain competitive advantage. In addition, it analyses which kind of international organization an MNE can adopt to integrate the sustainable agenda in its operations and to effectively develop the innovation ecosystem required to meet the grand challenges posed by sustainable development. In the last part of the chapter, the research focuses on SDGs underachievement, investigating which are the challenges MNEs could face and the costs related to SDGs adoption;
3. *Chapter 3* investigates the relationship different sectors establish with SDGs, distinguishing industries according to the risks and opportunities they might face while incorporating the sustainable agenda in their strategies. As previously mentioned, the research in the second part of the chapter focuses on the case studies of two sustainable leaders from the *Consumer Good Industry*: Unilever and Procter&Gamble, providing an analysis of their sustainable plans, together with the history of the two corporations and their commitment toward sustainability;
4. *Chapter 4* reports the investigation performed within Unilever and Procter&Gamble sustainability reports and corporate websites on the actions and policies they are implementing to sustain the implementation of three SDGs: SDG 2, SDG 3 and SDG 12, together with a presentation of the issues those SDGs are addressing, their targets and indicators, which are the progress achieved till now and which kind of opportunities the private sector can obtain by integrating it into its business;

5. In the *Conclusion*, a summary of what has been achieved with the investigation performed is reported, focusing on the impacts and the SDGs' targets addressed by the two companies, highlighting the important role MNEs play in the achievement of the ambitious goals defined in the sustainable agenda.



# A Chapter 1

In the first Chapter, the concept of sustainability is investigated, which has been formally defined in the 1987 when the *UN World Commission on Environment and Development* report “*Our Common Future*” was published, after decades of increasing interest about social and environmental issues. Sustainable development was defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (UN, 1987). For the first time, sustainability was identified as a global problem, establishing new priorities about long-term thinking and the need to redirect growth in a less destructive way for the environment and society at large. In the following decades, the UN kept on working on sustainability issues and at the beginning of the new millennium, during the New York Millennium Summit, eight Millennium Development Goals (MDGs) were defined, with the objective to reach them before 2015. The 2030 Agenda and its 17 Sustainable Development Goals (SDGs) are an evolution of the MDGs set in 2000. SDGs are considered as the largest public consultancy and are focused on five pillars: people, planet, prosperity, peace and partnership. Corporations had to adapt their business models, initially including sustainability as a minimum compliance and later becoming a strategic necessity with the concept as shared value. Therefore, it is clear that business success goes beyond a purely economic perspective and includes environmental health and society well-being. This modern concept of business sustainability is summarized by the triple bottom-line framework.

## 1.1 Sustainability definition and origin: a modern concept with deep historical roots

To understand what sustainability is, it is important to analyse the roots from which this concept emerged (Purvis, Mao and Robinson, 2018). It is usually assumed that this idea emerged in the 80s with the *World Commission on Environment and Development* chaired by Gro Harlem Brundtland, after decades of increasing interest regarding environmental and social well-being. In the 80s, the limits of economic development both in terms of economic and social issues were clearly recognized. Thus, in 1983 the *UN World Commission on Environment and Development* was established and in 1987 its report “*Our Common Future*” (the Brundtland Report) was published, with a strong focus on a growth that is socially and environmentally sustainable. The report showed that critical issues as global environmental problems, are mainly due to the great poverty of the South and the unsustainable production and consumption models of the North. It therefore highlighted the need to implement a strategy that can integrate the needs of economic development and the environmental-social ones. For the first time, it was presented a comprehensive definition of sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (UN, 1987). Key features of this definition include the recognition of sustainability as a global problem, with global responsibilities; the recognition of limits to growth, or at least the need to re-direct growth in ways less destructive to the environment; social equity as a major consideration, especially in providing avenues of economic and social progress for less developed countries; and a new priority for long-term thinking about future generations, recognizing that market economics tends to heavily discount future values in favour of short-term benefits (Rogers and Hudson 2011). The start of a third millennium gave the United Nations an opportunity to present a new development strategy to address new challenges and develop a sustainable development strategy. The main result of the *Millennium Summit* in New York is the *Millennium Declaration* which was signed by 192 countries and 23 international organizations. At this moment, the eight Millennium Development Goals (MDGs) were defined, with the objective to reach them before 2015. The MDGs focused mainly on the following dimensions:



- eliminating extreme poverty;
- improve education;
- promoting gender equality and women's empowerment;
- reducing child mortality;
- health improvement;
- ensuring environmental sustainability;
- developing a global partnership for development.

Indicators had been established for each goal to quantify progressive improvements and the achievement of the goals.



Figure 1.1: Millennium Development Goals

In 2002 the *World Summit on Sustainable Development* (WSSD or Johannesburg Summit), with the participation of heads of State and Government, leaders from non-governmental organizations and businesses, highlighted once again the need to focus attention and actions toward the improvement of people's lives and conserving natural resources. Thus, it was recognized that sustainable development reflected on three equally important elements: the economic, environmental and social one, without any prioritization of the economic dimension. Twenty years after the 1992 *Earth Summit* in Rio de Janeiro, the 2012 *United Nations Conference on Sustainable Development* in Rio (also known as Rio+20) aimed at renewing the political commitment to sustainable development, monitoring the status of implementation of previous commitments, and directing the efforts of governments and civil society toward common goals and new challenges. In this context of global action, new goals were identified, the 17 Sustainable Development Goals (SDGs) that replaced the MDGs

from the 2000 *Millennium Declaration*. On the 25<sup>th</sup> of September 2015, the United Nations approved the so-called "*Transforming our world: the 2030 Agenda for Sustainable Development*", a *Global Agenda* containing 17 Sustainable Development Goals, divided into 169 targets to be achieved by 2030. SDGs are developed around three pillars:

- ***Human Rights-Based Approach***: promote and protect human rights by analysing inequalities, reducing discriminations and unjust power distribution;
- ***Leave No One Behind***: eliminate poverty in all its forms, end discrimination and exclusion and their root causes;
- ***Gender Equality & Women's Empowerment***.



Figure 1.2: Sustainable Development Goals

### 1.3 Differences between SDGs and MDGs

As previously pointed out, the *2030 Agenda* and its 17 SDGs are an evolution of the MDGs set in 2000. However, there are significant differences between the two. First of all, the goals differ in the creation process. MDGs were developed with a top-down approach based on international organizations perspective and without a discussion with member states and the society; societal stakeholders were not included in the consultation process (Carant, 2017). The SDGs instead, were established following a massive stakeholder consultation that

involved governments, the private sector with the collaboration hundreds of big and small corporations, no-profit organizations and citizens. *Agenda 2030* also signalled a break with previous efforts in sustainable development that largely focused on the role of governments or civil society (NGOs) and emphasizing companies and people involvement, while stimulating a diversity of approaches. The SDGs represent the “*largest public consultancy*” in the history of the United Nations. The 2030 Agenda can be considered the outcome of an inclusive process with contributions from a great variety of people and organisations. Secondly, there is a significant increase in the number of goals and related targets. Whereas the MDGs were articulated in 8 goals and 21 targets, with the SDGs the number of goals is more than doubled from 8 to 17 while the targets have increased to 169. It is clear how the SDGs have proven to be more structured and complex. To be noted that the SDGs are based on five pillars (people, prosperity, planet, peace, and partnership), while the MDGs were mainly focused on the social aspect (people) excluding important dimensions of sustainable development such as environmental sustainability related to consumption and production flows or the need to reform institutions. Then, while MDGs focused on the illusion that sustainability issues are primarily located in the developing world, SDGs focus on both developing and developed countries. The goals encompass global issues, such as supply chains, urbanisation, inequality, innovation and infrastructure, migration and the elderly, with the ambition to cover the complexity of interrelations that shape the sustainable whole (Tulder, 2018).

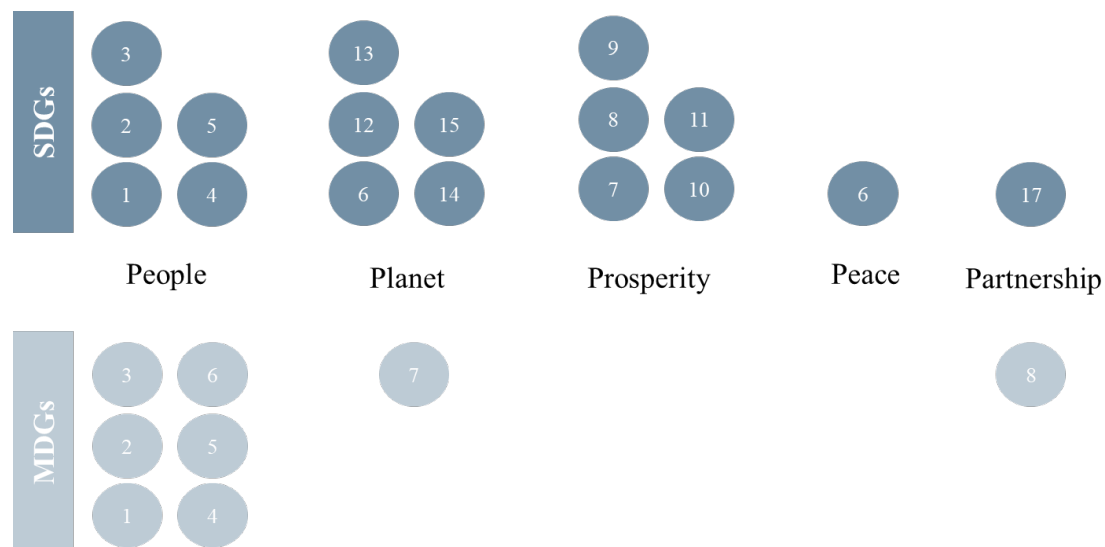


Figure 1.3: Differences between SDGs and MDGs

### 1.3 SDGs: a new paradigm

The world is changing faster than ever before from a social, technological, economic, and environmental perspective. In such a dynamic context, the emergence of different issues and needs will continuously change the approach towards sustainability. The idea of sustainability and the strategies to deal with it, can be considered an ongoing adaptation, shifting values and perception according to the historical context (Rogers and Hudson, 2011). Nowadays society is facing a VUCA context, meaning the increased Volatility, Uncertainty, Complexity and Ambiguity that technological, political, and economic processes are currently creating. In particular, five megatrends are changing the society and the business context and creating relevant challenges to be addressed (OECD, 2016):

1. **Rapid urbanization:** need to develop a proper strategy to manage infrastructures, job creation process and services;
2. **Demographic and social changes:** by 2050 population is expected to grow up to 10 billion and this increase will mainly come from less developed countries. Elsewhere the population will be aging, with the 65+ segment (“silver” economy) becoming the most relevant especially in Europe;
3. **Climate change and resource scarcity:** find an equilibrium between the increasing demand for energy, food and water and Earth’s finite resources;
4. **Shift in global economic power;**
5. **Technology breakthroughs:** digital developments enhance problem-solving capabilities and connectivity. Nevertheless, digital developments may also amplify inequality, job erosion and security risks.

This turbulent environment strongly affects everyone’s ability to make decisions, especially long-term ones, plan, manage risks and foster changes. SDGs signal the need of a “*new paradigm*”, a new way of thinking sustainable development strategies and the strong role played by the private sector (Tulder, 2018). The sustainable development goals and targets are deeply interconnected and require a Nexus approach which means considering interactions between diverse goals and sectors to address interconnected challenges by identifying synergies and trade-offs. In order to achieve a change, a strong global partnership is needed as it is highlighted by Goal 17. *2030 Agenda* recognizes the need of a strong

commitment to global partnerships and cooperation, with the objective to increase access to knowledge and technology as well as develop coordinated policies to help developing countries.

## 1.4 Corporate social responsibility evolution and triple bottom line

The term *Corporate Social Responsibility* (CSR) refers to practices and policies reflecting a company's commitment towards having a positive impact on the society and the environment. In the last decades this concept has been influenced by societal movement, academic publications, and government policies, from being a personal managerial decision or a defensive strategy to a strategic core business necessity (Dyllick and Muff, 2015). In particular, three pressures waves shaped corporations' approaches towards sustainability (Henriques and Richardson, 2004). Throughout the 60s and 70s, there was a growing recognition of the limits of natural resources and the need to regulate resources demand and impacts. Moreover, NGOs started to organize boycotting campaigns accusing multinational enterprises exploit and disrespect human rights and the environment. Campaigns achieved effective and visible results due to the huge increase in information circulation with new technologies as television. In parallel, the first policies and regulations designed to force companies to comply with minimum environmental standards were developed. At this stage the business responses were mainly defensive, with the objective of minimum compliance and acting mainly to protect reputations and to reduce the risk of legal accusations. Then in the late 80s and 90s, the awareness that development processes must become sustainable increased and culminated with the publication of "*Our Common Future*" by the *Brundtland Commission* (UNWCED, 1987). At this point MNCs created Foundations and Corporate Social Responsibility department and started to deal with sustainability with a competitive approach but with limited links with the core business. The early 2000 were characterized by the growing recognition that sustainable development requires significant changes in the governance of corporations and in the whole process of globalization, putting a renewed focus on government and on civil society. At that time, CSR begun including strategic traits and being part of the core business. Furthermore, the belief that corporations should be

managed in the benefit of a broader set of stakeholders was reinforced (Freeman, 2001). Here a shift of social responsibility can be highlighted: “CSR from being a minimal commitment ... to becoming a strategic necessity” (Werther and Chandler, 2005). In 2006 Porter and Kramer developed the notion of “*shared value*”. They explained that companies can achieve a competitive advantage through strategic CSR and that they can address their competitive context through a strategic approach that results in the creation of shared value in terms of benefits for society while improving the firm’s competitiveness. In 2011 the concept of creating shared value was further developed by Porter and Kramer who explained it as a necessary step in the evolution of business and defined it as: “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress” (Porter and Kramer, 2011). The concept of shared value includes the current idea of *Social Responsibility* (Latapí et al, 2019). The concept of sustainability for business is summarized by the triple bottom line theory, which points out the relation between three elements: planet (environment), people (social) and profit (economic). Ideally, enterprises would like to operate at the intersection of this Venn diagram, where all three goals are satisfied (Rogers and Hudson, 2011). The triple bottom line theory expands business success metrics to include contributions to environmental health, social well-being, without focusing only on the economy perspective.

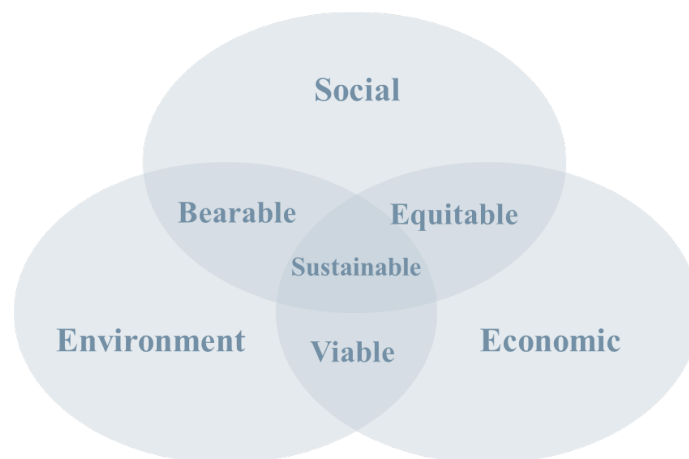


Figure 1.4: Visual representation of the Triple Bottom Line concept

## B Chapter 2

The objective of Chapter 2 is to understand which role the private sector plays in sustainable development, focusing the attention with a literature review approach on MNEs, as given their wider scope of action and global value chains are important in tackling problems that transcend national borders. After an explanation of MNEs' roles, the concept of “*Creating Shared Value*” (Porter and Kramer, 2011) is introduced, together with the benefits MNEs could join by incorporating sustainable development in their strategies (Van Tulder et al., 2021). To understand what is influencing companies toward sustainability adoption, an analysis of the *inside-out* and *outside-in* linkages within enterprises and local communities is provided, as the internalization of company's externalities on the environment will influence its strategic decisions, together with the influences the external environment may have on firm's activities (Porter and Kramer, 2011). In the second paragraph, the research focuses on which kind of cross border environmental organizations are obtained integrating environmental management practices into *Barlett and Ghosal's model* (1989): decentralized, international compliance, centralized and globally integrated environmental management are the four organizations depicted in the model (Hansen, 1999). Innovations are required to meet the challenged posed by the UN: according to Nylund et al. (2020), MNEs plays different role into the SDG-oriented innovation ecosystem given company's responsible research and innovation (RRI) maturity level: builder, platform leader and amplifier roles are considered best practices to sustain SDGs achievement. Notwithstanding the innovations and actions companies implemented, in 2020 the UN announced the necessity of a “*Decade of Action*” to effectively meet SDG's targets. According to Van Tulder et al. (2021), the root causes of SDGs-underachievement can be identified in the way they have been designed by the UN: in particular, some scholars claim SDGs to be too ambitious, while others claim them to be not ambitious enough, as they are not tackling the root causes of the challenges they are trying to solve (Van Tulder et al., 2021). Other problems delaying SDGs adoption are the lack of clear metrics and monitoring systems, making companies engage in “*SDG-*

*washing*” activities: to solve this issue, the *GRI*, the *SDG Action Manager* and the *SDG Compass* provide guidelines to report company’s action in an effective way. In the last part of the Chapter, the relationship within firms’ financial performances and sustainability is investigated: the most comprehensive study performed by Friede et al. (2015) found out a non-negative correlation within financial and ESG performances.

## 2.1 Benefit and drivers of sustainability adoption

The private sector plays an important role in the implementation of sustainable development: the *2030 Agenda* clearly express a belief in the active role companies can play in solving grand challenges such as climate change, poverty, or migration. The SDG division in the *UN Department of Economic and Social Affairs* recognizes the importance of multi-stakeholder partnerships to pull resources, knowledge, and expertise necessary to achieve the 17 goals, the 169 related targets and the more than 230 associated indicators: in particular, it identifies the important role of the private sector as driver of innovations, source of funding and technological development, engine of economic growth and employment. At the *2018 ECOSOC Partnership Forum*, the Deputy Secretary-General Amina Mohammed called the private sector “*the indispensable partner*”<sup>1</sup>, stressing the need of collaboration within companies, governmental organizations and institutions to reach the sustainable development goals by 2030. Multinational enterprises, with their wider scope of action and global value chains, are particularly important in the challenge against problems that transcend national borders and requires to be tackled as multinational phenomena. In collaboration with governments, industries, and local firms, MNEs can influence SDGs adoption through their involvement in various initiatives related to sustainable development, exploiting their international presence and experience to develop tailored solutions to address the needs of the different countries in which they operate. This SDG engagement also helps MNEs overcoming the *liability of foreigners*<sup>2</sup>, as they are legitimized by the local community and authority to operate in the target country thanks to the positive actions they are implementing (Das Gupta et al., 2022). More specifically, according to Ajwani-Ramchandani et al. (2021), it is important to focus the attention for SDGs’ achievement on

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<sup>1</sup> <https://news.un.org/en/story/2018/04/1006531>

<sup>2</sup> It refers to cost and challenges associated with business activities in foreign countries



MNEs for four reasons: (i) their impact on wastes, (ii) their global resources and capabilities, (iii) their corporate social responsibility's international strategies and (iiii) the risks their brand suffers if shareholders' interests are endangered (Ajwani-Ramchandani et al., 2021). MNEs' huge responsibility has been highlighted in developing countries (Shan and Kahn, 2016), where the choices they make in all the processes of their supply chains have a strong impact on local communities. Indeed, by working in collaboration with government and associations, they can act as accelerators and transfer best practices developed in their main markets worldwide (Celone et al., 2022).

SDGs' adoption is not compulsory but defined on a voluntary basis, representing a form of "soft" international law (Van Tulder, 2018). In this context, MNEs can act as powerful players for providing momentum to the *2030 Agenda* and behave as leaders in the implementation process, guiding smaller companies in the achievement of the targets (Van Tulder et al., 2021). The relationship between business and sustainability is not new: Carroll (2016) suggests that it started to be included in companies' strategy as global competition increased in the 90s' when capitalism was been redefined as capable to meet world's need (Claro and Esteves, 2021). The concept of "Creating Shared Value" by Michael Porter (2011) already recognizes the linkage between economic value and social responsibility. According to Porter, the competitive advantage arising from the incorporation of sustainable development issues<sup>3</sup> in company's strategy is more sustainable than the conventional cost and quality improvement traditionally adopted (Porter and Kramer, 2011). A research conducted in the 2000s (Nidumolu et al., 2009) highlights that sustainability has been stimulating innovations inside companies that yield returns and long-term advantage (Claro and Esteves, 2021). Indeed, MNEs can benefit from the integration of SDGs in their strategy: in 2016, 78% of CEOs already recognized opportunities to contribute through integrating the SDGs in their core business (UN Global Compact & Accenture Strategy, 2016)<sup>4</sup>. The main benefit MNEs can join are depicted below:

1. ***SDGs' risk mitigating role:*** MNEs, given their international operations and networks, work with institutional and cultural diversity, which can represent a source of risk for the firm itself. SDGs provide companies with guidance and a

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<sup>3</sup> Considering internal and external social, ecological and economic factors

<sup>4</sup> <https://www.unglobalcompact.org/library/4331>

reference framework to manage systems risk and respond to crises in a proactive way (Van Tulder and Van Zanten, 2018);

2. ***SDG's help overcoming "trust gaps"***: *Edelman Trust Barometer*<sup>5</sup> shows very low scores for the societal trust community put in companies to behave in a responsible and sustainable way. Embracing SDGs can help companies creating trust in their intentions and the value they can add to the entire society. Moreover, SDGs are adopted by societal actors, like governments and NGOs, creating the basis to engage in cross border partnership which also help overcoming trust gap between firms and civil society;
3. ***Seizing opportunities***: the Business and Sustainable Development Commission (*Business and Sustainable Development Commission, 2017*)<sup>6</sup> forecasted that SDGs could create around \$12 trillion new annual business opportunities and hundreds of millions of new job places, helping companies to identify new needs to address and developing new markets rather than serve already established ones with limit growth potential. This thesis is confirmed in the words of P. Polman, previous Unilever's CEO, who stated that "SDGs provide the world's long-term business plan by putting people and the planet first" (Van Tulder et al., 2021).

The report "*Working together towards the Sustainable Development Goals: a framework for action*" clearly identifies the positive interconnections between SDGs and business: [Figure 2.1](#) shows the benefits of engaging the private sector in this collective effort and the benefits of business from getting engaged are reported (UN, GRI and WBCSD, 2015).

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<sup>5</sup> <https://www.edelman.com/research/2015-edelman-trust-barometer>

<sup>6</sup> <http://businesscommission.org/>

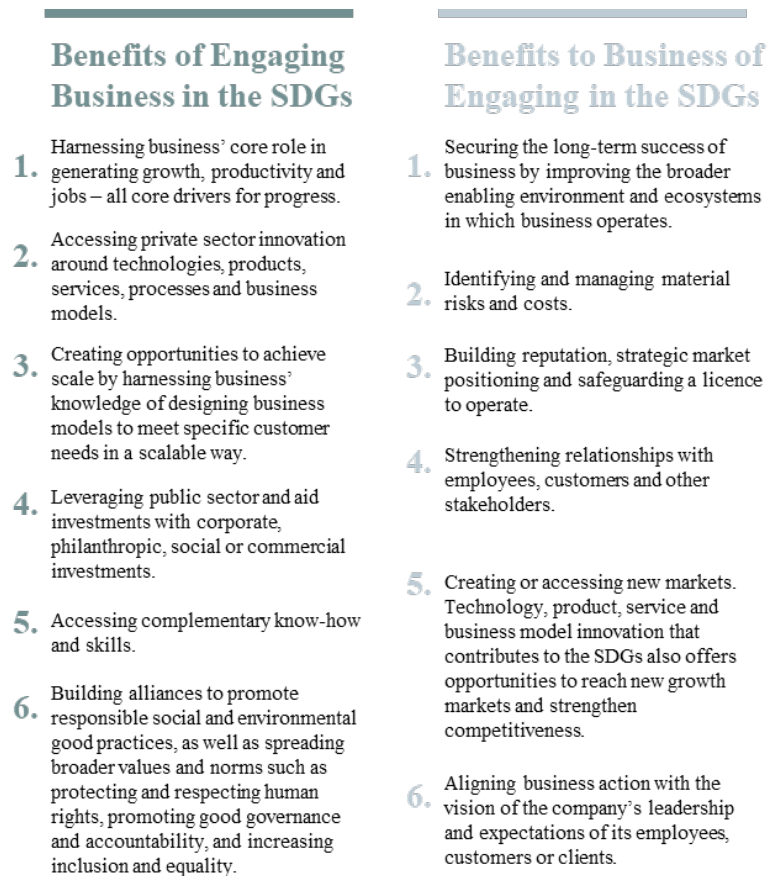


Figure 2.1: Mutual benefits of engaging businesses in SDGs and businesses engaging in the SDGs (UN, GRI and WBCSD, 2015)

To understand which are the drivers influencing companies' sustainability and SDGs adoption, Porter and Kramer (Kramer and Porter, 2011) suggest considering the *inside-out* and *outside-in* linkages within enterprises and local communities. The former considers the internal resource and capabilities of a company that have a positive or negative impact on the external context. Internalizing their influence on the environment in which they operate will influence companies' strategic decisions and bring some benefit to the firm itself: (i) improvement in risk management, (ii) protection on business reputation and image and (iii) better economic performances (Claro and Esteves, 2021). The integration of negative and positive externalities the company generates can also make MNEs rethink their internationalization decisions: by taking into account the additional costs they should face to mitigate their impact on local communities, the profitability of their investment may be reduced, and companies can evaluate different entry modes and internationalization strategies to maximize their returns. For instance, *acquisitions* provide easy access to host

country resources and competences, but also generate several negative externalities on local communities: (i) reorganization of operations, (ii) employees firing and (iii) closure of some facilities. Companies, considering those externalities generated, can change their entry mode, moving from acquisitions toward *greenfield investments*. On the other hand, consider the positive externalities generated may lead the firm to take larger external infrastructure *investments* (e.g., road facilities, electric water networks) and expand the training of local employees, providing them the minimum skills necessary for the job, improving not only the local living conditions, but also workers' productivity and companies' reputation in the host country (Montiel et al., 2021). Montiel et al. (2021) divide SDGs in subcategories according to the fact that they are creating positive externalities on the environment or reducing negative ones:

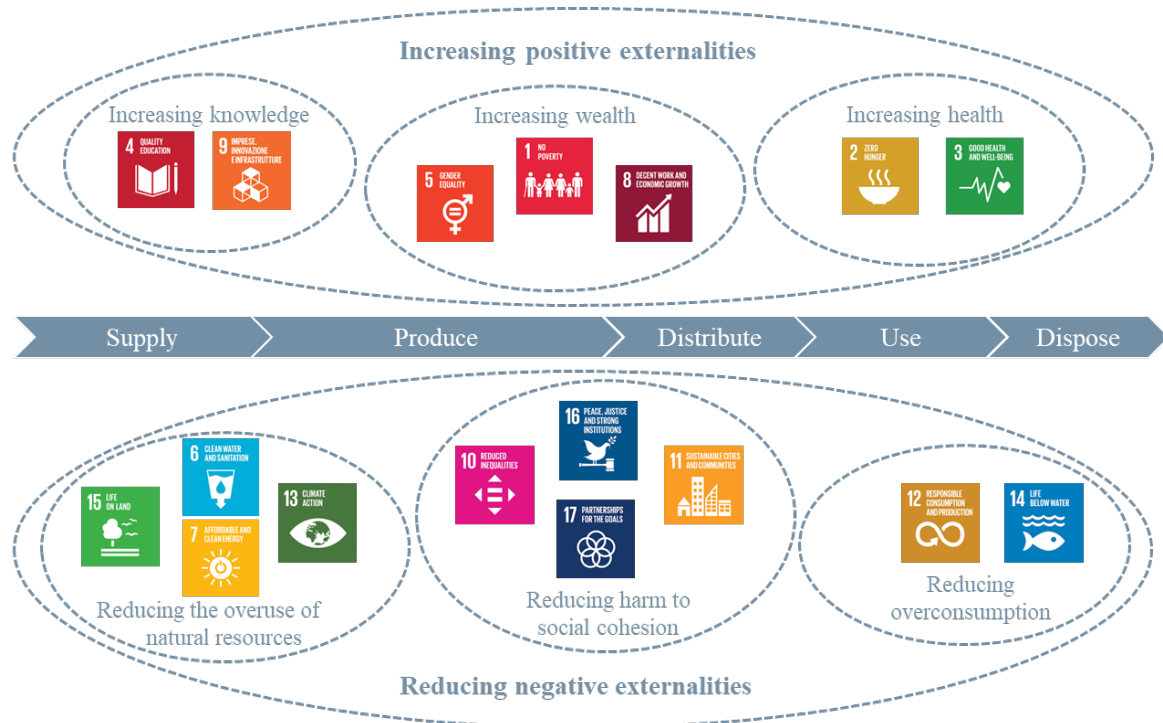


Figure 2.2: SDGs categorization according to the positive or negative externalities generated across value chains (Montiel et al., 2021)

Based on this categorization, they explain how subsidiaries' investments to improve competitiveness have externalities that contribute to the implementation of SDGs in host countries and, on the other hand, MNEs' investments aimed at improving the context and address sustainability have externalities on the subsidiary itself. MNEs investments to

increase wealth and reduce inequalities in their host country<sup>7</sup>, for instance, not only contribute to the achievement of the host country *SDG Agenda*, but also improve subsidiary competitiveness, increasing the local customers' purchasing power, and create positive externalities for the subsidiary itself, securing future competitive value chain partners and wealthier costumers. In this way, MNEs investments are crucial not only for the long-term profitability of the firm itself, but also to provide solutions and innovations able to solve grand multinational challenges (Montiel et al., 2021).

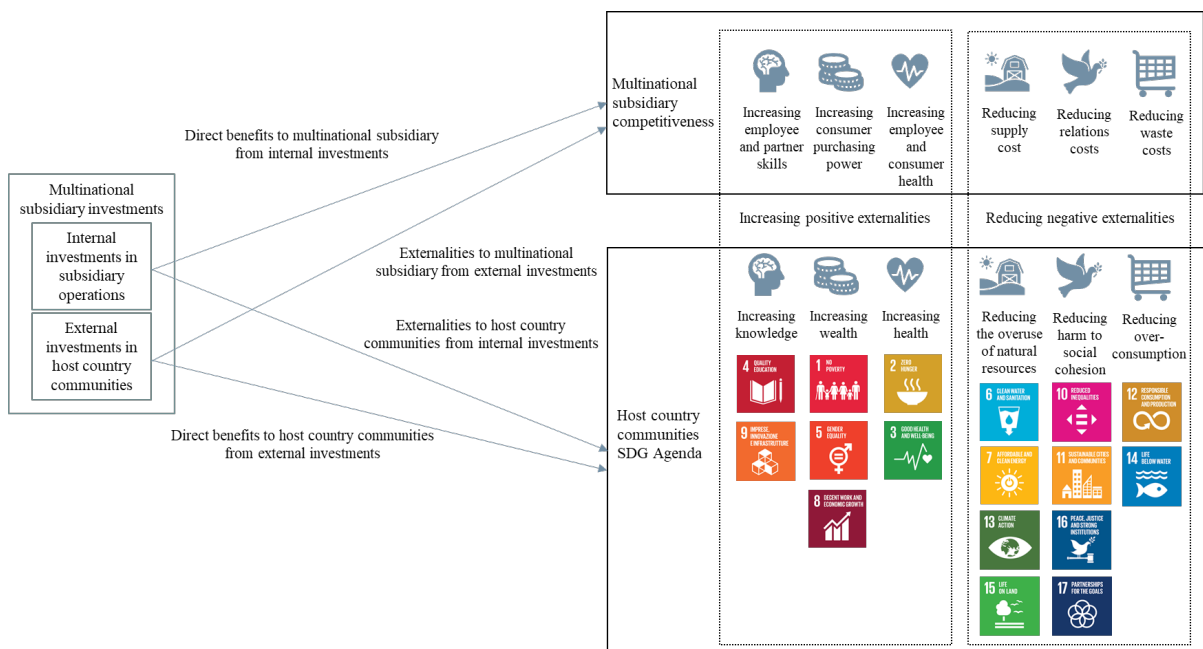
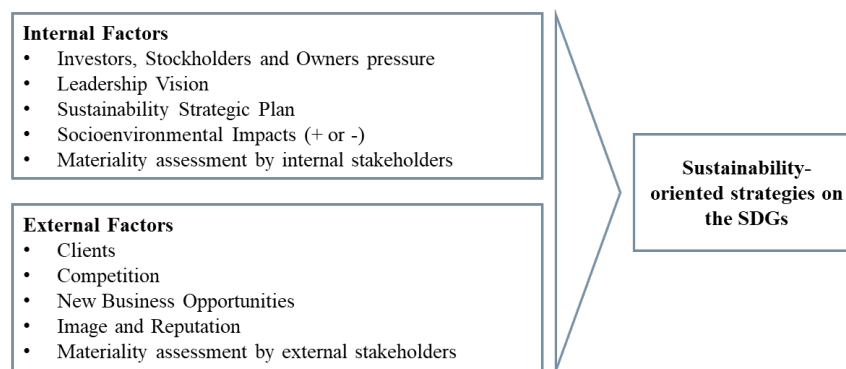


Figure 2.3: Multinational subsidiary investments and host-country communities SDG agenda (Montiel et al., 2021)

The *outside-in* linkages (Kramer and Porter, 2011) consider the influence of external factors on firm's activities and performances. External factors include: (i) the macro-institutional environment where the firm operates, which impose social pressure and restrictions (both informal social forces and formal laws and regulations) on the company, (ii) the local state of the natural ecosystems, (iii) the national culture, (iiii) the social context and (iiiii) macro-environment pressures. International business studies show how different institutional pressures and national cultures lead firms to adopt different environmental management

<sup>7</sup> e.g., sponsor equal opportunity programs, providing decent work conditions along the value chain, investing in project focused on poor customers, implementing women's entrepreneurship program in the host country.

practices (Delmas and Toffel, 2004). According to *stakeholder theory*, other factors influencing firm's sustainability adoption are *internal*<sup>8</sup> and *external*<sup>9</sup> stakeholders' interests and pressures (Claro and Esteves, 2021). Surveys on recent US graduates, for instance, shows that “many of them are willing to accept lower salaries from firms engaged in environmentally and socially responsible activities<sup>10</sup>”, highlighting how companies' sustainability strategies can influence overall companies' performances, acquiring new talents and motivating employees (Currin, 2011). Investors' attention toward sustainability is growing and the concept of “*impact investing*” is gaining momentum. It refers to investments made with the goal of producing positive social or environmental benefits in addition to returns on investments: firms associated with bad environmental performances are likely to suffer significant financial losses, while companies engaged in sustainable development are likely to obtain wider amount of financial resources. The environmental impact is considered also by customers' in their purchasing decisions, thus showing engagement in sustainability is important to increase sales and customer loyalty; moreover, suppliers and business partners, in order to enhance their own environmental performances, may ask companies to improve their environmental and social management practices: in this way, suppliers and companies alongside the supply chain are mutually enforcing one another to adopt sustainability in their strategies (Claro and Esteves, 2021). The internal and external factors influencing companies' sustainability and SDGs adoption are reported in [Figure 2.4](#):



**Figure 2.4:** Schematic diagram of internal and external factors influencing enterprises' strategies on the SDGs (Claro and Esteves, 2021)

<sup>8</sup> Owners, investors, donors, leadership, and workforce

<sup>9</sup> Competitors, suppliers, NGOs and local communities

<sup>10</sup> Currin E., 2011, *Business Going Green: an analysis of the factors that motivate firms to adopt environmentally friendly practices*, Coastal Carolina University Press

The *Global Reporting Initiative* (GRI), the *World Business Council for Sustainable Development* (WBCSD) and the *United Nations Global Compact* jointly developed the “*SDG Compass*”, a guideline helping companies understand which are the actions they should follow to align the achievement of SDGs at their strategy and measure the improvement they are able to generate. The report identifies five implementation steps:

1. ***Understanding the SDGs:*** in this first step, is important to familiarize with SDGs, understand which are the benefits they can bring to the company and the responsibilities they represent to company’s business;
2. ***Defining priorities:*** as not all the goals will be equally important for every company, understanding which are the most important for the specific case and how to measure improvement and impact is fundamental to not lose time and money on less relevant issues;
3. ***Setting goals:*** once priorities have been identified, define goals and targets to reach will allow the company to show stakeholders’ the improvement they are achieving and measure the impact they are having with the action implemented;
4. ***Integrating:*** in this step, is fundamental to understand how companies can integrate SDGs at the core of their strategy, embedding sustainability across all functions and engaging in partnership with external actors to enhance their impact along the entire value chain;
5. ***Reporting & Communicating:*** stakeholders’ demand for information is dramatically increasing and companies must disclose their progress continuously to understand and meet their needs. Effective reporting and communication are fundamental to let them understand what the company is achieving with the action implemented.

## 2.2 MNE’s sustainability strategy

MNEs can assume different environmental management practices and, consequently, shape different kind of organizations. Following the logic of the *Bartlett and Ghoshal’s model* on internationalization strategies (1989), four different kinds of corporation can be identified according to level of independence affiliates have from companies’ headquarter. The *Bartlett*

and *Ghosal's model* distinguish MNEs according to two dimensions: the pressure for local responsiveness and the pressure for cost reduction; in particular, it identifies four types of strategies: *Multinational*, *International*, *Global* and *Transnational*.

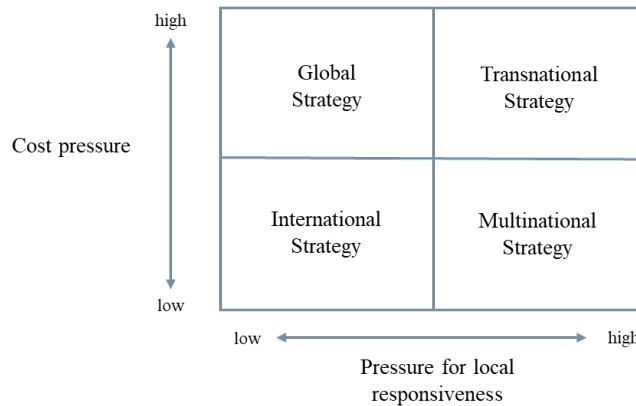


Figure 2.5: Bartlett and Ghosal's model (1989)

The first category represents a situation in which subsidiaries are largely independent, while in the second subsidiaries are tiny integrated. In the *Global* strategy subsidiaries are integrated and subordinated to the headquarter, replicating home country operations, while in the *Transnational* strategy affiliates are self-standing entities fully integrated in the overall company's strategy. Integrating into the model environmental management practices, four kinds of cross border environmental organizations are depicted (Hansen,1999):

1. ***Decentralized***: under an environmental point of view, subsidiaries pursue a stand-alone strategy, as there are not cross borders environmental practices, policies and procedures. Environmental problems are solved by local managers completely autonomous in their decisions;
2. ***International compliance***: in this situation, the company has established a set of cross border environmental management practices that all subsidiaries must adhere to, disregarding where their operations are located. This kind of organization guarantees that all affiliates around the world are taking the necessary measure to operate according to host country's laws and regulations;
3. ***Centralized***: while the previous two strategies are characterized by high level of local adaptation, some companies are looking for the perfect alignment of environmental policies throughout the corporation. Companies pursuing a



*centralized strategy* take the environmental management system in their home country as the basis for the entire group, adopting the same standards worldwide regardless of location. Centralizing the environmental management function, economies of scale are obtained and risk minimized;

4. **Globally integrated:** in companies pursuing this kind of strategy, the management system is horizontal, meaning that initiatives to new measures, new technologies and practices can be developed in every facility and best practices are transferred worldwide. Local managers have the possibility to adapt environmental practices to the specific requirement of the country in which they are operating, always within the boundaries set by the strategy defined at the corporate level.

	<b>Decentralized environmental management</b>	<b>International compliance</b>	<b>Centralized environmental management</b>	<b>Globally integrated environmental management</b>
<b>Environmental Management focus</b>	Local adaptation	Host country legislation	Home country legislation/ company standards	Company standards/ International standards
<b>Typical policy statement</b>	None	“Meet and comply with all standards nationally and internationally”	“Employ the same standards and criteria world-wide”	“Strive to become global environmental leaders”; “Acknowledges responsibilities for the global environment”
<b>Worldwide environmental policies and programmes</b>	None	None	Pollution prevention; Waste minimization; energy conservation; safety zones in LDCs; toxic education programmes	Green R&D; Climate change policies; Bio diversity programmes; Dialogue with external stakeholder
<b>Cross border environmental control procedures</b>	None	Procedure to ensure compliance with regulations home and abroad: pre-acquisition assessments; regulatory compliance auditing.	Procedures to ensure vertical integration: auditing according to company internal standards; reporting; green accounting; training programmes.	Procedures and activities to ensure horizontal integration: information exchange; life cycle analysis; third party auditing.
<b>Sectors</b>	Industries with minor environmental risk; SME TNCs	Chemical (pre Bhopal); large diversified companies.	Chemical (post Bhopal);	Pharmaceuticals

Figure 2.6: A typology of MNEs cross border environmental organization  
(Hansen, 1999)

Simpson (1991) and Steger (1990) categorized three kinds of behaviors that companies can adopt as a response to environmental pressures: the “*Why me*” or indifferent, the “*Smart movers*” or offensive and the “*Enthusiasts*” or innovative. The first group is composed by companies forced to include the environmental issue in their strategies by regulations with limit growth opportunities in doing so; the second one refers to companies willing to exploit the new environmentally-related market opportunities, while the “*Enthusiast*” represents companies that are moving beyond compliance and are incorporating the environmental strategy in their core business, minimizing associated risks and maximizing environmentally based growth opportunities (Welford, 1999). Companies which are actively taking part in sustainable development and helping to reach the targets defined in the *Agenda 2030* can be identified as part of the last category: Unilever, Nestle or P&G are few examples of companies that, with their action and internal policies, are working toward the achievement of SDGs putting the sustainable issue at the core of their strategies and developing innovations in several interesting fields. Innovations, indeed, are required to meet most, if not all, of the SDGs: thus, is particularly important to understand which are the roles MNEs can play in the innovation ecosystem to tackle grand challenges and develop sustainable solutions. Their role might evolve over time, according to the *responsible research and innovation* (RRI) maturity level of the industry and the ecosystem in which they are operating. In fact, the breakthrough innovations required to achieve the targets are rarely developed by a single MNE, but *partnership* and *collaboration* within different actors are required and big corporations, given their huge networks and size, are the only players able to forge those *SDG-oriented innovation ecosystem* (Kolk et al., 2017). When companies were less interconnected, most of the innovations were developed in internal R&D labs without partnership nor the creation of any ecosystem: nowadays, given the important challenges the world is facing, companies must rely on external partners, building ecosystems and covering different roles according to their maturity level (Nylund et al., 2020).

Innovation Ecosystem/ RRI Maturity	Nascent	Emergent	Mature
<b>Strategic</b>	<b>Builder</b> Gathers partners around an ecosystem platform. <i>High inclusiveness and responsiveness</i>	<b>Platform leader</b> Influences the ecosystem through platform management. <i>High inclusiveness and responsiveness</i>	<b>Amplifier</b> Amplifies the sustainability endeavours of others <i>High inclusiveness and responsiveness</i>
<b>Proactive</b>	<b>Secretive innovator</b> Innovates internally based on own discoveries <i>Low inclusiveness</i>	<b>Theatre director</b> Considers innovation activities as results in themselves. <i>Low reflexivity and high inclusiveness</i>	<b>Dominator</b> Uses its bottleneck positioning to capture more value than it creates <i>High inclusiveness and low responsiveness</i>

Figure 2.7: MNE roles and RRI activities of SDG-oriented innovation ecosystems  
(Nylund et al., 2020)

Figure 2.7 reports the evolving role of MNEs and their RRI activities in the SDG-oriented innovation ecosystem, considering the coevolution of these roles with the ecosystem's and company's RRI maturity level. As the latter increases, MNEs will adopt roles that better support SDGs implementation. A brief description of the different roles is reported below (Nylund et al., 2020):

- **Secretive innovator:** innovations are carried out in R&D labs of large firms without inter-firm interactions. This type of innovation suffers organizational inertia and produces incremental innovations rather than disruptive ones required to effectively meet the SDGs (Christensen, 1997);
- **Builder:** firms are increasingly understanding the importance of collaborative innovations and MNEs covering this role are building the ecosystem partner by partner (Nylund et al., 2020), attracting relevant stakeholder (Ritala et al., 2013);
- **Theater director:** as the ecosystem grows, MNEs' role is to strengthen the platform, organizing incubators, innovation hubs and workshops. When those activities are not built upon shared beliefs and values, MNEs can be considered the director of an innovation theater, in which the above-mentioned activities are seen as the final result and, in reality, the number of concrete innovations realized is limited (Blank, 2019);
- **Platform leader:** Gawer and Cusumano (2014) defined platform leaders companies that “manage to successfully establish their product, service, or technology, as an industry platform and rise to a position where they can influence trajectory of the overall technological and business system of which

the platform is a core element”. A company that can be considered as such is Microsoft, as it offers its AI platform for innovation ecosystems with the goal to make the entire world more sustainable;

- ***Dominator role:*** as the innovation ecosystems matures, the MNE focus its attention on value capture rather than supporting the platform. When this strategy is in place, the MNE tries to exclude competitors from access to costumers, creating a bottleneck within them (Iansiti and Levien, 2004). This value domination increases MNE profitability in the short term, but impoverishes the other firms and, in the long run, the robustness of the entire ecosystem is endangered. This situation is usually verified when large MNEs acquire smaller sustainable companies: in the eye of the costumer, rather than the MNE becoming more sustainable with the acquisition, the purchased firm is perceived less sustainable because of the negative perception surrounding MNEs;
- ***Amplifier role:*** MNE leading a mature ecosystem are working to amplify sustainable initiatives promoted by others and creating partnership with independent organizations focused on sustainability to take advantage of their green practices not affected by business issues. Companies covering this role are more likely to make important contributions to SDG related innovation, as their level of RRI maturity is high, they are engaging in partnership with external stakeholder and their inclusiveness with other firms part of the ecosystem is high, meaning that they are supporting rather than contrasting important innovations promoted by other companies.

The framework proposed can be used by MNEs’ managers to understand the role of their firm in the achievement of the SDGs: builder, platform leader and amplifier can be considered as best practices, while firms covering the secretive innovator, the theater director and the dominator role might improve their responsible actions. [Figure 2.8](#), in particular, provides a linkage between MNE roles and management and stakeholder behavior, providing the basis to understand which are the strategic decisions to take to change company position in the long term (Nylund et al., 2020).

Innovation Ecosystem/ RRI Maturity	Nascent	Emergent	Mature
<b>Strategic</b>	<b>Builder</b> <ul style="list-style-type: none"> <li>Corporate management is proactive and rather new</li> <li>Active gathering of new partners among stakeholders</li> </ul>	<b>Platform leader</b> <ul style="list-style-type: none"> <li>Management has to be experienced in ethical issues to show leadership capabilities</li> <li>Stakeholders are present in the ecosystem</li> </ul>	<b>Amplifier</b> <ul style="list-style-type: none"> <li>RRI activities are well established in corporate routines</li> <li>Stakeholders are attracted by the benefits of the ecosystem</li> </ul>
<b>Proactive</b>	<b>Secretive innovator</b> <ul style="list-style-type: none"> <li>Technology oriented management</li> <li>Only considers stakeholders such as costumers and suppliers</li> </ul>	<b>Theatre director</b> <ul style="list-style-type: none"> <li>Ecosystem-oriented management</li> <li>Stakeholders are key elements of the MNE strategy</li> </ul>	<b>Dominator</b> <ul style="list-style-type: none"> <li>Strong market position exposes management to critique</li> <li>Only considers stakeholders as potential customers</li> </ul>

Figure 2.8: Linkage between MNE roles and management and stakeholder behavior  
(Nylund et al., 2020)

## 2.3 Challenges and costs

Since the adoption of the Sustainable Development Goals in 2015, many multinational enterprises embraced them and started to work in collaboration with international NGOs and national governments; however, in 2020, the progress achieved were limited, and the UN announced the necessity of a “*Decade of Action*”, in which companies and international organizations effectively collaborate toward the achievement of the defined targets. This underachievement has been recognized also before Covid-19 spread: a survey edited by the *UN Global Compact Progress Report* in 2019 found that even if 67% of companies reported that they are committing to sustainability at the CEO-level, only the 48% of them is actually implementing sustainability into operations. Moreover, while the 71% of CEOs recognize the crucial role the private sector can play in the SDGs achievement, only the 21% thinks that they are effectively working toward the achievement of the targets (UN Global Compact. 2020). Van Tulder et al. (2021) attribute the root causes of this underachievement to several factors, reported below:

- **SDGs’ cherry-picking:** most of companies are adopting only SDGs positively linked with their business model, continuing their normal practices, and “cherry-picking” those SDGs that best fit with their current business model;
- **Market barriers:** the *UN Global Compact & Accenture (2019)* reported that one out of three CEOs claim the “*lack of market pull*” as the top barrier to refrain

sustainability adoption, while half of them claimed to find difficulties in putting into practice the “*key trade off*” of operating under extreme cost-consciousness and investing in long-term strategic objectives related to sustainability;

- ***MNEs’ internal organization***: the effective implementation of SDGs is usually under the responsibility of marginal departments within companies, like CSR, communication or corporate foundation, which are not directly involved in key strategic decisions;
- ***Management of complex partnership***: many MNEs have few experiences in collaborating with NGOs and governments, which are important partners for the implementation of the goals.

MNEs are facing operational problems to address SDGs at three levels of intervention (Van Tulder et al., 2021):

1. ***Societal level*** – dealing with governments and collaborating with them to create policies supporting the implementation of sustainable development;
2. ***System level*** – developing strategic actions that allow to create shared value with the rest of the society, effectively selecting SDGs in line with company’s core business;
3. ***Strategic level*** – aligning companies’ sustainability strategy with their core business’ one.

In the SDG Summit in 2020, where the “*Decade of Action*” has been declared, world’s leaders identified the necessity to go “*beyond business-as-usual*”, highlighting that not only the private sector is a fundamental player if the world wants to achieve the goals defined in 2015, but pointing out the necessity to change the way sustainability is perceived by business players. (Scheyvens et al., 2016), As Luke claimed, the private sector is “capturing sustainability as a new growth formula”, perpetuating “the pursuit of profit in cleaner, greener and leaner corporate activities” (Luke, 2013). To effectively meet the goals, indeed, a change of perspective is required, together with a substantial transformation of the mere logic of profit (Celone et al., 2022). The SDG underachievement is attributable also to the way they have been designed by the *United Nations*: many scholars, indeed, express criticism around the 17 goal and their 169 targets, claiming that they are either *too ambitious* or *not ambitious enough*. The first line of thought has been formulated by the *Copenhagen*

*Consensus Center*; their main concern relies on the fact that the SDGs lack of focus, which may get the world “stuck in transition”. In particular, they claim the *SDG Agenda* to “promise all good things for everyone”, without providing clear instruction on how to achieve the targets, nor verifying if they are actually achievable by the actors involved (Lomborg, 2018). The second perspective, on the other hand, perceives SDGs and related targets to not be ambitious enough, not representing a real paradigm for change. The agenda is claimed to be too conservative to create a real transformation. The main problem relies in the fact that the goals address multinational challenges without tackling their root causes and underlying dynamics, being consequently shallow in their analysis of systemic crises and insufficiently sophisticated in their approach towards the negative tendencies in a rapidly changing society. In addition, influential stakeholders’ involvement, like big companies and other interest groups, is considered by these critics to make it unlikely that SDGs will represent a real paradigm for change (Van Tulder et al., 2021). Another problem which is delaying SDGs adoption is related to the difficulty companies face in *assessing* and *monitoring* their sustainability policies and actions. Janouskova et al. (2018) compared over 300 indicators and concluded that sustainability is difficult to measure and the inconsistency of results obtained can cause doubts about the ability to effectively evaluate how SDGs are implemented. Moreover, even if a set of indicators to monitor results’ achievement have been developed, authorities lack of sanctioning power and punitive capabilities able to frighten companies that are not taking the proper action to achieve the targets and there is a weak system for enforcing corporate disclosure of companies’ environmental, social and governance performances. Breinbauer et al. (2019) analyzed data on the contribution provided by 100 global companies toward SDGs achievement and they found out that (i) compliance with regulations and standards is weak, (ii) the quality of reporting is poor, (iii) the certification system does not provide quality assurance and (iiii) indicators to measure the progress of the SDGs are still incomplete. In many cases, companies intend SDGs as a tool to exploit emotional marketing and generate profit, hiding social and environmental devastation behind philanthropic actions, engaging in *green-washing* activities specifically related to the SDG project. This activity can be referred to as “*SDG-washing*”, and it describes the inclination of organizations to embrace SDG only superficially, addressing them without aiming at the radical change needed to solve grand multinational challenges but pretending in their report to be more sustainable than what they actually are, reporting

misleading claims about the environmental benefit of their products, services or technologies (Van Tulder et al., 2021). Most of the times, even when a private firm claims to support business in emerging economies, it is doing that not to contribute to sustainable development, but because it is good for its business, providing new markets and source of inputs: “Emerging markets will comprise 58% of growth in global GDP from 2010 to 2015, compared to just 32% for the economies of the G7” (Chakravorti et al., 2014) In a survey conducted by Accenture (2020), it has been pointed out that even if 90% of respondents recognize SDGs as an opportunity to rethink organizational approaches to value creation, only the 70% thought that SDGs provide a clear framework to sustain the implementation of the required sustainable effort; another study performed by Waal and Thijssens (2020) highlighted that only 23% of the companies analyzed mentioned SDGs in their report. Mhlanga et al. (2018) pointed out the following concerns from the analysis of the sustainability reports of 76 world’s largest companies:

1. Companies lack a consistent approach to establish their own SDGs priorities;
2. The implementation of the SDGs does not modify companies’ approach toward sustainability: most of the times, companies cherry-pick those SDGs that are closer to their “*business-as-usual*”, without engaging in any radical change of their strategies;
3. SDGs reporting is still limited, even if disclosure and public transparency are considered key enabler of effective SDGs actions, investment and strategies (Rosati and Faria, 2019a).

From the analysis performed, the authors suggest that if companies want to improve their contribution toward sustainable development, they should work on SDG prioritization and operationalization into their strategies in a measurable, accountable and accessible way, with the adequate monitoring and assessment system in place. Useful reporting framework are provided by the *GRI* and the *SDG Action Manager* or by the *SDG Compass*: inside those documents, steps to align companies’ strategy to SDGs are reported, together with suggestions and guidelines on how to report the actions performed in an effective way. Heras-Saizarbitoria et al. (2022) suggest how managers, policy makers and other relevant stakeholders should behave to prevent *SDG-washing* activities: public decision makers and policy makers should promote self-regulation initiatives for CSR and SDGs, establishing appropriate programs for the public evaluation of the impact the sustainable initiatives



promoted actually has on the society and providing clear metrics to measure their contribution to individual SDGs at a global and sector level. Moreover, the credibility of the information disclosed in sustainability report should be verified by external auditors, involving government-appointed experts and external stakeholders, such as government representatives and NGOs. In this way, companies that are not fair in their public reports will be identified and the entire community could enforce actions against their incorrect behavior (Heras-Saizarbitoria et al., 2022). Another important aspect that should be promoted to support the implementation of sustainability are partnerships and collaborations, at all levels within and across sectors. Indeed, partnerships within actors having different values, goals and ways of operating, like business, government and civil society, are difficult to manage, but working together, sharing innovations and new ideas, is essential to reach the challenging results the *Agenda 2030* imposes, as *SDG 17 – “Strengthen the means of implementation and revitalize the Global Partnership”* for Sustainable Development suggests (Scheyvens et al., 2016).

The impact SDG adoption has on firms’ financial performance has been largely debated and represents one of the most widely studied topics in sustainability research. One stream of literature identifies a positive correlation between SDGs and firm’s performances: the *resource-based view* (RBV), for example, claims that a firm could use its unique capabilities to respond to the challenges imposed by the external context and gain competitive advantage that will in turn improve its financial performances; *stakeholder theory* suggests that companies’ financial performances are improved thanks to the greater attention toward environmental friendly practices imposed by the pressure of a wide range of stakeholders. Muhmad and Muhamad (2021)’s systematic review of 56 articles highlights a positive relationship between SDGs and firms’ financial performances in 96% of the reports under analysis. On the other hand, there is another stream of literature that finds negative correlations within the variables considered: the *trade-off theory* expects a negative impact on firm’s performances as focusing too much on environmental practices and a wide range of stakeholders’ will make companies lose focus on their own shareholders’ interests; moreover, engaging in sustainable activities has costs and requires a lot of resources that are going to weaken firm’s financial performances. Some studies focus on the impact a specific SDG has on firms’ results: Ionascu et al. (2018), for example, find no significant impact on firms with the implementation of *SDG 5 – Gender Equality*, increasing the number of women

present in corporate's board (Al Lawati and Hussainey, 2022). Friede, Busch and Bassen (2015) combined the findings of about 2200 individual studies, thus representing the most exhaustive overview of academic research on the topic and allowing generalizable statements: the results showed that roughly 90% of the studies found a non-negative relationship within financial and ESG performances, with the large majority of studies reporting positive findings. However, several external and internal conditions underpin a positive relationship between sustainability and financial performances, and the positive correlation within the two should be considered associational rather than causal due to the difficulty to disentangle contingent factors driving the relationship (Friede et al., 2015).

## C Chapter 3

In the following Chapter, the relationship different sectors establish with SDGs is investigated, together with the benefit they might obtain through sustainability adoption. The report published by the *Business & Sustainable Development Commission* (2016) identifies three groups of industries: those with strong linkages with a single SDG, those with touchpoints across SDGs and cross-cutting sectors. Furthermore, sectors are distinguished according to the risk and opportunities they face while adopting sustainability: in the “growth” nexus are considered industries with several growth opportunities provided by SDGs adoption (e.g., Consumer Good Industry), the “risk” nexus encompasses industries that must consider risk aspects more powerful than the growth opportunities (e.g., Oil & Gas), and the enablers, which includes sectors operating as SDGs facilitators (e.g., Telecommunication). The research focus of this master thesis is one the Consumer Good Industry, selected as it is committed toward the achievement of several SDGs and is exploiting the challenges posed by the sustainable agenda as opportunities to grow and adapt companies’ business models accordingly. Moreover, the sector is characterized by complex supply chains extended all over the world, thus having a huge impact upstream and downstream the economy. The main opportunities the sector could gain are reported by the *UN Global Compact* and KPMG’s report (2016): enterprise development, sustainable supply, healthy and sustainable living and product innovation. In the second part of the Chapter, the history of two sustainable leaders operating in the Consumer Good Industry and their sustainability commitment is provided: Unilever and Procter & Gamble, selected as they rank among the 50 companies mostly committed to SDG achievement (Consumer Brand Association, 2022). Furthermore, both companies have launched their own sustainable plan: Unilever launched in 2010 “*Unilever Sustainable Living Plan*”, a blueprint for sustainable growth in which they are putting sustainability at the centre of their strategies, with the ultimate goal of decoupling business growth from environmental impact; Procter & Gamble launched in 2020 “*Ambition 2030, Environmental Sustainability Goals*”, aiming at

enabling and inspiring positive impacts on the environmental while creating at the same time value for the company. With those two sustainable plans developed autonomously by the single MNE, they are facing all the challenges posed by the UN's SDGs, covering key points such as sustainable supply chains, waste management, responsible production and attention to customers' and employees' wellbeing.

### 3.1 Sustainability in the Consumer Good Industry

According to the relationship different sectors establish with SDGs, three different groups of industries can be identified (Business & Sustainable Development Commission, 2016):

1. **Sectors with strong linkages with a single SDG:** some industries play a prominent role in the achievement of a specific SDG, as they deal with targets strongly related with the action those companies are doing. The *Healthcare industry*, for example, is committed to the delivery of *SDG 3* (to achieve health and wellbeing for all), while the *Oil & Gas* is important for the achievement of *SDG 7* (to achieve affordable and sustainable energy for all), as energy companies, with their investment choices, can heavily influence the achievement of related targets;
2. **Sectors with touchpoints across SDGs:** on the other hand, other sectors have a strong relevance across two or more SDGs. The *Consumer Goods*, *Consumer Services* and *Industrials*, for example, are responsible for the delivery of *SDG 12* (to achieve responsible consumption and production), *SDG 2* (to achieve zero hunger) and *SDG 14* (to protect marine environment); also the *Basic Materials*, the industry dealing with the extraction and production of raw materials, is associated with the delivery of *SDG 12*, together with *SDG 15* (to achieve the protection of the natural environment on land); finally, the *Utilities industry* is associated with the delivery of *SDGs 6, 7 and 9*, that is to say to achieve universal access to affordable energy, clean water and waste management;
3. **Cross-cutting sectors:** in this group there are sectors considered enablers across almost all the SDGs: *Financials*, *Telecommunications* and *Technology* provide financial access, resources and tools important to achieve the 17 SDGs.

[Figure 3.1](#) represents the high-level linkages within sectors and SDGs:

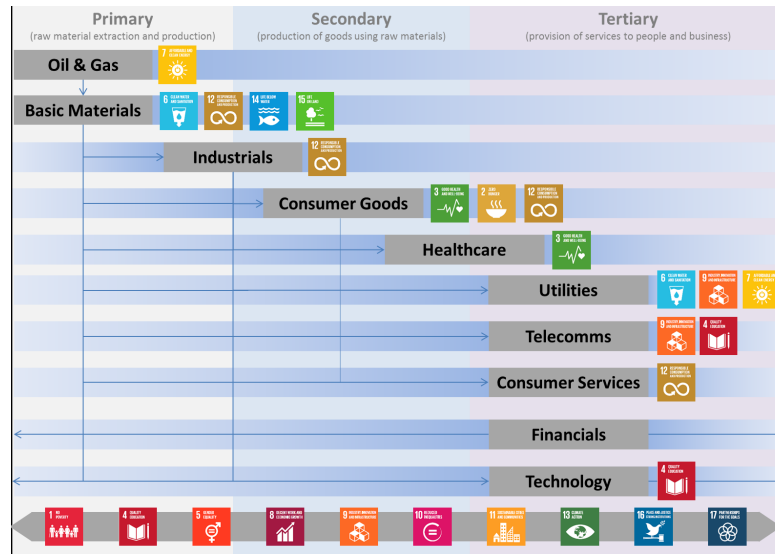


Figure 3.1: SDGs and sectors: high-level linkages’ map (Business & Sustainable Development Commission, 2016)

The report “*SDGs & Sectors: a review of the business opportunities*” published by the *Business & Sustainable Development Commission* further distinguishes sectors according to the opportunities of growth they have from SDGs adoption and the risk they face while implementing sustainable actions.

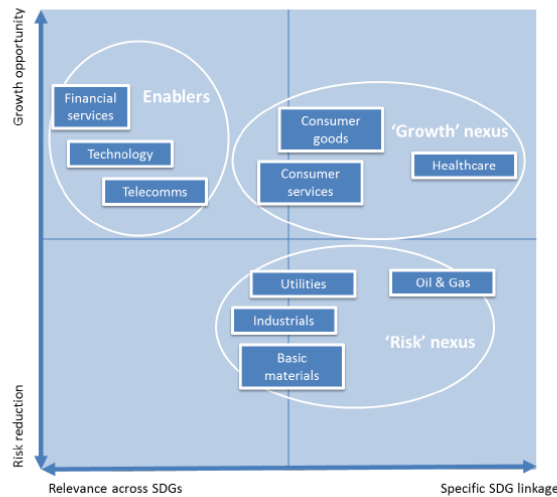


Figure 3.2: “Triple nexus” – primary business drivers for sectors (Business & Sustainable Development Commission, 2016)

As reported in [Figure 3.2.](#), the Commission distinguish sectors among three categories:

- **The “growth” nexus** encompasses industries strongly correlated with the delivery of certain SDGs with the most powerful growth-related drivers, linked

to innovation and efficiencies. The group include the *Consumer Goods*, *Consumers Services* and the *Healthcare*: it is important to highlight that the most important and committed sustainable leaders come from this sector, as they have already recognized huge growth opportunities and are proactively engaging the sustainable agenda in their core operations;

- ***The “risk” nexus*** includes sectors that, notwithstanding their strong correlation with the delivery of a specific SDG, must consider risk aspects which are more powerful than the positive growth opportunities they could gain. This category encompasses high-impact industries (*Oil & Gas*, *Basic Materials*, *Industrials* and *Utilities*), which are therefore more difficult to engage in the achievement of *Agenda 2030*. Partnerships and coalitions among those companies should be promoted in order to help them overcome possible problems and risk exploiting the expertise of different actors, thus engaging them in sustainable development;
- ***The enablers*** category includes those sectors with strong relevance across several SDGs acting as facilitators for other industries, like the *Financials*, *Technologies* and *Telecommunications*.

From the analysis performed, the research focus of this master thesis is on the *Consumer Good Industry*, as it is committed to the achievement of several SDGs ([Figure 3.1](#)) and is already exploiting the challenges posed by the sustainable agenda as opportunities to grow and adapt companies’ business model according to the new standards and requirements. Moreover, the sector is characterized by complex supply chains extended across the entire globe, thus having a huge impact (both on the environmental and social level) with the action it implements upstream and downstream the economy.

The *Consumer Good* is composed by companies producing and selling automobile, food and beverage (including farming and fisheries), durable and non-durable household goods, leisure goods, clothing and footwear: thus, it is made up by consumer-facing brands, exposed to customers’ requirements; therefore, they play a crucial role in influencing clients’ demand toward more sustainable goods and materials, innovating the way the good itself is produced and sourced and the way the final consumer uses it toward more eco-friendly solutions.

The biggest opportunities the *Consumer Good Industry* can gain by actively taking part in the achievement of sustainable development are grouped below (UN Global Compact and KPMG, 2016):

- ***Enterprise development:*** promoting inclusive development involving SMEs in developing economies in their value chains, providing them access to new capital, training and best practices in order to increase productivity, capacity, logistics and market efficiency of their operations, pursuing investments and cross-sector partnerships and implementing suppliers diversity programs;
- ***Sustainable supply:*** mitigating their impact on the environment and climate change investing in sustainable sourcing, processes, materials, machineries and products across the value chain, ensuring fair labor practices. This involves a reduction of the resources employed in production and wastes, favoring energy coming from renewable sources and taking care of products' end of life and disposals;
- ***Healthy, sustainable living:*** companies are promoting campaigns to make consumers, employees and partners aware of the importance of a sustainable consumption and healthy living, providing them the appropriate knowledge and skills to distinguish among sustainable product and traditional ones;
- ***Product innovation:*** the understanding of developing economies' needs and communities' allows companies to address their requirements offering them tailored solutions and develop innovative products to meet their needs, thus opening up new markets and increasing their own demand.

As mentioned above, sustainable leaders already come from the *Consumer Good Industry*: for the sake of this master thesis, the research will be focused on *Unilever* and *Procter & Gamble*, selected as they rank within the 50 companies<sup>11</sup> mostly committed to sustainability and both have established their own commitment plans to meet sustainable goals: Unilever has launched its “*Unilever Sustainable Living Plan*”, while P&G its “*Ambition 2030 Environmental Sustainability Goals*”. With those plans, they are willing to reduce their environmental footprint establishing concrete goals. In the following part of the Chapter, an analysis of the two plans is provided, together with the story of the two corporations and their sustainability commitment.

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<sup>11</sup> <https://consumerbrandsassociation.org/sustainability/50-top-cpg-company-sustainability-commitments/>

## 3.2 Unilever

### 3.2.1 Company's history and evolution

Unilever is a multinational company operating in 190 different countries employing more than 140.000 people all around the world. As a consumer good company, they daily serve more than 2,5 billion people and encompass 400 brands within the most famous in food & beverage, cleaning agents, beauty products and personal care, organized in three divisions: *Foods & Refreshments*, *Home Care* and *Beauty & Personal Care*. Unilever was founded in 1929 with the merger of two companies: the British soap maker *Lever Brothers* and the Dutch *Margarine Unie*. The former was founded in 1890 by William Hesketh Lever; the company rapidly become successful when they introduced in the market their *Sunlight Soap*: one of the reasons of this huge success was the strategy implemented by the founder, who recognized the profits he could gain by prioritizing not only the selling of the product but focusing also on manufacturing. The latter was founded in 1872 by Jurgens and Van den Bergh and was selling margarine. In 1920 the founders decided to merge their operations with another margarine manufacturer from Bohemia in order to strength their positioning on the market: the *Margarine Unie* was born, located in Holland. At the beginning of the 20<sup>th</sup> century, soaps' and margarine's markets, both requiring fats and oils as raw materials, started to move into each other's domain, intensifying the competition in already saturated markets. This, together with the rise in the cost of raw materials, pushed companies to set up associations and coalitions within them to promote their interests, secure their supply and growing demand for both goods: in this context, the 2<sup>nd</sup> September 1929, *Lever Brothers* and *Margarine Unie* merged together, forming *Unilever* (Francis, 2018). The Economist described this as "one of the biggest industrial amalgamations in European History" (Larson and Gibb, 1959). The new company consisted of two holding companies: *Unilever PLC*, with headquarters in London, and *Unilever N.V.*, with headquarters in Rotterdam. After its foundation, the company had to face hard times with the *Second World War*, with their businesses in German and Japanese territories cut off from their operations. To face the new challenges, the company adopted a corporate structure with local divisions acting with high level of independence, focused on the needs of the local markets. Thanks to companies'



acquisitions in innovative product categories, like the frozen and convenience foods, and investments in research and development, the company managed to successfully exit the war time. In particular, two important acquisitions were made at that time to expand their business in the US: the *Thomas J. Lipton* company in the 1937 and the *Pepsodent* brand of toothpaste in 1944.

In the '50s the company kept on growing: it expanded its operations in Africa and Asia and exploited the post war prosperity in the European Community to increase its market share. They recognized the strategic relationship between marketing and research and development: the *Unilever Food and Health Research Institute* was established in the Netherlands to lead new discoveries in food preservation, animal nutrition and health problems. By 1965, the company hold 11 research centers throughout the world, including facilities in Continental Europe, the UK, the US and India.

During the '70s the company faced a reduction in sales because of the hard economic conditions the society was facing, including high inflation caused by the oil crisis and the growing power of large retailers at the expense of the negotiation power of manufacturers like Unilever. To face the new challenges, they kept on diversifying their business portfolio in consumer goods areas, including plastics, packaging, tropical plantations and a shipping line, together with investments in food, home and personal care items. Important profits arrived from Africa, where the company could exploit the oil-booming Nigeria to balance the losses coming from sales' reduction in Europe and the US. In 1978 they made an important acquisition to signal their intention to keep on strengthening their position in the American market, diminishing their dependency on the European one, with the *National Starch*, labelled as the largest acquisition by a European company in the US at that time. Starting form 1980 Unilever made a revolutionary restructuring: they decided to refocus on core product areas with strong markets and great growth potential, identified in foods, toiletries, detergents and special chemicals. Thus, in these years they made a lot of acquisitions<sup>12</sup> and launches of many new product brands<sup>13</sup> within a narrow range of categories, together with large divestments from ancillary businesses (transport, packaging, advertising), resulting in a completely restructured company with a clear core business.

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<sup>12</sup> e.g., PG Tips (1984), Naarden and Chesebrough-Pond (1986), Calvin Klein Cosmetics Company and Fabergé (1989)

<sup>13</sup> e.g., Viennetta (1982), Axe body (1983), Claerblue (1985) and Magnum (1989)

Thanks to this huge transformation, they cut the categories in which they were competing from over 50 to 13 by the end of the decade, grouped in four areas: *Home Care*, *Personal Care*, *Foods* and *Specialty Chemicals*. From the '90s, the growing environmental pressures coming from the market encouraged the company to take care of sustainable actions and embed sustainable thinking in their day-to-day activities, which will be further investigated in the next paragraph of the Chapter. In 2001, in order to rationalize manufacturing and leverage more effectively on economies of scale, the company reshaped its brand portfolio, passing from 1600 brands to 900, generating 6.3 billion € from sales. During this reshaping process, they performed several acquisitions, always considering the sustainable issue as a priority in the choice of the brands to add: Ben & Jerry, Slim Fast and Bestfoods are example of brands acquired respecting the new “sustainable” parameter. In 2009 the company launched its *Compass*, a document in which they embedded their overall strategy for sustainability: the final goal is to double the size of their business while reducing their environmental impact. In 2010, with the publication of the “*Unilever Sustainable Living Plan*”, they confirmed what stated in the *Compass*, launching a plan to decouple their growth from the environmental impact, while increasing their positive social one. In 2015 they took actively part in the definition of the SDGs, identifying three main areas in which they could help delivering real systems changes: climate change and deforestation, water, sanitation and hygiene and sustainable agriculture and food security (Gunther, 2010). Nowadays the company is a 51 billion € giant in the Consumer Good Industry with a *Transnational Strategy*: its motto is to think globally and act locally. Indeed, the nature of the product it sells requires proximity to local markets, economies of scale in certain functions and a strong transferring information system to share best practices and the knowledge developed throughout the organization. The matrix is composed by local managers proposing tailored products and initiatives for the country in which they work but operating under a common corporate vision and strategy. At a corporate level, standards in labor relations, communications with governments, care for the environment and other social issues are defined, and every manager is in charge of meeting them considering the particular requirements of the country in which they operate. In this way, they favor flexibility rather than hierarchy and are able to meet the needs of customers they serve coming from 190 different countries (Maljers, 1992). This extensive understanding of consumers’ needs allows them to establish a strong relationship between the customer and the brand itself,

representing one of their competitive advantages, together with the well diversified portfolio of top brands, their investments in R&D<sup>14</sup>, important to be in line with changing customers' needs, and the wide spread of manufacturing facilities all over the world, which allows the company to cut costs and achieve expertise in its distribution channels.



Figure 3.3: Unilever's leading brands

Unilever is an example of House of Brands, as they operate as a parent company in the background, focusing their marketing campaign and brand-building efforts on individual services or product brands. Most of the times, consumers are using Unilever-owned products without being aware of it, unless they look carefully at the product packaging. In this way, they are able to occupy more market share holding more brands in the same category, covering different positioning (e.g., budget brand, mid-market and high-end brand in the same category) and they protect each brand from the others in case of adverse situations. This strategy can be implemented just by financially sounded companies as Unilever, as they have to make strong efforts in marketing and advertising for each of the 400 brands forming their portfolio independently.

<sup>14</sup> In 2017 alone, Unilever invested more than 900 million € in R&D

### 3.2.2 Evolution of sustainability inside the company

Since the moment of its foundation, Unilever showed great commitment toward sustainability by addressing people's needs of nutrition and hygiene with the margarine and soap they were selling. During the years, the company evolved into a purpose driven one, and its vision states that they are willing to make sustainable living a common place. In their corporate website, they claim: "We believe that the winning business of tomorrow will be those which anticipate and respond to the huge changes shaping people's lives across the world. The businesses that will have the greatest success are those which capitalize on the power of data and biotechnology; adapt to shifting consumer needs; and contribute to tackling the twin challenges of climate change and social inequality<sup>15</sup>." Sustainability represents for the company vision and strategy at the same time, and it is considered the only way to achieve long lasting growth without compromising the planet and preserving people living on it.

Unilever's logo<sup>16</sup> represents a visual expression of their commitment to make sustainable living a common place: each of the 25 icons composing the big blue "U" has a rich meaning, as it represents an aspect of their business and vision.



Figure 3.4: Unilever's logo: visual representation of their commitment to make sustainable living a common place

The sun at the top left, for example, represents a source of renewable energy and company's willingness to find innovative ways to reduce their greenhouse gas emission; the plant on the right is a symbol of the natural world and represents their commitment to reduce

<sup>15</sup> <https://www.unilever.com/our-company/strategy/>

<sup>16</sup> Designed by Wolff Olins in 2004

environmental impact across their value chain; the spark at the top right represents Unilever's role as a catalyst for change, willing to improve the living conditions of people all around the world, starting from its suppliers and distributors, till their customers and shareholders.

Their ambition to be the "global leader in sustainable business" is reported in their "*Compass strategy*", where they report the five strategic choices they made to achieve the goal:

1. ***To accelerate the development of their brand portfolio into high growth spaces***, building a strong position in hygiene, skin care, prestige beauty, functional nutrition and plant-based foods;
2. ***To exploit their brands as a force for good***, improving planet's health, people's confidence and wellbeing and contributing to a fairer and more inclusive society. To do that, Unilever will leverage on the expertise and knowledge generated in their advanced research centers, delivering functionally superior products and taking actions on social and environmental issues their customers care about: thus, R&D plays a crucial role in the achievement of the targets;
3. ***To accelerate their growth in the US, India, China and key growth markets***, while further strengthening their positions in already established ones. To achieve that, in 2012 Unilever founded *Unilever International*, a company born to serve emerging and fast-growing markets that are, at the very first moment, too niche, small or hard to serve for the mainstream business. Once those markets are developed, they are delivered back to Unilever, which will work for further expanding them;
4. ***To lead in the channels of the future***, capturing opportunities coming from the E-Commerce and omnichannel experiences, developing eB2B business platforms, pioneering with innovative routes to markets, leading with shopper insight which will help company's growth and the establishment of a strong relationship with the customers;
5. ***To build a purpose-led, future-fit organization and growth culture***, promoting campaign to raise living standards across their value chain and creating equal opportunities through inclusivity, unlocking capacity through agility and digital

transformation and providing people new capabilities through lifelong learning opportunities.

Integrating sustainability into corporate strategy offers several opportunities for the company itself, as it contributes to business' success. Paul Polman, Unilever's CEO from 2009 to 2018, recognized that consumers' demand for responsible businesses and brands was growing and in 2015 he claimed that "brands whose purpose and products respond to that demand are delivering stronger and faster growth. These brands accounted for half the company's growth in 2014 and grew at twice the rate of the rest of the business<sup>17</sup>". To address customers' new needs, the company must rethink product design and brand characteristics; moreover, the adoption of sustainable practices in operations, material sourcing and production, creates internal efficiencies and cost saving advantages.

Unilever's strategic importance in tackling global issues, such as deforestation, water scarcity, pollution and undernutrition, is recognized by governments and NGOs: in many ratings on environmental performances and responsible investments analysis, they achieved top positions, often leading the industry group. In 2017, for example, the *Carbon Disclosure Project*, a nonprofit emissions awareness program, selected Unilever as the global leader in corporate sustainability, as it was the only company to earn a "A" score on every performance measured, including score on climate change, water stewardship and forest preservation (Skrovan, 2017). In 2019, when the *World Business Council for Sustainable Development* (WBCSD) needed to identify 17 companies to launch the *Business Avengers* campaign to foster private sector's engagement in the achievement of the SDGs, Unilever has been identified as a leading company, able to communicate the importance of the Global Goals for sustainable development, together with other important companies such as Mars, Diageo, Salesforce and Google (IISD, 2019). This highlights the important role that Unilever plays in the society, as through its core operations, financial commitments, employees networks, consumer-facing platforms and great influence, can make a vital contribution to achieve *Agenda 2030* for sustainable development.

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<sup>17</sup> <https://www.eco-business.com/press-releases/unilever-sees-sustainability-supporting-growth/>

### 3.1.3 Unilever Sustainable Living Plan

In November 2010 Unilever launched its “*Unilever Sustainable Living Plan*” (USLP), a blueprint for sustainable growth, in which they set sustainability commitments and targets for the following decade. With this plan, they are proposing a new business model, putting sustainability at the center of their strategy. The ultimate goal of the plan is to decouple business growth from environmental impact, so that the company can keep on growing reducing its environmental footprint across the value chain.

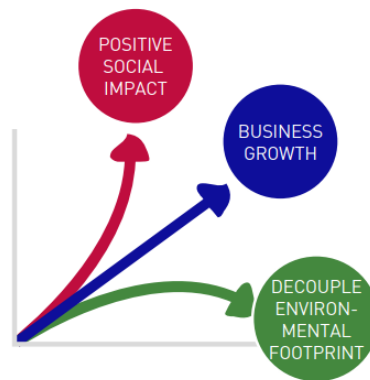


Figure 3.5: *Unilever Sustainable Living Plan*'s purpose and vision  
(Unilever Sustainable Living Plan, 2010)

Through this plan, the company wants to reach three main missions:

1. ***Improving health and wellbeing for more than 1 billion people***, proposing actions and policies to improve health, hygiene conditions and nutrition level;
2. ***Reducing environmental impact by half***, focusing on greenhouse gases emissions, water, wastes and sustainable sourcing;
3. ***Enhancing livelihoods for millions of people***, assuring new opportunities to small farmers and suppliers, promoting fairness in the workplace, a more inclusive way of doing business and equal opportunities for women.

The ambitious goals the company set covers social, economic and environmental challenges, involving all Unilever's brands and products and its entire value chain, starting from the supply of raw materials (for example, by 2020 they planned to source 100% of the materials required from agriculture sustainably), till the way in which the customer uses the product and its final disposals, promoting awareness and teaching campaign for the final user to help

them change their behavior and act in a more sustainable way. Indeed, the company estimated that only the 5% of their greenhouse gas (GHG) footprint comes from manufacturing and transport: the largest impact (around the 68%), comes from consumers' use, so that it becomes fundamental to change people's habits to achieve the defined targets (Gunther, 2010). The implementation of the plan does not only improve the external environment in which the company operates, but also provides new business opportunities for Unilever itself: Sustainable Living brands<sup>18</sup>, for example, that is to say those brands which have integrated sustainability into their purpose and products, outperformed the average growth rate of Unilever, growing 30% faster compared to the rest of the business; moreover, the USLP has helped the company to attract new talents willing to contribute to sustainable development and allowed the company to reduce €1 billion in costs, by improving water and energy efficiencies in factories, using less material and producing less wastes (Kusuma, 2022). To achieve the targets, Unilever has engaged in partnership with several actors, as NGOs, social enterprises and governments: indeed, they understood that to achieve the required system level change it is necessary to collaborate with different actors as there is no one single business alone able to meet all the challenges needed to tackle climate change, plastic pollution, social inequality, health and wellbeing, which is in line with the partnership for development promoted by the *United Nations* to achieve the goals defined in the sustainable agenda. The entire vision outlined in the USLP is aligned with SDGs, as they provide a structured roadmap to achieve long-term growth and development in a sustainable way by 2030. Indeed, when the SDGs have been defined in 2015, Unilever was already addressing some of them in its own sustainable plan:

- Improve health and wellbeing is contributing to SDGs 2, 3, 6 and 17;
- Reducing environmental impact is related to SDGs 7, 12, 13, 14, 15 and 17;
- Enhancing livelihoods is related to SDGs 1, 3, 4, 5, 8, 10 and 17.

Exploiting the lessons learned from the USLP, the company is now working toward the achievement of the Sustainable Development Goals as one of the more active private players, leveraging on its wide scope of action and international presence to help the world achieving the transformational changes required.

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<sup>18</sup> e.g., Knorr, Dove, Dirt Is Good, Lipton and Hellmann's



## 3.3 Procter & Gamble

### 3.3.1 Company's history and evolution

Procter & Gamble is a fast-moving consuming good multinational company, serving more than 5 billion consumers in 180 countries and with USD 76.12 billion worldwide net sales in 2021 (Statista, 2021). [Figure 3.6](#) shows the global presence of the company and its main markets: North America and Europe.

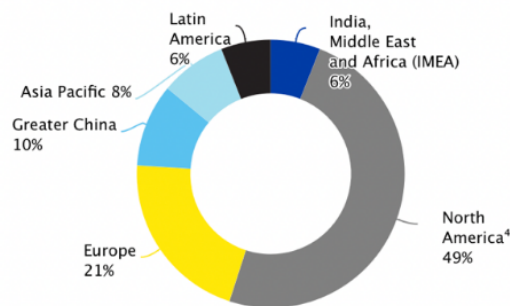


Figure 3.6: P&G Net Sales by geographic region 2022

P&G, with its diversified portfolio, is characterised multiple brands organized into 10 products categories: *Fabric Care*, *Home Care*, *Baby Care*, *Feminine Care*, *Family Care*, *Grooming*, *Oral Care*, *Personal Health Care*, *Hair Care* and *Skin & Personal Care*. As shown in [Figure 3.7](#), representing net sales by business segments, Fabric and Home Care and Baby, Feminine and Family Care account for more than half of net sales.

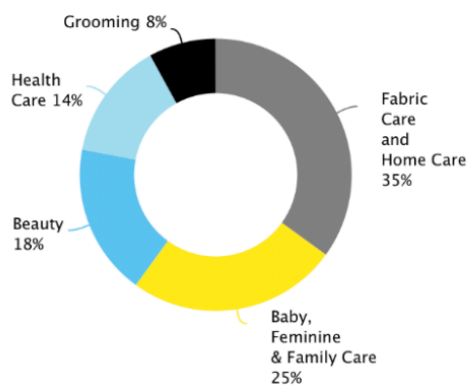


Figure 3.7: P&G Net Sales by product segment 2022

P&G was founded in 1837 by William Procter, a candle maker, and James Gamble, a soap maker. They both emigrated to the US from the United Kingdom. They settled in Cincinnati, Ohio and became business partners after being persuaded by their father-in-law. Hence, initially the business was focused on these two products. The first breakthrough arrived during the American civil war (1861-1865), when the company won a contract to supply the US army with soap and candles. In addition to the increased profits experienced during the war, the military contracts introduced soldiers from all over the country to Procter & Gamble's products. The company began to build factories in other locations in the United States because the demand for products had outgrown the capacity of the Cincinnati facilities. In 1879 Ivory soap was introduced: a successful cheaper version of more expensive soaps. In the late 19<sup>th</sup> century, the soap business had grown into more than 30 different soaps. At the same time the first profit-sharing strategy began, with workers owning a small portion of the business used as an incentive strategy to reduce strikes and align goals. The company introduced a revolutionary sickness-disability program for its workers in 1915 and implemented an eight-hour workday in 1918. Procter & Gamble has been recognized as a leader in employee-benefit programs ever since. After that, the company continued to expand its operations firstly in the US and then abroad. At the beginning of the 20<sup>th</sup> century the company began to diversify its products, and in 1911 *Crisco*, a shortening made of vegetable oils rather than animal fats, was introduced to the public. In the 20s, due to the steady decline of candle demand after the invention of the light bulb, the company phases out candle manufacturing. A key strength supporting P&G success across the decades has always been its advertising strategy. Initially the company advertised its products on general interest magazines but later started to exploit the new medium of radio communication and television. P&G sponsored daytime serials which acquired the name of soap operas. The company continued its portfolio diversification throughout the years. In 1946 Tide, a laundry detergent, was introduced and *Prell*, a shampoo, in 1947. The cleanser market was later strengthened with the launch of *Downy* and *Bounce* in 1960 and 1972, respectively. One of the most revolutionary products conceived and commercialized by Procter & Gamble is undoubtedly Pampers, disposable diapers launched in 1961, which are still one of the company's greatest strengths today. The company continued its expansion path by acquiring more and more brands and expanding its product portfolio, focusing on personal care, home care and health care. Other important milestones in its history include the 1985 acquisition

of Pantene and the 2005 acquisition of *Gillette*, which led the company to become one of the world's largest consumer goods corporations. In 2014, the company announced a restructuring of its brands, divesting part of its brands and focusing on the 65, which produced 95 percent of the company's profits. In 2018 P&G announces a simpler corporate structure, with 6 Business Units, which become effective July 2019: *Beauty, Grooming, Health care, Fabric&Home Care, Baby, Feminine & Family Care* and *Oral Care*. P&G successfully adopts a house of brands strategy with a strong focus on individual brands. The main advantages are the possibility to successfully target different segments and low risk of reputation damages spillovers. On the other hand, corporate brand gets no, or little attention and marketing costs are significant.



Figure 3.8: P&G main brands

To cope with the strong competition in the industry, the company is currently pursuing a transnational strategy. During its international expansion process, P&G shifted from a multidomestic approach, where products were tailored according to each country's need, to a transnational strategy. As its competitor Unilever, the company adapts the final marketing message and labelling to different needs of different countries.

### 3.3.2 Evolution of sustainability inside the company

Environmental and social sustainability is an integral part of P&G's business. The company is committed to having a positive impact on the community and the planet. As stated on their website, its purpose is: "We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our people, our shareholders and the communities in which we live and work to prosper." To better study the corporation, it is relevant to analyze its mission and vision which can help to understand goals and direction a company wants to reach. P&G mission statement is: "To provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come." From this sentence it is possible to understand two key points: firstly P&G strong attention to quality, but more importantly the company's attention towards its consumers and future generations. The last part of the sentence recalls the definition of sustainability which focuses on ensuring a proper use of resources so that future generations can satisfy their own needs. P&G vision statement is: "To be the best consumer products and services company in the world", underlying the fact that the company's value is its global presence. In the early 50s, P&G commitment was focused on charity, with the establishment of a Fund for the distribution of money to a US charity. Later, the first environmental safety publications were created, measuring river wastes attributable to the corporation production process. As a response, the company started investigating biodegradable solutions and later, they started working on environmentally friendly packaging, proving its long-term commitment towards sustainability. An example of P&G strong commitment towards sustainability is proven by its partnership with TerraCycle, global leader in recycling hard-to-recycle materials. They manufactured the first recyclable shampoo bottle, for the brand Head & Shoulders, made from "beach plastic" waste. The removal of dangerous plastic from water and beaches improves health of animals as fishes and birds and humans who rely on the ocean for food. This project was rewarded in 2017 by the *United Nation* through the prestigious *UN Momentum for Change Award*. P&G received in the last decade many awards rewarding a healthy work environment and a strong commitment to social and environmental sustainability. For example, in 2014 P&G was recognized by DiversityInc for its diversity

efforts, ranking in DiversityInc's Top 10 Companies for Diversity. Moreover, P&G is a member of the Dow Jones Sustainability Indices that recognize the companies promoting ESG and sustainable business practices. In 2017 the company received the *Climate Leadership Award*, recognized for its leadership in reducing greenhouse gas emissions and climate action. These are only few examples of the many certifications and rewards that P&G received across the years, demonstrating their relevant sustainability effort which is recognized also by external parties. P&G has already hit many of the 2020 sustainability goals that were set by the company in 2010. In particular, the strategy focused on three key areas:

- Climate: 16% reduction in total greenhouse gas emissions since 2010;
- Water: 27% cut in water consumption at plants since 2010;
- Waste: hit the goal of zero manufacturing waste to landfills for more than 80 percent of production sites).

The company is now raising the bar with new ambitious sustainability goals to be reached before 2030, as explained in depth in the next section.

### 3.3.3 Ambition 2030 Environmental Sustainability Goals

In 2020 P&G established new ambitious goals for 2030. The new goals, titled “*Ambition 2030, environmental sustainability goals*” aim to enable and inspire positive impact on the environment and society while creating value for the company and consumers. “We believe P&G can be a force for good and a force for growth, and we are taking a more deliberate approach to delighting consumers while enabling responsible consumption,” said David Taylor, P&G’s Chairman, President, and Chief Executive Officer. The program is divided into 4 main areas:



Figure 3.9: P&G Ambition 2030 environmental sustainability goals

1. **Brands:** serving five billion people gives P&G the unique opportunity to not only delight consumers through superior product performance, but to also promote a positive impact and change behavior for all the stakeholders:
  - a. 100% of P&G leader brands, including Always, Ariel, Dawn, Fairy, Febreze, Head & Shoulders, Pantene, Pampers and Tide, will enable and inspire responsible consumption;
  - b. 100% recyclable or reusable packaging;
  - c. Build trust through transparency, ingredient innovations, and sharing safety science. The objective is to provide consumers with the information they need to make informed choices;
2. **Supply chain:** reducing the carbon footprint and moving towards circular solutions making P&G operations more efficient and resilient. In particular, three targets were established:
  - a. 100% renewable electricity and cut GHG emissions in half at P&G sites;
  - b. Deliver a 35% increase in water efficiency and source at least five billion liters of water from circular sources;
  - c. Advance at least 10 significant supply chain partnerships to drive circularity on climate, water or waste;
3. **Society:** multi-stakeholder collaborative efforts for a sustainable waste management system. Specifically, the objectives are:
  - a. Find solutions aimed at stopping the plastic flows into the oceans, protect and enhance forests;
  - b. Water protection in priority basins for people and nature;
  - c. Recycling solutions for Absorbent Hygiene Products (baby diapers, adult incontinence, and feminine care products);
4. **Employees:** recognition of employees as greatest asset as well as the power of employee engagement. The objective is to ensure that employees are engaged and equipped to contribute to the achievement of sustainability goals;
  - a. Ensure awareness of business sustainability plans and how employees can contribute to social and environmental sustainability in the work they do;
  - b. Employees education and engagement across all levels;
  - c. Reward program and recognition in the individual's performance assessment.

This plan is aligned with the objectives on the United Nations. Indeed, all the four areas of interest tackle different SDGs. In particular:

- The brands' objectives, inspiring responsible consumption, is aligned with SDG 12;
- The supply chain objective contributes to the achievement of SDG 7,12,13,15,17;
- The society goal tackles SDG 3,14,15;
- The employees' goal is related to SDG 4,8.

### 3.4 Comparison between the two companies

Figure 3.10 shows a comparison between the main figures of the two companies under analysis: they both adopt as International strategy a Transnational one, while for what concern the brands they are both House of brands. The main difference regards the number of brands they have: while Unilever has more than 400 brands in its portfolio, 14 of which are ranked among the top 50 Kantar's global brands, P&G has recently decided to focus on its most relevant brands, reducing it to 65, covering different product categories. Notwithstanding Unilever's higher number of brands operating worldwide, P&G's ones are top players in more categories compared to them: as a matter of fact, they reach a wider number of customers and sales, as highlighted in the figure below.

	Unilever	P&G
# employees	149,000	106,000
Net sales	52.4 billion €	76 billion €
Net profits	6.6 billion €	14 billion €
# brands	400 +	65
# consumers	2.5 billion	5 billion
# countries	190	180
International Strategy	Transnational Strategy	Transnational Strategy
Brand Strategy	House of brands	House of brands
Product categories	Food & Refreshments, Home Care and Beauty & Personal Care	Fabric Care, Home Care, Baby Care, Feminine Care, Family Care, Grooming, Oral Care, Personal Health Care, Hair Care and Skin & Personal Care

Figure 3.10: Comparison between Unilever and Procter & Gamble<sup>19</sup>

With their sustainability plans, “*Unilever Sustainable Living Plan*” and “*Ambition 2030 environmental sustainability goals*”, they both show their strong commitment towards sustainability. In particular, both strategies cover key points as a sustainable supply chain, waste management solution, responsible production and attention to their customers and employees. Moreover, as previously mentioned, both plans are committed towards the achievement of UN SDGs.

<sup>19</sup> The conversion rate USD – EUR at the 6<sup>th</sup> September 2022 is 1:1



## D Chapter 4

The following Chapter focuses on the identification of the actions Unilever and P&G are implementing to sustain Agenda 2030 achievement. The starting point is to identify some SDGs that are relevant in the consumer goods industry: the report published by the *Business & Sustainable Development Commission* “SDGs & Sectors: a review of the business opportunities”, points out SDGs 2, 3, and 12 as the mostly addressed by companies in the FMCG industry since they provide different growth opportunities. The study of the selected SDGs definitions, targets and indicators allow to have a complete overview of the issues and the progresses achieved. In particular, SDG 2 focuses on hunger and malnutrition, SDG 3 on good health and wellbeing, and SDG 12 on sustainable consumption and production. Moreover, the role that the private sector could play to foster SDG achievement has been further investigated providing interesting insights such as:

- For SDG 2, companies can collaborate with farmers to strengthen their ability to produce high quality food at competitive price, help to develop food production exploiting local resources and partner with NGOs and governments to identify and implement new sustainable business practices;
- For SDG 3, companies can, on the one hand, promote wellbeing and improve conditions of workers at every stage of the supply chain and, on the other hand, they can target consumers wellbeing, spreading awareness and offering high quality products. Corporations can also play a crucial role in disaster mitigations since they can donate products and resources to help communities in need;
- For SDG 12 it is important to reduce manufacturing inputs, adopt recycling solution and modularity, and reduce energy consumption and emissions. Moreover, companies can educate consumers on the importance of sustainable consumption and suggest practical steps for moving towards a sustainable lifestyle.

This analysis allows to identify the SDG-related actions and to actually understand what multinational companies, as Unilever and Procter and Gamble, are doing to address sustainability issues. The methodology consists in an investigation: the sustainability reports of the companies published in the last 3 years have been collected, as well as articles published on their websites, and analyzed in order to identify their contribute with concrete actions.

## 4.1 SDGs' selection

In the following Chapter the SDGs mostly targeted by companies operating in the consumer good industry are going to be investigated: in particular, SDG 2, SDG 3 and SDG 12 have been identified by the report published by the *Business & Sustainable Development Commission* “SDGs & Sectors: a review of the business opportunities” as the mostly addressed by companies operating in this sector. Indeed, corporations can exploit several opportunities generated from SDGs adoption into their strategies:

- **Innovation and market development:** by addressing SDG 2 and SDG 3, they can develop affordable nutritious food and improve access for bottom of the economic pyramid, design new business model to ensure sustainable food production and develop pro-poor business models and partnerships in the value chain. This represents a huge business opportunity for companies, as the *Organic Trade Organization* estimated that in just 10 years the organic food and beverage production has grown from \$1 billion to more than \$26 billion;
- **Efficiency and cost savings:** improving productivity and yields upstream in agriculture and farming, thus improving efficiency and generating cost savings (SDG 2 and SDG 12). An analysis performed in 2006 on agroecological methods based on 286 projects in 57 countries in the developing world, for instance, showed that lands increased productivity by 64% thanks to improvement in water efficiency and carbon sequestration and reducing pesticide use (CID);
- **Reputation management:** tackling SDG 2, SDG 3 and SDG 12 they can manage negative environmental and social impacts and supply chain risks. Indeed, by working for the improvement of customers and suppliers living conditions,

companies can generate a positive sentiment around them, increasing loyalty and trust for their brands; moreover, tackling wastes and emission, they can have a positive impact on the environmental itself;

- **Risk reduction:** lastly, addressing the three SDGs above mentioned, they can improve the resilience of the agricultural system and meet what is required from regulation/taxation (as sugar/fat tax, extended producer responsibility, emission standards). Meet the requirements of new regulations is important to keep high level of sales: research by the *British Medical Journal*, for example, found out that sales of sugary drinks in Mexico felt by 12% after the introduction of a sugar tax in 2014.

## 4.2 SDG 2



Figure 4.1: SDG 2 – Zero Hunger

SDG 2 – Zero Hunger seeks to end hunger and malnutrition by 2030, ensuring access to safe, sufficient and nutritious food and promoting sustainable agriculture. This is extremely important, as extreme hunger represents a barrier to sustainable development, since malnourished individuals are less productive, more prone to disease and, thus, often unable to earn more and improve their livelihoods (UN, 2019). After decades of decline, the number of people suffering from hunger (measured in terms of undernourishment) started to slowly increase again in 2015: the current estimation shows that 690 million people in the world are hungry (representing the 8.9% of the global population), most of them coming from Asia and Africa (381 million and 250 million respectively). In 2019, about 2 billion people did not have regular access to safe, sufficient and nutritious food, 144 million children under the

age of 5 were affected by stunting<sup>20</sup>, most of them coming from Southern Asia and sub-Saharan Africa, and the 6.9% of them (that is to say 47 million) were affected by wasting, or acute undernutrition, because of their limited nutrient intake and infections (UN, 2020). If the situation will remain unchanged, 840 million people are expected to go hungry by 2030. What the world is expected to do to provide “food security” to all requires a multidimensional approach, starting from social protection to safeguard nutritious and healthy food, till the transformation of the food system to achieve a more inclusive and sustainable world, through investments in rural and urban areas, social protection to provide equal access to food and, consequently, improve people’s life (UN, 2019). To face the challenges posed by the UN, SDG 2 has been further developed in 8 targets and 14 indicators, reported below (UN Statistics Division, 2022):

- **Target 2.1 – Universal access to safe and nutritious food:** by 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round;
  - **Indicator 2.1.1:** Prevalence of undernourishment;
  - **Indicator 2.1.2:** Prevalence of moderate or severe food insecurity in the population, based on the *Food Insecurity Experience Scale* (FIES);
- **Target 2.2 – End all forms of malnutrition:** by 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons;
  - **Indicator 2.2.1:** Prevalence of stunting (height for age  $< -2$  standard deviation from the median of the *World Health Organization* (WHO) *Child Growth Standards*) among children under 5 years of age;
  - **Indicator 2.2.2:** Prevalence of malnutrition (weight for height  $> +2$  or  $< -2$  standard deviation from the median of the WHO *Child Growth Standards*) among children under 5 years of age, by type (wasting and overweight);
  - **Indicator 2.2.3:** Prevalence of anemia in women aged 15 to 49 years, by pregnancy status (percentage);

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<sup>20</sup> Low height for age

- **Target 2.3 – Double the productivity and income of small-scale food producers:** by 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment;
  - **Indicator 2.3.1:** Volume of production per labor unit by classes of farming/pastoral/forestry enterprise size;
  - **Indicator 2.3.2:** Average income of small-scale food producers, by sex and indigenous status;
- **Target 2.4 – Sustainable food production and resilient agricultural practices:** by 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality;
  - **Indicator 2.4.1:** Proportion of agricultural area under productive and sustainable agriculture;
- **Target 2.5 – Maintain the genetic diversity in food production:** by 2020, maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge, as internationally agreed;
  - **Indicator 2.5.1:** Number of (a) plant and (b) animal genetic resources for food and agriculture secured in either medium- or long-term conservation facilities;
  - **Indicator 2.5.2:** Proportion of local breeds classified as being at risk of extinction;
- **Target 2.a – Invest in rural infrastructure, agricultural research, technology and gene banks:** increase investment, including through enhanced international

cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries;

- **Indicator 2.a.1:** The agriculture orientation index for government expenditures;
- **Indicator 2.a.2:** Total official flows (official development assistance plus other official flows) to the agriculture sector;
- **Target 2.b – Prevent agricultural trade restrictions, market distortions and export subsidies:** correct and prevent trade restrictions and distortions in world agricultural markets, including through the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round;
  - **Indicator 2.b.1:** Agricultural export subsidies;
- **Target 2.c – Ensure stable food commodity markets and timely access to information:** adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility;
  - **Indicator 2.c.1:** Indicator of food price anomalies.

Notwithstanding the numerous actions and partnerships developed from 2015 to tackle this grand issue (e.g., *International Fund for Agricultural Development, Food and Agriculture Organization, World Food Programme*), the world is struggling to reach the target defined in *Agenda 2030*. Indeed, even before pandemic spread, the number of people experiencing hunger and food insecurity was increasing, due to a combination of growing conflicts all over the world, climate-related shocks and widening inequalities among citizens. Covid-19 in 2020 and the war in Ukraine from March 2022 worsened even more the situation, provoking higher levels of hunger and undernutrition, especially among the poorest and most vulnerable: in 2021, there were 150 million people more than 2019 facing hunger and 1 out of 3 people experienced food insecurity, meaning that they lacked regular access to the adequate amount and quality of food. The most worrisome situations come from the sub-

Saharan Africa, followed by Central and Northern Asia, Latin America and the Caribbean<sup>21</sup>. As previously mentioned, in 2022 the situation worsened even more, as Ukraine and the Russian Federation have always been large producers and exporters of important food commodities, fertilizers, minerals, energy, grains and sunflower seeds. As a consequence, import-dependent countries (many African and Less Developed Countries imported more than the 50% of their requirements from them) are vulnerable to rising food costs and supply chain disruptions: in March 2022, global food prices increased by 30% compared to the same time the previous year, thus making the threat of malnourishment and stunting even more real (SDG Progress Report, 2022).

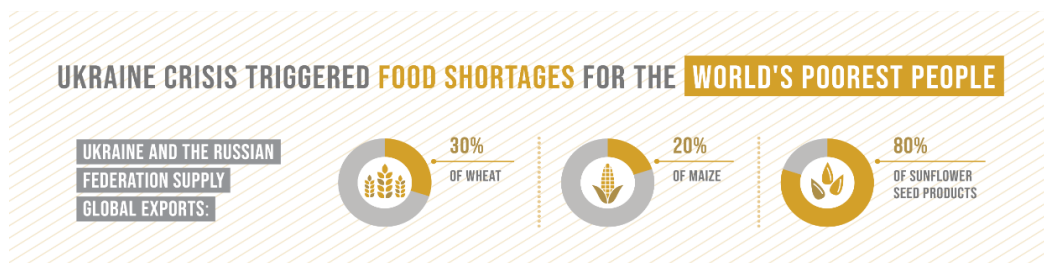


Figure 4.2: SDG Progress Report 2022: the impact of the Ukraine war on food supply chains (SDG Progress Report, 2022)

Figure 4.3 provides a visual representation of the worsened scenario the world is facing in the reduction of hunger since SDG adoption in 2015, representing the change in share of the population that is undernourished, that is to say individuals who have a habitual energy intake lower than their requirements, between 2015 and 2019 (Indicator 2.1.1):

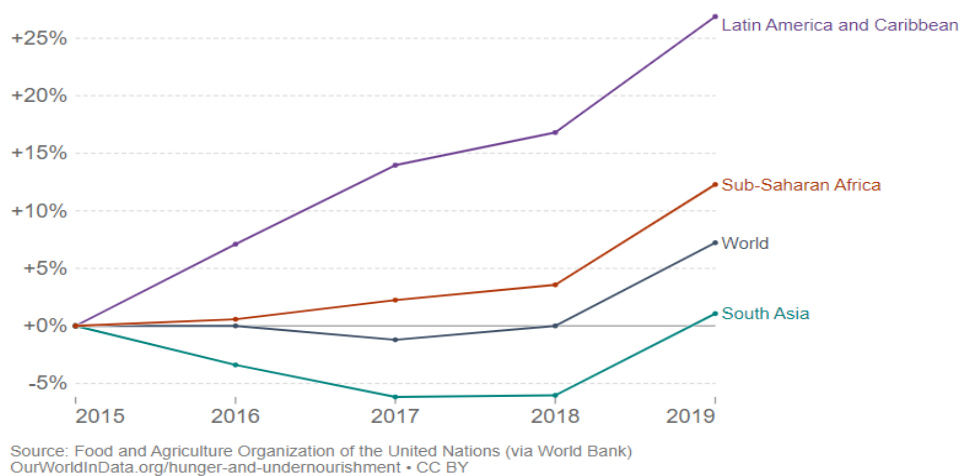


Figure 4.3: Change in share of people that is undernourished 2015-2019 (SDG Tracker, 2020)

<sup>21</sup> See Figure 4.3 for a visual representation of increase share of people malnourished in the areas mentioned in the text

In this complex scenario, the private sector can contribute to solve these grand challenges, eliminating hunger and improving food and agricultural systems, through the implementation of sustainable practices and working in partnership with other actors across the agricultural value chain (starting from inputs and raw materials, till production, distribution and retail) to transform the food and agriculture system into a more sustainable and functioning one. Leveraging on the opportunities it can generate from the introduction of the “Zero Hunger” issue in their strategies, firms can generate value from SDGs adoption (UN Global Compact and KPMG, 2016):

- they could collaborate with farmers, traders and food processors to increase productivity, storage, logistics and market efficiency, thus strengthening their own supply chains and producing at the same time high quality, safe and nutritious food (as required by SDG 2) at competitive prices;
- they can link agricultural communities, traders and food processors to capital, helping them to develop their farming platforms’ and markets’ capabilities, leveraging on the power of mobile networks to provide them real time access to markets and mobile payments and helping them to develop sustainable agricultural technologies, intensifying the collaboration with academics and scientific institutions;
- they could help local food producers to develop regional variations of fortified food products to address the nutritional needs of each community and support the developing of innovative solutions (like using plant, aquaculture, insect-based, synthetic or other proteins) to guarantee food security for a growing world population, consequently increasing their own demand and revenues, and increase company’s contribution to biodiversity;
- they can create partnerships among other businesses and join governmental organizations (e.g., *Scaling Up Nutrition Business Network*) to work together toward the identification of new sustainable business opportunities and implement responsible agricultural business policies in accordance with what defined by international standards to guarantee that business practices and investments are not against human or land rights, demonstrating transparency in their agricultural supply chains (e.g., *Committee for World Food Security’s Principles for Responsible*



*Agricultural Investment, UN Global Compact's Food and Agriculture Business Principles).*

Some indicators are useful to monitor which is the contribution of each company toward the achievement of SDG 2, as the targets defined by the UN are not at the firm level but at a country one (SDG Compass, 2022):

1. *GRI G4 Food Processing Sector Disclosures*, FP2: percentage of expenditure volumes in compliance with international standards of responsible production;
2. *GRI G4 Food Processing Sector Disclosures*, FP5: percentage of production volumes manufactured in locations certified by a third party according to international food safety standards;
3. *GRI G4 Food Processing Sector Disclosures*, former FP4: nature, scope and effectiveness of any program (like in-kind contributions, volunteer activities, knowledge transfer, partnerships and product development) aiming at promoting access to healthy lifestyles, prevention of chronic diseases, access to safe, nutritious and affordable food and improved welfare for communities in need;
4. *UN Global Compact – Oxfam Poverty Footprint*, PF – 16.5: (i) approximate percentage of rural farming households with sustained access to land, including commons where relevant; (ii) trend in recent years (increasing, decreasing, stable); (iii) approximate proportion of smallholders in value chain which has secured legal title to land.

Even if most of the companies committed to SDG 2 are operating in the agricultural sector, every company coming from different sectors could play an important role toward the fight against hunger. In the following paragraphs, the examples of Unilever and P&G are going to be further investigated.

### 4.2.1 Unilever

Unilever has always been committed toward the achievement of a more sustainable global food system, especially through its global brands that have a long heritage in improving nutrition for more than a century: Knorr, Lipton and Hellmann's are examples of brands involved in the delivering of good quality food even before SDG introduction by the UN in 2015: in the early 2000, they published their "*Nutrition Policy*", followed by the "*Nutrition Enhancement Programme*", through which they reviewed all their product portfolio to assess salt, sugar and saturated fat content and define actions for improvement. Nowadays, with their "*Future Food*" strategy, they are setting standards and refinements to help people transition toward healthier diets and reduce the environmental impact of their food chain. The "positive nutrition" goals Unilever defined are in line with what required by the UN to achieve SDG 2 (Future Food, 2020):

- By 2025-2027, they want to achieve €1 billion annual sales from plant-based meat and dairy alternatives;
- By 2025, double the number of products sold delivering positive nutrition<sup>22</sup>;
- By 2022, the 70% of their product portfolio should be aligned with the nutritional standards set by the WHO;
- By 2025, 95% of packaged ice cream should contain no more than 22g total sugar and no more than 250 kcal per serving;
- By 2022, 85% of the Foods portfolio must help customers to reduce their salt intake to no more than 5g/day.

Unilever is not acting only on the "technical side", but they are also engaging in campaigns to promote healthy habits among citizens, through behavioral change programs with food menus affordable also for the poorest people, training and capacitating chefs on balanced menus and plant-based eating and marketing communications that promote health message based on science. Indeed, an important component of the company's contribution to fix what they claim to be a "broken" food system is innovation, through which they are developing new foods and beverages to improve people's diet and the planet: Hive (located in the

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<sup>22</sup> Defined as products containing relevant amount of vegetables, fruits, proteins, fiber, unsaturated fatty acids or micronutrients such as iodine, iron, vitamins and zinc

Wageningen Campus in the Netherlands, the so called Silicon Valley of Food) and Colworth (in the UK) are two of the Unilever's *Food Innovation Center* committed toward the development of new products that taste good, feel good and are a force for good. Hive, for example, grows and nurtures some of Unilever's most appreciated food brands, like Knorr and Hellmann's, while Colworth is the global ice cream R&D headquarter. SDG 2, together with all the other goals set by the UN, requires partnerships with governments, health authorities and NGOs to be addressed. Unilever is aware of the fact that to achieve good results they must cooperate with other organizations: in autumn 2021, for example, they supported the *UN Food System Summit*, which brought together government and organizations from all over the world interested in transforming the food system. In this occasion, Unilever engaged with other leaders in important coalitions for action promoted by the *World Economic Forum* (WEF) and *World Business Council for Sustainable Development* (WBCSD): they devoted €30 million to the GAIN<sup>23</sup>-led *Zero Hunger Pledge* to sustain programs for agricultural interventions supporting sustainable practices; they led the design of Innovation Hubs in Europe, Latin America, Africa, India and Vietnam and stimulated the involvement of countries and more than 20 private and public sector organizations; they participated in the creation of the "*Innovation Policy*" document promoted by the UN, in which their proposal to devote 1% of their food systems budget (GDP) to innovation and R&D has been widely supported by the scientific community. As previously mentioned, Unilever is exploiting the power of its global brands involved in the food chain to transform people's habits and improve the resilience of the planet itself: an important example is provided by the "*Future 50 Foods*" report published in 2019 by Knorr in partnership with WWF and Dr. Adam Drewnowsky, Director of the *Center for Public Health Nutrition* at the University of Washington. The report wants to promote the consuming of 50 nutritious plant-based ingredients, selected as they present high nutritional value and relative low impact on the environment. Indeed, the "*WWF's Living Planet Report*<sup>24</sup>", published in October 2018, showed that the 75% of the world's food supply comes from 12 crops and five animal forms, meaning that the world relies on a small range of food, which could not be enough to nourish the increase of ten billion people expected in

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<sup>23</sup> Global Alliance for Improved Nutrition

<sup>24</sup> WWF's Living planet report available [here](#)

the global population by 2050. Rice, maize and wheat represent nearly the 60% of calories intake from plants in the entire human diet, excluding valuable sources of nutrition (such as vitamins and minerals) and provoking biodiversity loss to the environment. The collaboration within Unilever and WWF aims at providing a tangible solution to decrease the environmental impact of our food system, increasing at the same time the nutritional value of people's meals. The 50 foods identified are vegetables, plant-based sources of protein, varieties of grains, cereals and nutrient rich sources of carbohydrates, with lower impact on the environment compared to the foods we are consuming now. Most of the solution proposed have higher yields compared to similar crops, representing a valuable alternative also for smallholder farmers, while several are also tolerant to challenging weather and environmental conditions, thus being even more valuable in face of the climate change the world is experiencing. Important awareness raising campaigns are sustaining the implementation of the program into practice: more than 400 Unilever chefs created recipes exploiting the "future" foods which appeared on websites, packaging and in stores to inspire and educate consumers, Knorr Professional Chefs are working in partnership with Sodexo to exploit the "Future 50 Foods" into their thousands of kitchens in ten countries, together with partnerships with NGOs to support the implementation of the program also in less developed countries.



Figure 4.4: Recipe book published by Knorr and WWF to promote the implementation of the program

For example, Unilever joined the *Farm to Market Alliance* (FtMA), supporting them in developing of a sustainable, inclusive and profitable agricultural sector in Africa, a region where the levels of hunger and malnutrition are still unacceptably high. The new partnership will leverage on the FtMA's Farmer Service Centre model and Unilever's consumer

experience to sustain African smallholders in the implementation of crops involving the” Future 50 Foods”. In this way, they will promote healthier and accessible diets in the continent and, at the same time, ensuring a decent income to smallholders farmers. Indeed, as mentioned above, the “new” 50 foods are particularly suitable for them as they present great yields and most of them are resilient to extreme weather conditions. The pilot project is the promotion of finger millet in Kenya, which grows in conditions where other crops such as maize, wheat and rice don’t prosper as well. Moreover, being it a good source of fibre, vitamin B1 and essential minerals, it represents an important source of nutrition for poorest people, through which they can partially improve their health and living conditions (Future 50 Foods, 2019). The partnership Unilever established with the FtMA shows their engagement in providing consumers’ access to high quality diets, with nutritious and diversified sources of foods; it is worth to mention that they are committed toward the delivery of healthy food choices and accessibility also to their suppliers and producers, as Unilever recognizes that better health for them does not only improve their living conditions, but also increases their productivity and loyalty, creating in turn financial benefits for the company and a more sustainable and resilient supply chain. The “Seeds of Prosperity” is an example of program Unilever is implementing since 2015, in partnership with GAIN and the *Sustainable Trade Initiative* (IDH), to improve nutrition and wellbeing of workers on tea estates. Tea, indeed, is a commodity with growing demand and relatively limited number of estates, thus increasing the bargaining power of suppliers, which are free to decide to which corporation they want to sell. For this reason, it becomes fundamental for a multinational company like Unilever to establish a good relationship with its suppliers, strengthening their loyalty to the company and gaining local support. Moreover, surveys conducted on worksites found out that malnutrition was a greater problem among tea workers than in the general population, which causes absenteeism and a reduction in productivity. To address the problem, the “Seed of Prosperity” program is articulated in two main actions aiming at improving people’s diet:

- **Increasing the demand for good nutrition**, generating awareness around its importance for health and wellbeing, through campaigns and trainings explaining why it is important to have a diverse diet, what it should entail and which are the actions estate workers could make in order to improve their diets. The campaigns

have been designed in order to stimulate the interest and active participation of the population, including for example cooking demonstrations and competitions, street plays, nutrition games in schools, wall painting, poster campaigns and videos on nutrition;

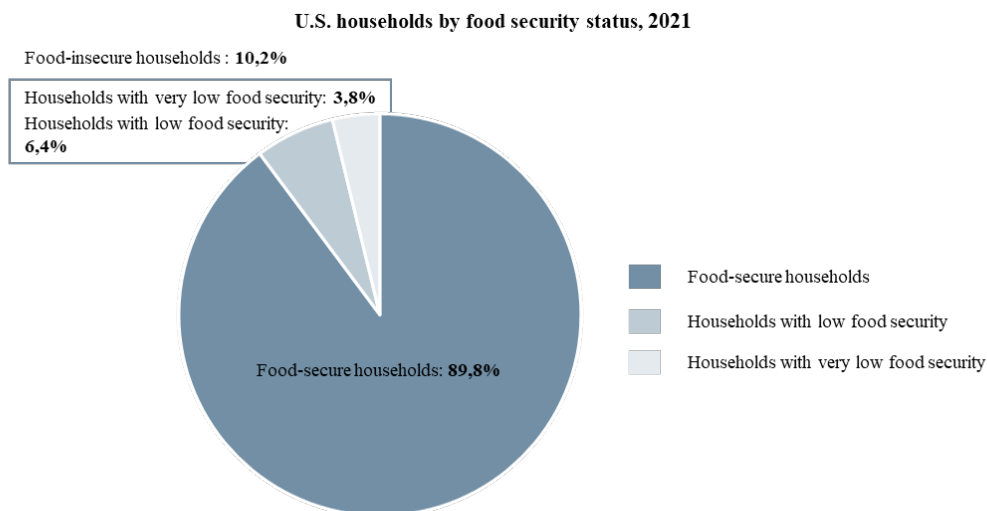
- **Increasing the access to healthy food in the local community**, establishing community kitchen gardens, fruit orchards, encouraging food growing at home and increasing the supply of fruit and vegetables in local shops.

The pilot project of this initiative was launched in 2015 in Tamil Nadu, India, where 2,600 tea workers were supplying Unilever's Ekaterra, in partnership with the local NGO Solidaridad and Dharma Life. This location has been selected among the others possible for the first test as it represents a progressive state with high standards of education and health literacy. The program, developed as a nine-week intervention, achieved great results, demonstrating improvement in dietary diversity and improvement in workers' satisfaction with their employment. Given the success of the program, it is now applied in Assam, aiming at reaching 110 estates and 165,000 workers, where it has been adapted to the local conditions of tea workers. Indeed, Assam's workers are poorer and with lower literacy levels compared to Tamil Nadu, and it required several adaptations to obtain the best possible results also in this region: among others, the most significant transformation regards the length of the program, as it is not anymore a nine-week project but it has been extended to a year-long one, as through this longer-term perspective it is more likely to achieve the behavioral changes required to improve workers' life. Thanks to the great commitment Unilever shows in the promotion of positive nutrition and SDG 2, the *World Benchmarking Alliance* put the consumer good giants in the first position in its ranking of 350 food companies' environmental, social and nutritional impact, as they are showing leading practices and best performances across all measurement areas.

### 4.2.2 Procter and Gamble

P&G, since they do not have a food-focused business unit, has a very different approach towards the zero-hunger objective compared to Unilever. Indeed, its actions are majorly concentrated on donations to no profit organizations that contribute to helping people in need. Nevertheless, it is relevant to emphasize how the company is able through other actions to indirectly contribute to the improvement of nutrition in the world. Procter & Gamble has been a long-time donor to Feeding America, the leading hunger-relief organization in US. Its vision is “an America where no one is hungry”.

According to the US Department of Agriculture, more than 34 million people, including 9 million children, in the United States are food insecure. Food insecurity is defined by FAO as “the lack regular access to enough safe and nutritious food for normal growth and development and an active and healthy life. This may be due to unavailability of food and/or lack of resources to obtain food”. Hunger does not affect everyone equally. Indeed, some groups face hunger at much higher rates like children, seniors, and Black, Indigenous, and inhabitants of rural areas. The COVID-19 pandemic has increased food insecurity among families.



Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census, 2021 Current Population Survey Food Security Supplement.

Figure 4.5: US food insecurity data

P&G and its brands, donated millions of dollars in cash and products to Feeding America to help provide food to people in need through a nation-wide food bank network. With a network of 200 food banks and 60000 food pantries and meal programs they provide food and services to people in need.

In particular, P&G Bounty partnered with Feeding America to provide 10 million meals during the pandemic and also donated \$1 million to Feeding America's COVID-19 Response Fund. Donations include toilet paper, paper towels and personal care kits containing other everyday essential products and are given to families who need them most. The cash donations instead, go directly toward creating and distributing staged food boxes in the most vulnerable parts of the country, as well as providing emergency funding to food banks to meet the changing needs of the communities they serve. Even if Feeding America is a hunger-relief organization, they also support family in need in many ways. Beyond food insecurity, research has shown that low-income families in the U.S. find it difficult to afford basic essential household items that are important in maintaining good personal health and clean homes for their families. To help address these challenges, P&G and its brands have donated more than \$10 million and more than 35 million pounds of basic essential products since 1982. In the previous chapters, the link across SDGs has been analyzed and these examples strengthen this concept. By studying P&G contribution to Feeding America and the definition of hunger and food insecurity, the correlation between poverty (SDG 1) and hunger (SDG 2) is emphasized. Poverty, in the simplest sense of the word, is defined as a state where one lacks access to basic needs such as food, clothing and shelter. This relation has been studied across the decades by the UN, FAO and World Bank and it is clear that poverty and hunger are closely linked, since those who live in poverty are more likely to suffer malnutrition or hunger. In addition, it is evident that water and nutrition are closely interlinked: ensuring access to clean water can lead to improved nutrition. From this simple sentence it is possible to catch the linkages between SDG 6 (water security) and SDG 2. For this reason, despite the presence of a goal entirely dedicated to clean water access, it is relevant to mention P&G's Safe Drinking Water Program. P&G's not-for-profit Children's Safe Drinking Water Program (CSDW) has the objective to improve children health in developing countries by providing them with clean drinking water, with the help of 150 partners. Since 2004, P&G has provided more than 20 billion liters of clean water to people in need around the world. In particular, the goal is to fight clean water crisis and deliver 25



billion liters of clean drinking water by 2025, partnering with NGOs, governments, companies, and consumers. The program provides an easy-to-use water purification packet invented by P&G scientists that can clean 10 liters of water in just 30 minutes. This tool enables people anywhere in the world to purify dirty water in a simple, affordable and convenient way. The water purification packet contains a powdered mixture that has been proven to eliminate dirt, bacteria and pollutants making clean drinking water for the entire family, including infants using just a bucket, a spoon and a cloth.



Figure 4.6: Water purification process

### 4.3 SDG 3



Figure 4.7: SDG 3 – Good Health and Well-Being

SDG 3 – Good Health and Well-Being aims at ensuring health and wellbeing for all, providing universal health coverage and access to safe and effective medicines and vaccines for all. The goal addresses major health issues, such as reproductive, maternal and child health and communicable, non-communicable and environmental diseases, highlighting the important role innovation plays, thus calling for higher investments in R&D, health

financing and health risk reduction and management. To achieve the ambitious goal of universal health coverage by 2030, important actions should be implemented in order to improve child and maternal health and to reduce the circulation of HIV/AIDS, malaria and other diseases: in 2018, 6,2 million children under the age of 15 died, most of them from preventable causes, and the situation is particularly critical in sub-Saharan Africa, where children are 15 times more likely to die before the age of 5 than in high income countries; over the 40% of countries have less than 10 doctors every 10,000 habitants, resulting in insufficient health assistance and coverage for people in need; in 2017, approximately 800 women died during their pregnancy, the 94% of them coming from low and lower middle-income countries: preventing unintended pregnancy and reducing adolescent childbearing through access to sexual and reproductive health-care services are critical to improve women's and adolescent's health globally; moreover, in 2012, approximately 900,000 people died because of infections coming from fecal contamination of soil and water and because of inadequate hand-washing facilities and practices, thus highlighting the importance of drainages and awareness campaign on citizens (UN, 2019).

Ensuring healthy lives to all is not valuable only to increase people's quality of life and social participation, but also to generate social and economic growth, as "healthy people are the foundation for healthy economies<sup>25</sup>". This is evident looking at what the world faced with the spread of the Covid-19 global health crisis in 2020: it caused human suffering, upending the lives of billions of people, and it destabilized the global economy. Indeed, according to the *United Nation World Economic Prospect* (WESP, 2020), the world faced a reduction of its GDP by 3,4% in 2020 due to Covid-19 spread and the rate of improvement of the major progresses made from SDGs launched in 2015 in reducing maternal and child mortality, increasing coverage of immunization and in reducing some infectious diseases, slowed down, as some essential services have been suspended to devote all necessary resources to Covid-19 patients and to reduce the risk of contagion.

To measure the progresses of SDG, the UN defined 13 targets and 28 indicators, reported below (UN Statistics Division, 2022):

- **Target 3.1 – Reduce maternal mortality:** By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births;

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<sup>25</sup> [https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/03/3\\_Why-It-Matters-2020.pdf](https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/03/3_Why-It-Matters-2020.pdf)

- *Indicator 3.1.1:* Maternal mortality ratio
- *Indicator 3.1.2:* Proportion of births attended by skilled health personnel
- **Target 3.2 – End all preventable deaths under 5 years of age:** By 2030, end preventable death of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births;
  - *Indicator 3.2.1:* Under-5 mortality rate
  - *Indicator 3.2.2:* Neonatal mortality rate
- **Target 3.3 – Fight communicable diseases:** By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and compact hepatitis, water-borne diseases and other communicable diseases;
  - *Indicator 3.3.1:* Number of new HIV infections per 1,000 uninfected population, by sex, age and key populations
  - *Indicator 3.3.2:* Tuberculosis incidence per 100,000 population
  - *Indicator 3.3.3:* Malaria incidence per 1,000 population
  - *Indicator 3.3.4:* Hepatitis B incidence per 100,000 population
  - *Indicator 3.3.5:* Number of people requiring interventions neglected tropical diseases
- **Target 3.4 – Reduce mortality from non-communicable diseases and promote mental health:** By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being;
  - *Indicator 3.4.1:* Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease
  - *Indicator 3.4.2:* Suicide mortality rate
- **Target 3.5 – Prevent and treat substance abuse:** Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol;
  - *Indicator 3.5.1:* Coverage of treatment interventions (pharmacological, psychosocial and rehabilitation and aftercare services)

- **Indicator 3.5.2:** Alcohol per capita consumption (aged 15 years and older) within a calendar year in liters of pure alcohol
- **Target 3.6 – Reduce road injuries and deaths:** By 2030, halve the number of global deaths and injuries from road traffic accidents;
  - **Indicator 3.6.1:** Death rate due to road traffic injuries
- **Target 3.7 – Universal access to sexual and reproductive care, family planning and education:** By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs;
  - **Indicator 3.7.1:** Proportion of women of reproductive age (aged 15-49 years) who have their need for family planning satisfied with modern methods
  - **Indicator 3.7.2:** Adolescent birth rate (aged 10-14 years; aged 15-19 years) per 1,000 women in that age group
- **Target 3.8 – Achieve universal health coverage:** Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all;
  - **Indicator 3.8.1:** Coverage of essential health services
  - **Indicator 3.8.2:** Proportion of population with large household expenditures on health as a share of total household expenditure or income
- **Target 3.9 – Reduce illnesses and deaths from hazardous chemicals and pollution:** By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination;
  - **Indicator 3.9.1:** Mortality rate attributed to household and ambient air pollution
  - **Indicator 3.9.2:** Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe Water, Sanitation and Hygiene for All (WASH) services)
  - **Indicator 3.9.3:** Mortality rate attributed to unintentional poisoning

- **Target 3.a – Implement the WHO Framework Convention on Tobacco Control:** Strengthen the implementation of the WHO *Framework Convention* on Tobacco Control in all countries, as appropriate;
  - **Indicator 3.a.1:** Age-standardized prevalence of current tobacco use among persons aged 15 years and older
- **Target 3.b – Support research, development and universal access to affordable vaccines and medicines:** Support the R&D of vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries, provide access to affordable essential medicines and vaccines, in accordance with the *Doha Declaration on the TRIPS Agreement and Public Health*, which affirms the right of developing countries to use to the full the provisions in the *Agreement on Trade-Related Aspects of Intellectual Property Rights* regarding flexibilities to protect public health, and, in particular, provide access to medicines for all;
  - **Indicator 3.b.1:** Proportion of the target population covered by all vaccines included in their national program
  - **Indicator 3.b.2:** Total net official development assistance to medical research and basic health sectors
  - **Indicator 3.b.3:** Proportion of health facilities that have a core set of relevant essential medicines available and affordable on a sustainable basis
- **Target 3.c – Increase health financing and support health workforce in developing countries:** Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States;
  - **Indicator 3.c.1:** Health worker density and distribution
- **Target 3.d – Improve early warning systems for global health risks:** Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks;
  - **Indicator 3.d.1:** International Health Regulations (IHR) capacity and health emergency preparedness

- **Indicator 3.d.2:** Percentage of bloodstream infections due to selected antimicrobial-resistant organisms.

As previously mentioned, Covid-19 worsened the progresses achieved since 2015, disrupting essential health services, shortening life expectancy and increasing inequities in access to health services between poorer and richer countries, but at the same time showing how both rich and poor countries can suffer poverty and bankruptcy because of health emergencies. Detailed data on the impact Covid-19 had toward the achievement of universal health coverages are not available yet, but is likely that the results achieved over the last two decades have been halved (SDG Progress Report, 2022): with the combined impacts pandemic had on the health and economic situation, people are facing higher financial constraints in accessing care, particularly those who were already disadvantaged; moreover, health workers, already in short supply before 2020, become even scarcer: indeed, even if globally the density of doctors per 10,000 increased, the disparities among regions worsened, with an estimation of 40 medical doctors per 10,000 in Europe and only 2 in sub-Saharan Africa. The major impacts Covid-19 had on global health are summarized in [Figure 4.8](#).

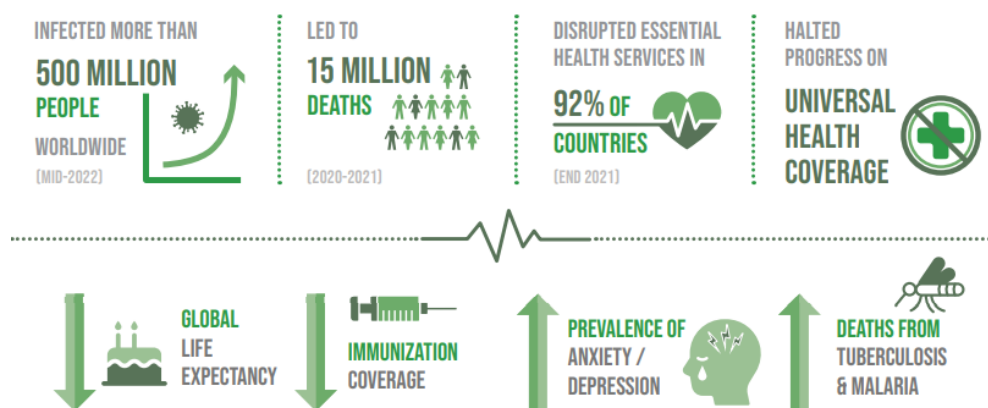


Figure 4.8: Major impact of Covid-19 on global health (SDG Progress Report, 2022)

To tackle the new health challenges and accelerate progresses, all actors need to partner to develop new healthcare solutions: in this complex scenario, the private sector plays an important role, as through their products, businesses and global value chains can support the delivery of healthy needs around the globe, for instance ensuring that workers have access to safe working conditions, which can also have, in turn, positive effects on their productivity. Indeed, poor health limits economic opportunities and is strongly connected to

poverty issues. By including the “Healthy issue” in their strategies, companies can generate value for their own businesses (UN Global Compact and KPMG, 2016):

- They can improve working conditions across their value chains and provide employees and their families with health care services and insurance, aligning human resource policies with principles of human rights, thus increasing their loyalty to the company, reducing their turnover rate and improving productivity;
- They can help consumers understand the importance of healthier lifestyles and promote its adoption by offering wide range of healthy food and beverage choices and raising customers’ awareness of the importance of nutritious diets, physical activities, personal care and hygiene, partnering with NGOs and public clinics to inform educational sources, school curricula and school meals to promote healthy lifestyles also among teenagers;
- They could increase investments in nutraceuticals including food to address anti-microbial resistance and eliminate antibiotics for daily use in food production;
- They can elaborate disaster mitigation plan and preparedness plans (including emergency first aid and rescue skills) to sustain employees’ and their communities’ health and resilience in locations at high risk, providing them physical and psychological support after disaster events.

To monitor how business players are making an effort to help the world achieve universal health coverage by 2030, some useful indicators are provided by the SDG Compass (SDG Compass, 2022):

1. *Access to Medicine Index, C.III.1*: portion of financial R&D investments dedicated to *Index Diseases* out of the company’s total expenditures R&D;
2. *CEO Water Mandate’s Corporate Water Disclosure Guidelines*: percentage of facilities adhering to relevant water quality standards;
3. *GRI G4 Sustainability Reporting Guidelines, G4-LA6*: type of injury and rates of injury, occupational diseases, absenteeism and number of work-related fatalities, divided by region and by gender;
4. *Oxfam Poverty Footprint, PF-14.4 (B)*: identification of the impact Company’s health services developed for workers has on the entire community members and how many people benefited from this service.

### 4.3.1 Unilever

Unilever is leveraging on its brand portfolio to improve health, hygiene and wellbeing at scale: by the end on 2020, they already reached over 1.3 billion people with their global programs, 625 million of them through on-ground programs and 715 million through TV commercials, and they are keep on exploiting the power of their brand developing new initiatives, especially after Covid-19 spread in 2020, with the goal of reaching 1 billion people per year by 2030. Working to improve people's wellbeing entails different aspects, such as the social, economic and cultural ones, and the physical environment in which people live. Unilever's actions to sustain the implementation of SDG 3 are focused on the following aspects:

- **Mental wellbeing and self-esteem:** a research conducted by Dove<sup>26</sup> (Dove Beauty & Confidence report) shows that 8 out of 10 girls renounce to important life activities when they are not feeling good in the way they look, while 7 out of 10 stops eating or decide not to see a doctor, putting their health at risk. The data are even more worrying for adult women: 9 out of 10 would renounce to a health visit when they are not feeling comfortable with their appearance. To face this important issue and improve the women's mental wellbeing, together with their self-esteem, Unilever developed several projects: in 2020, for example, they rebounded the "*Dove Self-Esteem Project*", with the goal to empower 250 million young people by 2030<sup>27</sup>, offering free confidence-building workshops for classrooms and educational activities for parents, mentors and youth leaders; moreover, they are modifying their advertising campaign to offer a more inclusive idea of beauty: in 2018 they launched Dove's "*No Digital Distortion*", a project that aims at the elimination of images' digital alteration to reduce the perception that media and advertising are setting unrealistic standards of beauty that women struggle to achieve putting their physical and mental health at risk.

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<sup>26</sup> Unilever's largest Beauty & Personal Care brand

<sup>27</sup> The project, launched in 2005, already reached 82 million young people, positioning itself as the world's biggest provider of self-esteem education





Figure 4.9: Dove “No Digital Distortion” campaign

With their body confidence and educational programs, Unilever managed to achieve its 2015’s and 2020’s targets of 40 million people helped in advance, reaching by the end of 2020 more than 69 million people worldwide, which creates positive business opportunities for Dove itself, as it creates direct linkages within the self-esteem project and brand equity;

- **Hand hygiene:** according to UNICEF, every 30 seconds a child dies because of pneumonia or diarrhea, resulting in more than 1.2 death under the age of five per year. The simplest but most effective way to prevent those deaths is handwashing with soap: researches show that it can reduce diarrheal diseases by 45% and pneumonia by 23%. To help the world overcoming this problem, Unilever is exploiting its soap brand Lifebuoy to help improve people’s washing habits and, consequently, their hygiene and health, creating accessible hygiene products and promoting healthy habits: since the launched of USLP, they reached 486 million people in 30 countries across Asia, Africa and Latin America with on-ground programs, such as school educational campaigns, the “*H for Handwashing*” campaign to reach children at school in the early ages of their life and “*Mum’s Magic Hand*” program, developed in partnership with Oxfam which exploit interactive storytelling and emotional motivators to promote effective handwashing among poorer communities, and around 587 million people worldwide through TV advertising. Lifebuoy is also working to tackle the limited number of doctors available for every citizens, especially in rural areas and low-income countries, providing access to visit and health care service through mobile programs: in 2019 they launched “*Mobile Doctarni*”, a voice-based service that delivers health and hygiene information to mothers living in India’s rural areas, where access to doctors and information is limited. Unilever

developed the project partnering with the NGO The Power of Nutrition, and they are aiming to reach 2,7 million mothers in India and replicate the model in other locations. In 2020 they developed “*Telehealth*”, a platform offering health consultations delivered via mobile phones services. This is particularly useful in some areas of the world where managing to have a real visit with a doctor is challenging: in Vietnam, India, Indonesia, Bangladesh and Pakistan, the number of doctors available is insufficient to cover the demand, and the presence of a digital platform can make health consultation accessible to a wider number of people. Since the launch of new platform in 2020, it helped more than 300 million people to be visited by a doctor, 10 million of them coming from Vietnam, 3 million in Indonesia and 25 million in India;

- **Sanitation:** according to the WHO, the 50% of people in the world faces health diseases as they lack access to clean water and safe toilet; since hygiene and safe sanitation condition are essential to guarantee health, improving the current situation is fundamental to achieve the ambitious targets defined by the UN with SDG 3. Unilever is leveraging on the hygiene brands inside its portfolio to provide better sanitation to everyone: an important example is provided by the campaign “*Cleaner Toilets, Brighter Future*” that Unilever launched through its sanitation brand Domestos in 2018. The program has been developed as 443 million school days every year are lost because of unsafe sanitation and waterborne illness, thus putting at risk not only children’s health, but also the overall quality of their education. The program aims at providing janitors, teachers and children capabilities and instruments required to maintain school facilities accessible and clean, spreading the knowledge acquired to the entire community: between 2018 and 2020, the program helped more than 213,000 children in less developed countries. Moreover, Domestos is working in partnership with UNICEF since 2012, devoting the 5% of their revenues toward the improvement of sanitation in India<sup>28</sup>. In 2016, Unilever partnered with other businesses (such as Kimberly-Clark, Firmenich and Lixil) to fund the “*Toilet Board Coalition*” aiming at helping the “sanitation economy” in less developed

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<sup>28</sup> In 2021, for example, they devoted € 1,5 million to the initiative

countries, providing investments, leadership and mentorship to enterprises willing to improve access to safe toilets: thanks to the program, they managed to improve the life of more 2,2 million people in 5 years of implementation;

- **Oral health:** Unilever Smile oral care brands, such as Pepsodent, Signal, P/S, Mentadent, Aim and Prodent, conducted a research on oral health among people, finding out that poor oral health is negatively affecting children's self-esteem and their school performances, while, according to the WHO, oral diseases are affecting one in two people globally. The solution to oral care problems is simple, but in less developed countries requires several efforts to be implemented properly: indeed, brushing teeth regularly and have periodic professional dental care visit can improve oral health by 90%, but in most of poorer countries there is a shortage of the proper oral health services and dentists and high treatment costs. Unilever is working to improve the situation offering free dental checks, TV adverts promoting the importance of oral health and hygiene and "*Brush Day & Night*" educational program, through which they are teaching children correct toothbrushing techniques. Thanks to their effort, since 2010 they managed to reach more than 107 million people worldwide. As previously mentioned, most of the times having access to dentists' visits might be really expensive, especially in less developed countries, where just the 35% of people have access to oral health services: to face those difficulties of getting professional oral care in rural areas and their high costs, Unilever developed "*Teledentistry*", a platform offering dental consultation via mobile devices, through which dentists can provide professional advice to solve the problem at home and, whether this is not possible, they help patient to get access to specialized clinics. The program has been launched in south-east Asia, but Unilever's goal is to implement it worldwide and reach over 200 million people globally;
- **Skin health and healing:** skin healthcare is essential to wellbeing but in many parts of the world, people lack access to resources and medicines to treat their skin, especially for who lives in poverty. Indeed, if painful cracks, cuts or burns are untreated, they can lead to serious discomfort, infections or inability to work. To face this issue, Unilever, through its brand Vaseline, and the humanitarian organization Direct Relief launched in 2015 the "*Vaseline Healing Project*" to

support health centers and clinics that provide affordable and comprehensive services to those in need, providing them product donations, dermatological care and training for healthcare professionals. With the project, they managed to reach more than 6 million people and are working to reach 3 million more per year by 2030.

Unilever is not working only to improve its customers' living conditions, but is also trying to protect its employees' health and wellbeing, promoting a positive environment in workspaces and offering them the opportunity to find the right balance within work and life. To do so, Unilever is promoting campaign to sustain employees' mental and physical health: the "*Healthier U*" program, for example, aims at ensuring workers' health and practical support to reach their goals, together with tests and visits offered them to identify potential risk disease factors such as high glucose, high blood pressure, smoking cessation and sedentarism, and, depending on their identified risk group, they are invited to take part into programs focused on nutrition, physical activity and mental health. Thanks to those illness prevention programs, the *Occupational Illness Frequency Rate* (OIFR), which measures the number of work-related ill health cases per million hours worked, decline over years, reaching the minimum number of 0.13 in 2021, reducing, in turn, healthcare costs for the company and enhancing productivity. In 2020, after Covid 19 spread, they introduced hybrid working to safeguard employees' health and keep factories opened, together with an "*Employee Assistance Program*" available 24 hours a day 365 days a year, important to offer counselling and life coaching in stressful moments like the ones linked to pandemic. The essence of the program can be summarized in what P. Polman, Unilever's former CEO, stated during its talk at NY University on the 8<sup>th</sup> of October 2020: "Burnt-out people are not going to fix a burnt-out planet". After Covid-19 spread, Unilever started working not only to guarantee safe job places to its workers, but exploited the power of its global brand to help people in need, providing them with soap, sanitizer, bleach and food for an equivalent of € 100 million, and to provide support to their suppliers across the value chain, offering € 500 million of cash flow relief. Thanks to their R&D capabilities, they managed to develop new products able to combat the virus, such es the OMO laundry sanitizer introduced to improve laundry's' sanitation. Moreover, they partnered with governments to sustain their vaccination campaign, when the country had not the capabilities to perform it on its own:

this is the case of Indonesia, where they contributed to the distribution of 1,2 million doses of Sinovac in eight regions lacking the proper cold storage capacities (as Sinovac must be stored at a temperature of 208 degrees Celsius). Thanks to its expertise in freezing distribution developed for the ice cream business unit, Unilever has the proper knowledge and refrigeration equipment to store the vaccine in the right way and distribute it to the population.

Notwithstanding the ambitious program Unilever is implementing, the company is aware that partnerships with other businesses, governments and NGOs are required to achieve the goal defined by the UN by 2030: therefore, they are calling other business actors to follow their lead and be part of the change, showing them that address health diseases is not only contributing to the host-country SDG agenda, but is also enhancing customers' loyalty, employees' productivity and, as a consequence, their turnover.

### *4.3.2 Procter and Gamble*

P&G, being a trusted leader in the consumer good industry, plays an important role in providing resources and knowledge aimed at improving people's health and well-being. Despite food and water being among the most basic human needs, it is important to assure access to basic hygiene facilities. Following P&G multi-brand strategy, it is possible to analyze the most relevant initiatives launched by single P&G's brands. The soap brand Safeguard, with its presence in more than 15 countries with leadership market share in China and the Philippines, continues to introduce new innovations and education programs that are helping to increase families awareness of correct hygiene practices. Safeguard is the co-founder of the global handwashing day (15th of October) and plays an important role in educating millions of people and raise awareness about the benefits of handwashing with soap. In 2022, in occasion of the global handwashing day, they donated 118 million handwashes to the organization City Harvest and others across the United States to help provide basic hand hygiene to more people. In addition, they partnered with Soapy's Clean Machine, a provider of a unique handwashing technology for schools, health care facilities, hospitality services, restaurants, and other industries. P&G's Safeguard handwashing program has helped more than 72 million children by providing handwashing education and products that keep kids and families safe and healthy. Their objective is to

promote good hand-washing habits among children, since hand washing is the single most important way to prevent the spread of several diseases. To be mentioned that to effectively washing hands, clear water is needed. For this reason, the combination of Safeguard's actions and the Children's Safe Drinking Water Program, aiming at providing clean water to families lacking access, is strongly needed in the least developed countries. The importance of washing hands with soap to prevent disease, takes an even greater meaning considering the COVID-19 pandemic. Safeguard introduced several pandemic-relief efforts across countries: in the US committed to donate \$10 million to promote handwashing habits among kids and provide more underserved communities and families with free hygiene products through organizations like Save the Children, Americares and Feeding America; Safeguard Philippines supported the nation's health care frontline workers by teaming with the Philippine Red Cross to create the P&G Safeguard's *BayaniHands Project* which encourages consumers to support the Red Cross frontline workers' efforts by donating online through an e-commerce platform. P&G and Safeguard donated a total of over Php 100 million (USD 1.7 million) worth of support to promote proper handwashing, build handwashing facilities and provide hygiene kits. In 2020, Safeguard initiated the "*Spread Health Across China*" Program to provide hygiene education to 100 million people and develop correct hand washing habits via the Health Charging Stations activation in Shanghai, Hangzhou, Guangzhou, Shenzhen and 10 other cities across the country to help schools with health education and control measures. Safeguard donated more than 100,000 products to the Hubei province and helped more than 2,000 children of frontline workers with donations of kid's foaming body wash. In addition, to fight against Coronavirus Pneumonia and the COVID-19 outbreak, in 2020 P&G China team donated more than RMB 19.47 million (\$2.7 million US) to help Wuhan.

The feminine care brand Always started its global *Puberty & Confidence Education* that has helped more than 18 million people across more than 75 countries to navigate puberty with confidence by providing girls, teachers and parents with free educational resources and samples. The goal is both to teach biological facts and to learn how to cope with the emotional changes, build confidence, influence and voice. Moreover, another objective is to end period poverty, ensuring that young people have access to the period products they need to keep learning and stay confident. As a matter of fact, many girls in sub-Saharan Africa miss school during their period and might even drop out. Research shows that providing

education on puberty and menstrual hygiene, giving access to period products and discussing taboos around menstruation can alleviate this issue. Here, the “*Always Keeping Girls in School Program*” helped 170,000 girls and donated 11 million pads to keep them in school. Always launched in 2014 the first *#LikeAGirl* video campaign to change the negative perspective associated to this sentence and to build confidence among young women and empower them. This first campaign had more than 90 million views and a significant media coverage, contributing to change the meaning of the expression ‘like a girl’, turning it into a symbol of female empowerment all over the world. Research shows that 70% of women and 60% of men claimed that “The video changed my perception of the phrase ‘like a girl’”. Pampers and UNICEF have been partners for 15 years with the objective to eliminate Maternal and Neonatal Tetanus (MNT), a fatal disease affecting mothers and babies around the world that can be prevented through immunization and hygienic birth practices. The strategy adopted was the following: every time a pack of Pampers featuring the UNICEF logo was purchased, one vaccine would be donated to UNICEF. In these years, P&G helped to eliminate MNT in 26 countries, purchase and donate more than 300 million vaccines, protect 100 million women and their babies, and reduce the number of newborn deaths by MNT by 60%. Out of 135 million babies born every year, approximately one million are born extremely premature and most of them don’t have access to the diapers that meet their special needs. During the Covid pandemic, pampers teamed up with the Canadian Premature Babies Foundation (CPBF) to donate \$200,000 in technology grants to eight hospitals across Canada. Indeed, pampers recognized that parents needed to feel supported and connected to loved ones and invested to find an innovative way to connect families and newborns. P&G has been for a decade a Worldwide Sponsor of the Olympics Games and, inspired by the athletes who stepped up in their own communities to do good, created the *Athletes for Good Fund*. Through this fund, 52 grants of \$10,000 have been awarded to each charitable causes that athletes support. The charitable causes varied widely, from helping people with disabilities get access to prosthetics and participate in sports, and encouraging girls to stay in sports, to teaching Black children to swim to reduce the number of drownings that disproportionately impact the Black community.

## 4.4 SDG 12



Figure 4.10: SDG 12 – Ensure sustainable consumption and production patterns

According to the UN definition, “sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs, and a better quality of life for all. Its implementation helps to achieve overall development plans, reduce future economic, environmental and social costs, strengthen economic competitiveness and reduce poverty” (UN, 2019). Thus, SDG 12 seeks to ensure people's well-being through access to water, energy and food, while reducing overconsumption of natural resources. Current patterns of production and consumption result in significant waste of resources and damage to ecosystems globally. To better understand the relevance of these concepts, it can be useful to analyze some figures:

- According to 2019 UN projections, the global population grow to around 8.5 billion in 2030, 9.7 billion in 2050, and 10.9 billion in 2100. At this growth rate, in 2050, the equivalent of almost three planets could be required to provide the natural resources needed to sustain current lifestyles;
- Water covers 70% of our planet but less than 3% of the world’s water is drinkable, of which 2.5% is frozen in the Antarctica, Arctic and glaciers. Humanity must therefore rely only on 0.5% to satisfy different needs. As reported by the *World Wide Fund for Nature* (WWF), climate change altering patterns of weather, together with excessive use of water and inefficient practices, is causing water shortages and global water distress;
- According to the *Food and Agriculture Organization* (FAO) each year, an estimated 1/3 of all food produced ends up rotting in the bins of consumers and retailers or is



ruined due to poor transportation and harvesting practices. Moreover, the food sector accounts for around 30% of the world's total energy consumption and accounts for around 22% of total Greenhouse Gas emissions;

- WWF's 2020 *Living Planet Report* states that the world has seen an average 68% drop in mammal, bird, fish, reptile and amphibian populations since 1970. Much of the loss is caused by habitat destruction due to unsustainable agriculture. Latin America and the Caribbean have seen a critical biodiversity loss (94% from 1970).

It is evident that at the current rate of resource exploitation, the Earth's finite capacity will be unable to sustain the livelihoods of current and future generations. For this reason, it is necessary to decouple economic growth from environmental degradation, increasing resource efficiency, reduce waste and pollution, relying on a circular economy system and promoting sustainable lifestyles. This SDG addresses businesses, that can develop sustainable production processes, people/consumers, who can adopt sustainable habits by making informed choices, and governments which can act at the regulatory level. To specify goals and measure results, the UN has defined 11 Targets and 13 Indicators for SDG 12 (UN Statistics Division, 2022):

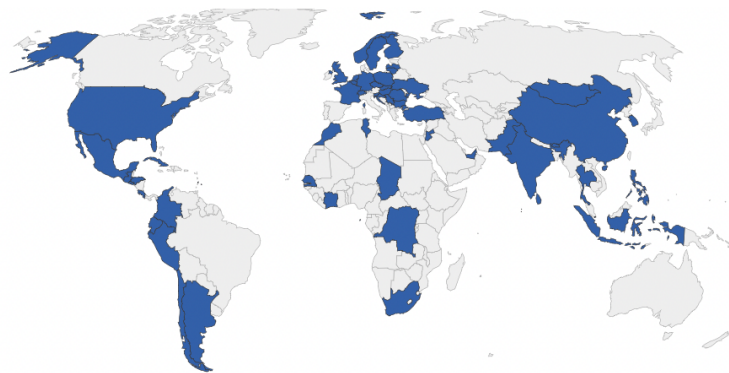
- **Target 12.1 -Implement the 10-year sustainable consumption and production framework:** implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries.
  - **Indicator 12.1.1:** Number of countries developing, adopting or implementing policy instruments aimed at supporting the shift to sustainable consumption and production.
- **Target 12.2 - Sustainable management and use of natural resources**
  - **Indicator 12.2.1:** Material footprint, material footprint per capita, and material footprint per GDP.
  - **Indicator 12.2.2:** Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP (production-side which does not account for supply chain inputs or exports).

- **Target 12.3 -Halve global per capita food waste:** by 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses. This target has two components (losses and waste) measured by different indicators.
  - **Indicator 12.3.1.a:** Food Loss Index which focuses on losses from production to consumption level.
  - **Indicator 12.3.1.b:** Food Waste Index this indicator is a proposal under development.
- **Target 12.4 -Responsible management of chemicals and waste:** by 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
  - **Indicator 12.4.1:** number of parties to international multilateral environmental agreements on hazardous waste, and other chemicals that meet their commitments and obligations in transmitting information as required by each relevant agreement
  - **Indicator 12.4.2:** (a) Hazardous waste generated per capita; and (b) proportion of hazardous waste treated, by type of treatment.
- **Target 12.5 -Substantially reduce waste generation:** by 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
  - **Indicator 12.5.1:** National recycling rate, tons of material recycled.
- **Target 12.6 -Encourage companies to adopt sustainable practices and sustainability reporting:** encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
  - **Indicator 12.6.1:** Number of companies publishing sustainability reports.
- **Target 12.7 -Promote sustainable public procurement practices:** promote public procurement practices that are sustainable, in accordance with national policies and priorities.

- **Indicator 12.7.1:** Degree of sustainable public procurement policies and action plan implementation.
- **Target 12.8 -Promote universal understanding of sustainable lifestyles:** by 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
  - **Indicator 12.8.1:** Extent to which (i) global citizenship education and (ii) education for sustainable development are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment.
- **Target 12.a: Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.**
  - **Indicator 12.a.1:** Installed renewable energy-generating capacity in developing countries (in watts per capita).
- **Target 12.b: Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.**
  - **Indicator 12.b.1:** Implementation of standard accounting tools to monitor the economic and environmental aspects of tourism sustainability.
- **Target 12.c: Remove market distortions that encourage wasteful consumption:** rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.
  - **Indicator 12.c.1:** Amount of fossil-fuel subsidies (production and consumption) per unit of GDP.

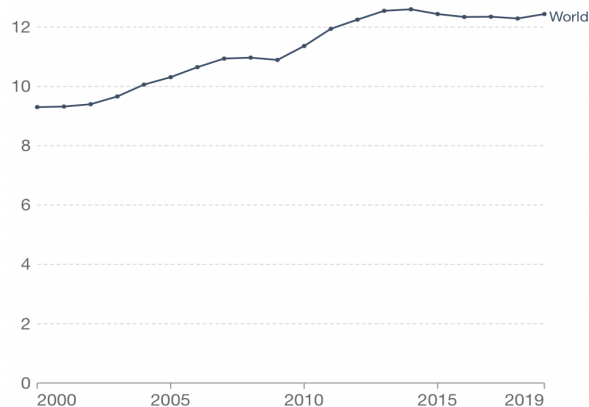
To analyze the progress of SDG 12, it is useful to rely on some of the indicators provided by the UN. Firstly, it is important to underline that developing countries carry much of the

climate, biodiversity and pollution impacts associated with resource-intensive production processes without even being able to collect the benefits. The implementation of sustainable consumption and production allows to maximize the socioeconomic benefits of resource use with minimal impacts. In 2021 the UN reports that the total number of policies developed, adopted and/or implemented has increased up to 438. However, these policies are unequally distributed across countries. In particular, as we can see in [Figure 4.11](#), 79% of policies are reported by high-income and upper middle-income countries.



**Figure 4.11:** Countries with or without a sustainable consumption and production (SCP) national action plan (Our World in Data)

The global material footprint, defined as quantity of material extraction that is required to meet the consumption of a country, continues to grow, although the pace has slowed. This measure is a significant representation of the true impact of resource use, providing an additional perspective by taking into account materials required across the whole global supply chain to produce a good/service and attributing them to the final demand.



**Figure 4.12:** The total material footprint measured in tons per person per year (Our World in Data)

Companies willing to contribute to SDG 12 and gain a competitive advantage have many options for action, especially those in the food, textile or consumer goods sectors. Relevant examples of SDG-12-related strategies include (UN Global Compact and KPMG, 2016):

- Raise consumer awareness about sustainable consumption and suggest practical steps for moving towards a more sustainable lifestyle. Labels are an effective tool in order to provide consumers with all the necessary information about the design and production of goods and encourage responsible consumption practices;
- Increase energy efficiency across the value chain including sourcing, manufacturing, packaging and logistics. In this case, partner relationship management becomes a key activity since it is crucial to select, educate and align goals with downstream and upstream partners. Moreover, it is important to train employees and partners on sustainable production and consumption, environmental and social education;
- Reduce manufacturing impacts by substituting virgin raw materials with recycled and post-consumer materials. Furthermore, modularity could be a good solution so that components can be easily separated and reused without further processing or easily recycled;
- Gradually withdraw from the market products and services that require excessive consumption of energy and natural resources. For instance, a solution could be to design products lowering consumer energy use, including hygiene and cleaning products which can lower water consumption.

GRI standards for sustainability reporting, define some indicator to measure a firm's impact on SDG 12 (SDG Compass, 2022):

1. *GRI G4 Sustainability Reporting Guidelines, G4-EN2*: Percentage of materials used that are recycled input materials;
2. *GRI G4 Sustainability Reporting Guidelines, G4-EN27*: Extent of impact mitigation of environmental impacts of products and services;
3. *GRI G4 Sustainability Reporting Guidelines, G4-EN28*: Percentage of products sold and their packaging materials that are reclaimed.

### 4.4.1 Unilever

Unilever is dealing with the 11 targets defined in SDG 12 on a dual level: on the one hand, they are implementing a “*Climate Action*” plan to accelerate the transition toward net zero GHG emissions; on the other hand, they are working to achieve a “*Waste-Free World*”, rethinking their approach to plastic and equally tackling food and manufacturing wastes. As SDG 12 requires the implementation of sustainable consumption and production frameworks, companies must find a way to reduce the environmental footprint not only of their production processes, but of their entire value chain, from upstream in the raw material extraction and the suppliers they are working with, to downstream in the distribution, use and disposal of products. The implementation of a “lifecycle” approach allows Unilever to understand where they have the biggest environmental impact on their value chain and where they should concentrate their actions to make the system-level changes required to meet the goals defined in their “*Climate Transition Action Plan*” (CTAP). Inside this plan, they clearly defined their targets to reduce emissions, focusing on four main areas: operations, brands and products, value chain and influence on society:

- Reduce Scope 1 and 2 emissions by 100% by 2030, with an interim goal to reduce by 70% by 2025;
- Halve the full value chain emissions of their products by 2030 (against a 2010 baseline);
- Achieve net zero emission covering Scope 1, 2 and 3 emissions by 2039;
- Replace fossil-fuels-derived carbon with renewable or recycled carbon in cleaning and laundry product formulation by 2030;
- Share the carbon footprint of every product sold.

The first goal designed is related to Unilever’s own production, over which they have full control: thus, in this area they are willing to achieve net zero emissions from their business. To do that, Unilever’s brands are redesigning lower carbon products and packaging, with new formulas containing lower emission ingredients, and are transforming the way in which their factories are working, investing in new technologies such as hydrogen, increasing energy efficiency and switching to renewable energy sources. The transitioning to sustainable sources of energy is crucial to reduce the environmental impact of Unilever’s

operations: in 2021, the 86% of the total electricity employed in their production processes came from renewable sources, purchased supporting local renewable energy markets through renewable electricity contracts, called *Power Purchase Agreement* (PPAs), green electricity tariffs and *Renewable Energy Certificates*<sup>29</sup> (RECs). Moreover, many Unilever's facilities are building their own renewable power on-site, exploiting clean energy alternatives such as wind, solar and biomass: currently, they have on-site solar installations on fabrics in more than 24 countries and in 2021 they generated the 3% of their energy requirement exploiting those panels.



**Figure 4.13:** Unilever's wind farm in Avellino, Italy, powering five sites and reducing company's environmental impact by 7,000 tons of CO<sub>2</sub> per year

Improving the operational efficiency of Unilever's factories, offices, research labs, data centers, warehouses and distributions centers is important but not enough to make a real change and reduce their GHG emissions by 100% in 2030: indeed, it represents only the 2% of their total GHG footprint, as represented in [Figure 4.14](#).

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<sup>29</sup> RECs are openly traded certificates linked to renewable energy generation

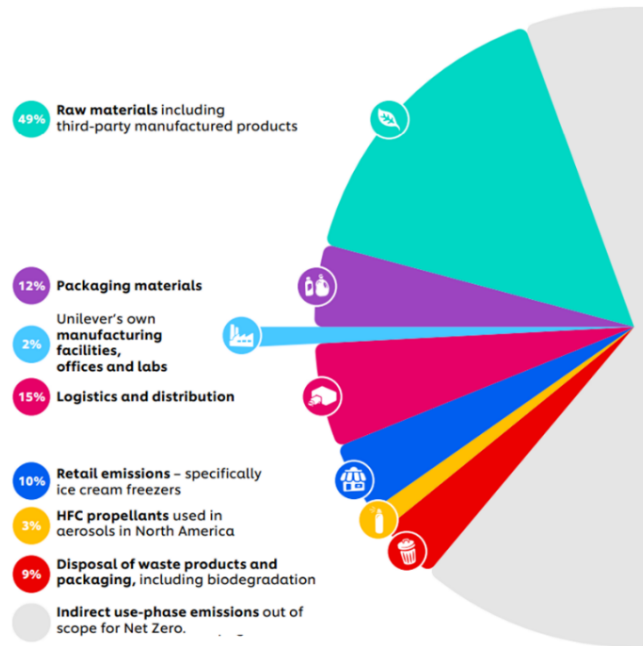


Figure 4.14: Unilever's greenhouse gas footprint, excluding indirect use-phase emissions (CTAP)

To implement a real change, the company must collaborate with its suppliers and educate its customers to reduce their emissions while using the final product. To engage suppliers in their transition toward new technologies and reduce their carbon emissions, Unilever launched “*Unilever Climate Promise*” and “*Unilever Climate Program*”, through which they are collaborating with vendors, providing them guidance, tools and resources, offering deeper support to the 300 suppliers having the most significant climate impact in their value chain. In particular, raw materials represent half of Unilever's value chain emission: to reduce that, they are collaborating with suppliers to change materials and product formulas and are supporting them toward their transition to renewable energies. Most importantly, Unilever aims to achieve a deforestation free supply chain by 2023: indeed, forest are extremely important global store of carbon and deforestation contributes to 15% of global GHG emissions. The 15% of Unilever's value chain GHG footprint comes from their logistics and distribution network: to cut their logistics suppliers' emissions, they are collaborating with them to reduce the total distances traveled, to fill trucks more efficiently and to use lower carbon alternative fuels. In the last decade, they improved the CO<sub>2</sub> efficiency of their logistic network by 40% and are now working to a further 40-50% reduction for the new one. To achieve this goal, they are working with supplier to:



1. Redesign transport routes in order to reduce the distances travelled and make deliveries directly to customers to reduce unnecessary travels;
2. Exploit different travel alternatives, such as rail and sea, for smarter transport;
3. Use hydrogen fuel cell and electric vehicles for long-haul and heavy-duty transport. As a member of EV100<sup>30</sup>, they are working towards 100% electric vehicles or hybrids by 2030;
4. Develop lower carbon alternative fuels, such as liquified natural gas (LNG) and compressed natural gas (CNG), tackling the issue of the lack of fueling stations, especially for long-distance journeys;
5. Explore new technologies for refrigerated and frozen deliveries;
6. Measure and reduce “last mile delivery” emissions from distribution centers to stores and final consumers.



Figure 4.15: Unilever’s relative share of 40-50% reduction achievable through each of the six focus areas (CTAP)

Two-thirds of Unilever’s GHG footprint comes from the use of its 3.4 billion consumers worldwide: tackling those indirect emissions is particularly challenging for the company, as they do not have direct control on what their customers are doing with the products they sell. Notwithstanding the difficulties, Unilever managed to reduce its GHG emissions per

<sup>30</sup> EV100 is a global initiative launched by “The Climate Group” grouping companies committed to accelerate the transition to electric vehicles (EVs)

consumers by 14% since 2010, mainly thanks to grid decarbonization, portfolio changes and product reformulation<sup>31</sup>. The greatest environmental impact of the usage of their product comes from the heating of water for showering and washing when items are used at home: to reduce that, the company has very little control, as it requires consumers to adopt renewable electricity in their houses rather than fossil fuel sources. However, the company is still trying to drive the change through its brands:

- With the “*Future 50 Food*” promoted by Knorr and WWF, they are inspiring people to choose healthier plant-based options for them and the entire planet, as those meals cut the carbon footprint of a comparable meat-based dish;
- Seventh Generation is supporting the Sierra Club’s “*Ready For 100 campaign*”, a movement aiming at inspiring cities to embrace 100% clean, renewable energy and leave fossil fuels behind. Thanks to the campaign implemented, 100 US cities (like Georgetown – Texas, Greenburg – Kansas, Burlington – Vermont) are switching to 100% renewable electricity by 2035.

The achievement of SDG 12 requires also to tackle the issue of wastes: indeed, Targets 12.3, 12.4 and 12.5 are focused on waste reduction and are pushing companies toward the adoption of circular economy approaches. Unilever is implementing actions to reduce its waste footprint in every aspect of its business, including plastic and packaging, food waste and manufacturing wastes coming from factories and operations, where they managed to achieve the standard of zero non-hazardous waste sent to landfill from their factories in 2015. More in detail, the ambitious goals the company set are reported below:

- Reduce by 50% the usage of virgin plastic by 2025, including an absolute reduction of 100,000 tons;
- Use 25% recycled plastic by 2025;
- Collect and process more plastic than what is sold by 2025;
- Employ 100% reusable, recyclable or compostable plastic packaging by 2025;
- Halve food waste in operations by 2025;
- Maintain zero waste to landfill in their factories.

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<sup>31</sup> e.g., they removed phosphates from their laundry products, which was one of the most carbon-intensive ingredient Unilever used in its production processes

To reduce the usage of virgin plastic, the first thing to do is to find a way to keep it in use as long as possible in a circular loop system, meaning that plastic should be collected, processed and repeatedly reused. To achieve the goal, Unilever is rethinking its approach to packaging, guided by the following framework:

1. **Less plastic:** reducing the amount of plastic involved through lighter designs, reuse and refill formats, thus even involving a complete rethinking of how some products are designed and packaged. Indeed, reducing the amount of plastics per product by few grams can have a huge impact across Unilever's entire product portfolio. Ultraconcentrated products, for example, allow to provide customers the same items with much less plastic and smaller packaging: Unilever's Love Beauty and Planet concentrated shampoos, for example, provide customers the same number of usages with half plastic compared to traditional shampoos commercially available;
2. **Better plastic:** when plastic is used, Unilever makes sure it is designed to be recycled and that their products' packaging use recyclable plastic. Since 2018, they increased the amount of recycled plastic exploited to 17% of total plastic footprint, also buying it<sup>32</sup> to keep it inside their system rather than on the environment and developing innovative solutions to recycle those kinds of plastics that are the hardest to deal with, always respecting technical and safety standards. To face those challenges, Unilever is collaborating with its suppliers to find innovative solutions: through the partnership with SABIC, for example, Magnum managed to develop recycled plastic ice cream tubs in Europe that are food-grade, even at freezing temperatures. The new technology developed exploit low quality, mixed plastic waste that would otherwise be lost in the environment.

To achieve the goal of better plastic, it is important to have high quality recycled plastic available to be reused: to address this issue, Unilever made \$15 million investments in the US in "*Closed Loop Partners' Leadership Fund*" to help improving the recycling process and its developing technological solutions to increase the efficiency of the process. In Indonesia, for example, they supported the implementation of a digital platform called "*Google My Business*", which enables

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<sup>32</sup> What is called post-consumer recycled plastic (PCR)

citizens to find the nearest waste bank on Google Maps; in China, they are exploiting an artificial intelligence developed in partnership with Alibaba to boost recycling rates. The AI, indeed, is able to automatically identify and sort plastic for recycling, speeding high-grade plastic back into the circular economy.



Figure 4.16: AI-enabled plastic sorting machines developed by Unilever in partnership with Alibaba

To conclude, it is important to mention the attention Unilever is paying to improve the living conditions of those workers involved in the waste collection, as most of the times they are working under dirty and dangerous conditions, without earning adequate wages: they are currently developing a global framework to include human rights in their plastic value chain. In India, for instance, they are already collaborating with the *United Nations Development Program* (UNDP) to protect those informal waste collectors: the partnership has reached more than 33,000 households and collected 2,500 plastic waste tons and, given the success obtained, they are replicating it in other countries, such as Pakistan;

3. **No plastic:** this involves the complete redesign of products and business models and switch to alternative packaging materials, such as metals, papers, glass or aluminum. A complete reshaping of the shopping experience entails the implementation of the “reuse-refill” business model, which allows customers to buy one container and refill it over and over again. This solution is tested with major supermarkets in 11 countries, integrating 55 product lines. In the US, for example, Dove body wash is available in a concentrated and dilute-at-home formula in reusable aluminum refillable with a small squeezable refill bottle that entail half the plastic of a standard one; in Chile, Unilever developed in partnership with the social enterprise Algramo an app that allows consumers to order cleaning or laundry product refills, delivered at their home by an electric tricycle.



Figure 4.17: Home refills delivered by electric tricycle and an app (Unilever and Algramo)

Target 12.3 defined by the UN pushes countries and companies to halve the global food waste per capita: Unilever, having several food brands in its portfolio, is working to achieve the target, exploring innovative solutions such as anaerobic digestion, using the biogas developed on-site, composting and using wastes as fertilizers. Since the 60% of food wastes comes from customers, Unilever is trying to change their habits: Hellmann's is an example of brand trying to inspire people to be more resourceful with their food, turning ingredients they have already exploited into delicious meals. Moreover, since many times food is thrown away as date labels on packaging are confusing, Unilever is working to make them more understandable to customers: in 2021, they supported the introduction in the US of a "*Food Labelling Act*" to standardize date labels across the food industry, reducing customers' confusion and, in turn, food wastes.

An analysis performed on the UK hospitality and foodservice sector shows that food waste costs £3.2 billion per year, the equivalent of 1.3 billion meals: to help reducing this unnecessary waste, Unilever launched "*Unilever Food Solutions*" (UFS), through which they are helping chefs and caterers to cut their food waste, for example providing them training modules on waste management through the "Waste app". Nowadays, UFS is working with several partners around the globe, helping restaurants in Australia and in New Zealand to redirect food in excess to those who need it<sup>33</sup> or providing restaurants in the Netherlands fully automated food waste monitors, which exploit AI to use leftovers into delicious soups served in food banks supported by social enterprises like Samen Tegen and Soupalicious.

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<sup>33</sup> *Food Collective*" program, developed in partnership with the local charities Oz Harvest and Kiwi Harvest

#### 4.4.2 Procter and Gamble

By prioritizing sustainability in its business, P&G's *Ambition 2030* aims to decrease its environmental footprint, conserve valuable resources and help to ensure a healthy planet for present and future generations, through brand projects and partnerships.

SDG 12 recognizes that long-term development and economic growth depend on changing production and consumption patterns. It demands efficient and environmentally friendly management of materials across the lifecycle. The *World Bank* states that more than half of global waste is from food and plastic. Despite the recognition that waste is an inevitable byproduct of societies that create and consume goods, P&G is committed to making all its packaging recyclable or reusable, in order to keep plastic waste out of nature.

The strategy P&G is implementing is based on two main pillars:

- Innovating packaging with the objective to use less, refill more or be easily recycled. P&G has already redesigned its packaging to avoid more than 200,000 tons of plastic over the past decade and is working toward 100% recyclable or reusable packaging by 2030;
- Enabling consumers to reuse and recycle at home by spreading awareness and partnering with local organizations.

By analyzing 2020 and 2021 citizenship report, it is possible to identify the following goals and achievements:

- 100% of plants achieve zero manufacturing waste to landfill: this goal has been achieved in 2020;
- In 2021, 73% of consumer packaging is recyclable or reusable. Procter & Gamble plans to implement 100% recyclable or reusable packaging by 2030;
- Reduce the use of virgin petroleum plastic in packaging by 50%. The reported progress in 2020 represents about a 4% reduction in virgin petroleum-based plastic packaging;
- 99.5% of paper packaging contains either recycled or third-party certified virgin content;

P&G is implementing many impact-initiative to promote sustainable packaging and recycling. At a global level, the initiative “*Keeping waste out of nature*” has been implemented by more that 100 facilities with the objective to send zero manufacturing waste

to landfill. By innovating processes and finding new ways to exploit unused materials, facilities become more efficient while positively impacting the community. To be mentioned as example: Tide detergents that do not meet specifics can be sold and used for car washing or the leftover material from Tampax, Pampers and Always -in the feminine and baby care business- are used for cat litter. The achieved results reported by P&G are the following: more than \$2.2 billion savings, while diverting more than 6.9 million tons of waste from the landfill since 2007. The 100% of P&G manufacturing sites across 38 countries is qualified as zero manufacturing waste to landfill. To achieve the ambitious goal of reduction in the use of petroleum plastic, the company is increasing the recycling content of packaging, moving towards lightweight solutions, concentrated solutions, or use of alternative material. To be mentioned is P&G's choice to move towards circular solutions to drive circularity and use plastic as a resource to be collected, recycled and reused. In the last decade, the company recognized the value of *post-consumer recycling* (PCR). The goal is to recycle plastic that has been collected after consumer use and exploit it to create new products and packaging. This initiative is made up by 4 main concepts, as shown in [Figure 4.18](#):



Figure 4.18: Representation of the post-consumer recycling concept

1. **Make:** exploit post-consumer recycled material by establishing solid basis of awareness, incentive and collection network;
2. **Collect:** inspire and mobilize people to play a more active role in collection and clean-up. P&G partnered with the *Tokyo 2020 Organizing Committee* and the *International Olympic Committee (IOC)*, to create podiums made entirely of recycled plastic. People from all over Japan were invited to bring their used plastic containers to collections boxes around the country. Collected materials were sorted and taken

to a facility where they were converted into raw plastic. The *Podium Project* demonstrates how small actions by individuals can make a world of difference. Other “*Call To Action*” initiative, include bottles made from ocean plastic launched by the brands Head & Shoulders and Fairy;

3. **Recycle:** establish partnerships, advance infrastructure and operations to effectively recycle materials. Together with more than 40 companies. P&G is part of the “*Alliance to End Plastic Waste*”, a not-for-profit organization, including companies from all across the plastics value chain, that plans to invest \$1.5 billion over the next five years to help end plastic waste in the environment. The plan of action is based on four main areas, as reported in [Figure 4.19](#): infrastructure development, innovation, education and engagement, and clean-up.



Figure 4.19: Alliance to End Plastic Waste’s pillars

4. **Reclaim:** develop and foster markets ensuring there is a demand for recycled materials and improve the recyclability of materials which would otherwise be destined for landfill. P&G in partnership with PureCycle Technologies, introduced a breakthrough technology that enables recycled plastic to be nearly new quality.

To reduce the environmental footprint, P&G’s brands are continuously innovating their sustainable packaging solution and the main results have been reported below:

- Over 1 million bottles of Head & Shoulders Beach Plastic bottles have been produced around the world since 2017;
- Fairy Ocean plastic bottle has expanded from the UK into Germany, Spain, Belgium and Turkey for a total of 3.2 million bottles;
- Fabric care brands as Ariel, Lenor and Unstoppable use respectively 25%, 50% and 50% of post-consumer recycled material in their bottles in Europe. In North America



instead, this trend is accelerating and in 2023 the 99% of all Fabric Care packaging are expected to be recyclable;

Moreover, in 2019 P&G partnered with Loop, developed by TerraCycle. Its refill and return business model is the following: consumers can receive their favorite products from trusted brands in durable, reusable packaging, relying on e-commerce service; Loop operates a global reverse supply chain, collecting used packaging from consumers and retailers, and returning hygienically cleaned packaging ready to be refilled.



Figure 4.20: Loop's refill and return business model

Other initiative to be cited include:

- In 2021 Gillette and Venus upgraded its packaging in the UK and Ireland across its premium refillable razors. In particular, the brand transitioned to recyclable, cardboard cartons packaging, made with responsibly sourced paper, certified by the *Forest Stewardship Council (FSC)*;
- In 2021 Always introduced its first-ever fully recyclable paper packaging for its Cotton Protection pads in select stores in Germany;
- As of 2021, Head & Shoulders, Pantene, Herbal Essences and Aussie will enable 200 million European households to exploit a refill system for their shampoo with a reusable 100% aluminum bottle and a recyclable refill pouch;
- In May 2020, Old Spice and Secret became the first major brands to introduce a paper tube package for selected aluminum-free deodorants in the U.S. this packaging is 90% recyclable and certified by the Forest Stewardship Council.

P&G is also committed towards spreading consumers awareness about sustainability and recycling practices. To eliminate confusion about how and what to recycle, P&G introduced the “*How To Recycle label*” on many of its products. The exploitation of a standardized labeling system allows to clearly communicates recycling instructions on each package. The labels are or will soon be found on the packages for many P&G brands, including Tide, Pampers, Charmin, Herbal Essences, Oral-B and Tampax in North America.



Figure 4.21: How To Recycle labels

Browsing on the company’s website, it is possible to find many suggestions and guidelines in order to inform consumers about the impact they can make. The *P&G Good Everyday* website is a rewards program for people who want to make an impact. Consumers are engaged through quizzes, surveys or recipe scans and from each engagement points will be collected. As points are collected, P&G donates automatically to a selected cause at no cost for the consumer. In this way not only P&G improves its consumer engagement but is also able to educate consumers about P&G products and sustainability commitment, while spreading awareness on significant causes. The “*Good News*” section contains many articles aimed at “promoting sustainable consumption patterns” and spreading awareness towards a more sustainable lifestyle. For example:

- “*10 Easy Ways You Can Be Sustainable at Home and Make a Big Impact*”: this guide contains simple tips such as prepare weekly meals plan in order to minimize food waste;
- “*What You Can Recycle*”: a guide showing the most common recyclable items (newspaper, cereal boxes, glasses and bottles, metal cans etc.) and how to recycle them;
- “*7 Recycling Tips: Beyond the Basics*”: easy suggestion helpful to minimize the amount of trash sent to landfill and reduce the impact on our planet as well. For


example, it is estimated that every minute more than 1 million disposable cups are tossed in the trash and for this reason a simple tip could be to make coffee at home and exploit reusable cups.



## E Conclusion

After having investigated Unilever's and P&G's *Sustainability Reports* to understand the actions they are implementing to sustain SDG achievement, the following tables have been depicted, highlighting, for each company, which targets they are addressing and which are, till now, their contributions to Agenda 2030, trying to quantify the impacts in terms of donations, number of people reached or quantitative results achieved.

Unilever, given the three division in which the company is organized, is very active in the implementation of SDG 2 and SDG 3: as a matter of fact, through its *Food & Refreshments* products, Unilever is working to end hunger and ensure access to safe and nutritious food to everyone (SDG 2), while with its *Home Care* and *Beauty & Personal Care* brands is working to improve people's physical and mental wellbeing (SDG 3). As we can see in [Figure 5.1](#) and [Figure 5.2](#), they are exploiting the power of their global brands to drive the change, both in developed and less developed countries. Two kinds of actions are implemented by the company: on the one hand, they developed internal program to review their product and processes and align them with international sustainable standards, reducing for example the calories intake of their ice creams or the fat content of their products; on the other hand, they are collaborating with NGOs and external partners to offer, through their brands, new opportunities, services and donations (both financial and product donations) to the people in need. Those actions are also targeting their employees, both in developed and less developed countries, thus improving their living conditions and, consequently, their productivity.



Target	Unilever	Impact
Target 2.1 – Universal access to safe and nutritious food	Future Food Strategy	<p>They worked to improve the nutritious intake of their product portfolio:</p> <ul style="list-style-type: none"> <li>- <b>70%</b> aligned with <b>WHO's standards</b>;</li> <li>- <b>81%</b> reduction of <b>salt</b> content;</li> <li>- reduce <b>fat content</b>: <b>100%</b> of products does not contain trans fats originating from hydrogenated vegetable oil and <b>92%</b> contains less than 33% saturated fat as a portion of total fat;</li> <li>- <b>23%</b> reduction of <b>sugar</b> inside sweetened tea based beverages;</li> <li>- <b>100% children's ice creams</b> contain less than 100 kcal;</li> <li>- <b>95% of ice creams</b> contain less than 250 kcal;</li> <li>- <b>99,7%</b> have full <b>nutrition labelling</b> on pack</li> </ul>
<p>Target 2.3 – Double the productivity and income of small-scale food producers</p> <p>Target 2.a – Invest in rural infrastructure, agricultural research, technology and gene banks</p>	Donation to GAIN-led Zero Hunger Pledge	They donated € <b>30 million</b> to support innovation and sustainability in agricultural practices
<p>Target 2.4 – Sustainable food production and resilient agricultural practices</p> <p>Target 2.5 – Maintain the genetic diversity in food production</p>	<b>Knorr</b> "Future 50 Food"	Unilever is committed to generate <b>1 billion annual sales</b> from plant based-meat and dairy in 5-7 years, offering customers new alternatives to traditional dishes.
<p>Target 2.3 – Double the productivity and income of small-scale food producers</p> <p>Target 2.1 – Universal access to safe and nutritious food</p>	<b>Ekaterra</b> "Seeds of Prosperity"	In India and Assam they provided help to <b>2,600</b> and <b>165,000 tea workers</b> respectively

Figure 5.1: Overview of Unilever's actions for SDG 2


	Target	Unilever	Impact
	Target 3.4 – Reduce mortality from non-communicable diseases and promote mental health	<b>Dove</b> "Self-esteem project" and "No digital transformation"	The programs reached <b>69 million people worldwide</b> (2020), improving their mental wellbeing and self-esteem
	Target 3.3 – Fight communicable diseases Target 3.8 – Achieve universal health coverage Target 3.c – Increase health financing and support health workforce in developing countries	<b>Lifebuoy</b> Handwashing campaigns, Mobile Doctarni and Telehealth	<ul style="list-style-type: none"> <li>- They reached <b>486 million people</b> in 30 countries with on ground programs and <b>587 million people</b> through TV advertising;</li> <li>- Mobile Doctarni reached <b>2,7 million mother in India</b>;</li> <li>- they allowed <b>300 million people</b> to be visited by a doctor online since 2020</li> </ul>
	Target 3.9 – Reduce illnesses and deaths from hazardous chemicals and pollution	<b>Domestos</b> "Cleaner Toilets, Brighter Future" and Toilet Board Coalition (TBC)	<ul style="list-style-type: none"> <li>- Domestos' program reached <b>213,000 students</b> in less developed countries;</li> <li>- Domestos donates <b>5% of its revenues</b> since 2012;</li> <li>- TBC reached <b>2,2 million people</b> in 5 years</li> </ul>
	Target 3.8 – Achieve universal health coverage Target 3.c – Increase health financing and support health workforce in developing countries	<b>Smile</b> "Brush Day & Night" and Teledentistry	Unilever reached more than <b>107 million people</b> worldwide and, through the online-dental consultation launched in 2022, they plan to reach <b>200 million people</b>
	Target 3.8 – Achieve universal health coverage	<b>Vaseline</b> "Healing Project"	They helped more than <b>6 million people</b> , providing them access to dermatological care and products, and by 2030 they will reach 3 million people more per year
	Target 3.4 – Reduce mortality from non-communicable diseases and promote mental health	"Employee Assistance Program" and "Healthier U"	<i>Occupational Illness Frequency Rate (OIFR)</i> improved by <b>76%</b> since the implementation of the program to Unilever's employees
	Target 3.b – Support research, development and universal access to affordable vaccines and medicines	Covid-19 vaccine distribution	Unilever helped the Indonesian government in the distribution of <b>1,2 million</b> doses of Covid-19 vaccines

Figure 5.2: Overview of Unilever’s actions for SDG 3

P&G, instead, not having a food-focused business unit, has a very different approach towards the zero-hunger objective compared to Unilever. Their actions are majorly focused on donations to no profit organizations that contribute to helping people in need. Focusing on SDG 3, P&G contributes both to mental wellbeing and physical health, supported by its strength in the hygiene and personal care businesses. They are contributing to the achievement Health and Wellbeing for all through innovative technologies (e.g., water purifier system), education and provision of hygiene products in developing countries, donations to face crisis (Covid-19 example) and campaigns to spread awareness on mental health issues, such as programs with the objective to empower women and build confidence.


	Target	Procter & Gamble	Impact
	Target 2.1 – Universal access to safe and nutritious food Target 2.2 – End all forms of malnutrition	Donations to <b>Feeding America</b>	<b>\$10 million</b> and <b>35+ million pounds</b> of basic essential products since 1982
	Target 2.2 – End all forms of malnutrition	Children's <b>Safe Drinking Water Program (CSDW)</b>	<ul style="list-style-type: none"> <li>Since 2004, <b>20 billion liters</b> of clean water have been delivered</li> <li>The goal is to deliver <b>25 billion liters</b> of clean drinking water by <b>2025</b></li> </ul>

Figure 5.3: Overview of P&G's actions for SDG 2



	Target	Procter & Gamble	Impact
	Target 3.3 – Fight communicable diseases Target 3.8 – Achieve universal health coverage	<b>Safeguard</b> donations and hand washing program to spread awareness and increase correct hygiene practices around the world.	<ul style="list-style-type: none"> <li><b>72 million children</b> educated around the world</li> <li>In 2022 donation of <b>118 million handwashes</b> in the US</li> </ul>
	Target 3.1 – Reduce maternal mortality Target 3.2 – End all preventable deaths under 5 years of age Target 3.3 – Fight communicable diseases	Children's <b>Safe Drinking Water Program (CSDW)</b>	<ul style="list-style-type: none"> <li>Since 2004, <b>20 billion liters</b> of clean water have been delivered</li> <li>The goal is to deliver <b>25 billion liters</b> of clean drinking water by <b>2025</b></li> </ul>
	Target 3.1 – Reduce maternal mortality Target 3.2 – End all preventable deaths under 5 years of age	<b>Pampers</b> and <b>UNICEF</b> donations to decrease the impact of Maternal and Neonatal Tetanus	<ul style="list-style-type: none"> <li><b>300+ million vaccines</b> donated</li> <li><b>Reduce</b> the number of newborn deaths by <b>MNT by 60%</b></li> </ul>
	Target 3.4 – Reduce mortality from non-communicable diseases and promote mental health Target 3.7 – Universal access to sexual and reproductive care, family planning and education	<b>Always</b> global Puberty & Confidence Education program	Build confidence among <b>18 million people</b> across more than 75 countries
	Target 3.4 – Reduce mortality from non-communicable diseases and promote mental health	<b>Always</b> #LikeAGirl campaign	In 2014 the campaign reached more than <b>90 millions views</b>
	Target 3.4 – Reduce mortality from non-communicable diseases and promote mental health	<b>Pampers</b> donation to improve technology in Canadian hospital for premature babies	<b>Donation of \$200,000</b> to Canadian Premature Babies Foundation (CPBF)
	/	<b>P&amp;G Athlete's for Good Fund</b>	<b>52 grants of \$10,000</b> have been awarded

Figure 5.4: Overview of P&G's actions for SDG 3




Unilever is taking the lead in the implementation of SDG 12, as, given their global presence and influence, they must help the planet to achieve the sustainable consumption and production targets defined by the UN, reducing, for example, their GHG emissions, the plastic used in packaging and wastes from their production processes. To do so, they implemented two internal programs: the “*Climate Action Transition Plan*” and the program “*Less Plastic – Better Plastic – No plastic*”, together with partnership with external actors and suppliers to reduce their environmental impact across their entire value chain.



Target	Unilever	Impact
Target 12.1 - Implement the 10-year sustainable consumption and production framework Target 12.4 -Responsible management of chemicals and waste Target 12.a - Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production Target 12.c - Remove market distortions that encourage wasteful consumption	Climate Action Transition Plan (CATP)	<ul style="list-style-type: none"> <li>- <b>86% of electricity</b> employed in Unilever's production processes come from <b>renewable energy</b> (2021);</li> <li>- <b>Solar installations</b> on fabrics in <b>24 different countries</b>, generating 3% of their energy requirements (2021);</li> <li>- <b>Deforestation free supply chain</b> in 2023;</li> <li>- Reduce <b>CO2</b> emission of their transportation by <b>40%</b>;</li> <li>- Reduce <b>CO2</b> emission of its <b>customers</b> thanks to portfolio changes and product reformulations by <b>14%</b></li> </ul>
Target 12.1 - Implement the 10-year sustainable consumption and production framework Target 12.a - Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production	Unilever Climate Promise	Unilever is helping its <b>suppliers</b> to reduce their value chain emission: by 2023 they will achieve a deforestation free supply chain and reduce their CO2 emission by 40%
Target 12.3 - Halve global per capita food waste	"Unilever Food Solutions" and "Unilever 50 Food"	Unilever is working to reduce by <b>50%</b> their <b>food waste</b> in factories by 2025, increasing <b>customer awareness</b> and teaching chefs how to cut their food waste.
Target 12.7 - Promote sustainable public procurement practices	<b>Seventh Generation</b> and Sierra Club "Ready for 100 campaign"	<b>100 US cities</b> are swithing to <b>100% renewable electricity by 2035</b>
Target 12.4 - Responsible management of chemicals and waste Target 12.5 - Substantially reduce waste generation	Less Plastic - Better Plastic - No Plastic	<ul style="list-style-type: none"> <li>- <b>Reduce waste</b> sent for disposal by <b>96%</b> compared to 2008 standards;</li> <li>- <b>Zero non-hazardous waste sent to landfill</b> from their factories since 2020;</li> <li>- <b>52% of plastic</b> used in packaging is <b>reusable, recyclable or compostable</b> (2020)</li> <li>- decreased the weight of <b>packaging per consumer</b> by <b>18%</b> since 2010;</li> <li>- <b>Recycling and Recovery Index (RRI)</b> increased by <b>11%</b> in 2020;</li> <li>- <b>17%</b> of total plastic used come from <b>recycled plastic</b> (2022);</li> </ul>

Figure 5.5: Overview of Unilever’s actions for SDG 12

P&G is aligned with Unilever strategy. They are adopting innovative practices to make process and products more sustainable, reduce emissions and resource exploitation, while developing educational campaigns to spread awareness among consumers and promote “sustainable consumption patterns”.



Target	Procter & Gamble	Impact
Target 12.5 -Substantially reduce waste generation	<b>Keeping waste out of nature</b> (zero manufacturing waste to landfill)	<ul style="list-style-type: none"> <li>• <b>\$2.2 billion savings</b> and diverting more than <b>6.9 million tons</b> of waste from the landfill since 2007</li> <li>• Zero manufacturing waste to landfill across 38 countries</li> </ul>
Target 12.2 - Sustainable management and use of natural resources Target 12.5 -Substantially reduce waste generation	<b>Head &amp; Shoulders</b> Beach Plastic initiative	<b>1 million recycled bottles</b> produced around the world since 2017
Target 12.5 -Substantially reduce waste generation	<b>Fairy Ocean</b> plastic bottle	<b>3.2 million bottles</b> across UK into Germany, Spain, Belgium and Turkey
Target 12.2 - Sustainable management and use of natural resources Target 12.5 -Substantially reduce waste generation	<b>Ariel, Lenor and Unstoppable</b> post consumer recycling	<ul style="list-style-type: none"> <li>• Respectively <b>25%, 50% and 50% of post-consumer recycled material</b> in their bottles in Europe</li> <li>• In 2023 the <b>99% of all US Fabric Care packaging</b> are expected to be recyclable</li> </ul>
Target 12.2 - Sustainable management and use of natural resources Target 12.5 -Substantially reduce waste generation	<b>Always</b> paper packaging in Germany	<b>100% recyclable</b> paper packaging for its Cotton Protection pads
Target 12.2 - Sustainable management and use of natural resources Target 12.5 -Substantially reduce waste generation Target 12.c - Remove market distortions that encourage wasteful consumption	<b>Head &amp; Shoulders, Pantene, Herbal Essences and Aussie</b> shampoo refill system in Europe	In 2021 enable <b>200 million European households</b> to exploit a refill system
Target 12.2 - Sustainable management and use of natural resources Target 12.5 -Substantially reduce waste generation	<b>Old Spice and Secret</b> paper packaging for aluminium free deodorant	In the US <b>90% recyclable packaging</b> and certified by the Forest Stewardship Council
Target 12.8 -Promote universal understanding of sustainable lifestyles	<b>How To Recycle label</b> Promoting sustainable consumption patterns via <b>online articles</b>	/

Figure 5.4: Overview of P&G’s actions for SDG 12

As mentioned in Chapter 4, some useful indicators are suggested by the UN to monitor the role the private sector plays in fostering SDGs achievement: in particular, the *Global Reporting Initiative* (GRI) Sustainability Reporting Guidelines provides reporting standards on economic, environmental and social impacts, together with the *World Economic Forum*

(WEF) and the *International Business Council* (IBC) Disclosure Index, the industry specific standards provided by the *Sustainability Accounting Standards Board* (SASB), the *Task Force on Climate Related Financial Disclosures* (TCFD), which provides guidelines to improve the reporting of climate-related financial information, and the ten principles on human rights, labor standards, environment and anti-corruption provided by *the United Nations Global Compact* (UNGC). Unilever and P&G are committed to respect all the above-mentioned principles in their sustainability reports, in order to guarantee transparency to shareholders and the entire community, showing their real commitment to sustain development and safety of the entire planet. In their reports, indeed, they are clearly reporting not only their goals, but the way in which they are implementing them, the partnerships established and which are the interim results achieved till the reports' publishing, thus allowing everyone interested to check the truthfulness of what was said. This is particularly important to prevent the risk of "SDG-washing", that is to say company's inclination to pretend in their reports to be more sustainable than what they actually are, reporting misleading claims and compromising their transparency toward shareholders.

This study allowed to understand the strong linkages between SDGs and the need of global partnership to achieve common goals. The UN recognition of trivial sustainability issues triggered companies' responses that incorporated SDGs in their sustainability strategy and started to invest and undertake SDG-related actions. The ambitious 2030 Agenda's results cannot be achieved only with the contribution of two companies: other actors must be involved, from consumers and NGOs to national governments and many other companies, from the smallest to the largest one. Collaborating with NGOs and governments is particularly important when working in countries culturally and geographically distant from the company, as they are closer to local communities and are able to recognize more effectively their problems and needs. Indeed, both the two sustainable leaders investigated in this master thesis engaged in several partnerships with different NGOs across the world, like, for example, UNICEF, Feeding America and WWF, which allowed them to overcome the liability of foreigners and operate more effectively. P&G and Unilever, being two sustainable leaders, are examples to be followed by other companies as they can show the need to reengineer processes and product formulations to reduce their environmental impact, help communities and promote sustainable lifestyle for everyone, inside and outside the corporation. Moreover, thanks to sustainability campaigns they are not only boosting

customer awareness about sustainability issues, but also satisfying the increasing customer interest towards these topics and thus enhancing both customer loyalty and company's turnover. As a matter of fact, most of researches studying the relation between financial and ESG performances show positive findings even if this relation should be considered associational rather than causal due to the numerous variables included.

Sustainability for business is about delighting consumers with innovative products and services that are better for the environment, operating responsibly at every step of the supply chain, engaging consumers around the world, providing them education, and, in the less developed world, provide access to products and services in order to meet their basic needs. As the world's largest consumer products companies, Unilever and Procter & Gamble have both a responsibility and an opportunity to do the right thing and create change.

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