

Membership case study: Unilever



Embedding sustainability into Sea Logistics

Embedding sustainability improvement into sea logistics by measuring & optimising the CO2 emission to achieve our Unilever Sustainable Living Plan target.

CONTEXT & OBJECTIVES

Sustainability is integral to how Unilever does business and the Unilever Sustainable Living Plan sets out to decouple growth from environmental impact, while at the same time increasing positive social impact.

Unilever makes millions of products every day that must be efficiently moved from the factories to their point of sale. Unilever's logistics network transports finished goods over 1.5 billion kilometres each year. This generates a corresponding impact in terms of greenhouse gas emissions. Overall this accounts for 2% of Unilever greenhouse gas emissions across the value chain.

Unilever is working to minimise the emissions from transport and distribution. Reducing environmental impact helps Unilever achieve cost-effective and efficient distribution of products. Unilever has an ambitious objective in the Sustainable Living Plan to improve the CO2-efficiency of its Logistics operations by 40% by 2020 on a 2010 baseline, despite significantly higher volumes.

The challenge is to measure, optimise and work with carriers in the industry, as the standards of measurement and emission reduction program are inconsistent across the industry.

SOLUTION

Unilever measures and delivers results in its logistics operations according to "the 3Cs": Costs, Customer service and CO2 emissions. Different transport solutions will have varying costs, lead times and CO2-efficiencies. For example, container sea freight solutions are almost 6 X more CO2-intensive than road freight. To achieve their ambitious commitment, Unilever is monitoring and targeting improvements in their use of intermodal transport - of which sea freight is a key solution.

- Unilever is a relatively small player in the container freight industry. However, through the SSI, Unilever seeks to better understand the industry and the sustainability issues it faces – and to be a part of the solutions going forward.

- Unilever procures global sea freight services out of Singapore, where the company is working with DAMCO capabilities to get the required visibility on operations and efficiencies. The annual procurement process currently considers and optimises on costs and customer service.

- Unilever has also been working to embed sustainability improvement into logistics operations in overland transport and in sea freight. This involves a careful optimisation of sometimes conflicting priorities: meeting the service requirements of our customers, optimising our operational costs and minimising CO2 emissions in line with Unilever's Sustainable Living Plan commitment. Unilever works with its logistics partners across the globe to try to find the best possible solution for a Sustainable Business



What are the first steps people can take to replicate this idea/initiative?

- 1. Have a robust, quantifiable commitment in place, with defined scope and measures to track progress**
- 2. Align and organise your organisation to enable the goal to be delivered**
- 3. Utilise the SSI framework to help drive standardisation in CO2 emission measurement across the industry.**

OUTCOMES

So far Unilever has achieved a reduction of over 200,000 tonnes of CO₂ from making its global logistics network more efficient. This is in line with the goal of a 40% CO₂ efficiency improvement target for 2020 against 2010 levels.

Unilever has successfully switched transport solutions away from CO₂-intensive modes. For example, in Europe the company now moves ice-cream from its production facility in Italy to the Spanish market via a combination of road and sea, rather than the pure road solution which was in place previously. In this case, the road-sea solution is 37% more CO₂ efficient per load. The solution was first trialled in 2012, and the company has been working with internal customers and external providers to ramp up the volumes. Since beginning of 2013, the company has switched over 80% of loads to the road-sea solution, which has resulted in a 30% reduction in absolute CO₂ emission. This has avoided over 264,000 vehicle Km driven on European roads which contributes to traffic reduction.

The SSI Vision 2040 lists Transparency and accountability as drivers for performance improvements and enablers for sustainable business decision making. By getting transparency on the relative CO₂ efficiency of various transport mode solutions, Unilever is making informed decisions that optimise their logistics on the 3Cs: costs, customer service and CO₂ emissions. Through this, Unilever is contributing to the SSI 2040 Vision

More information:
www.unilever.com