

## ESG as a Global Norm: Unilever’s Role in Promoting Sustainability Through International Governance

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### ABSTRACT

*This study aims to analyze Unilever's implementation of Environmental, Social, and Governance (ESG) principles as part of the company's sustainability strategy and its contribution to sustainable global governance. ESG has evolved into a global framework implemented by multinational companies, including Unilever, that are committed to reducing environmental impact, improving social well-being, and adhering to the principles of good governance. This research uses a qualitative method with a case study approach and an institutional analysis perspective. Data were obtained through literature review and interviews with relevant parties, including companies, governments, and local communities. The results show that Unilever has successfully adapted global ESG norms into local policies in Indonesia through the Unilever Sustainable Living Plan (USLP) and Unilever Compass programs. However, despite progress in reducing carbon footprint and improving social well-being, challenges still exist in implementing ESG in areas beyond the direct control of companies, especially when it comes to plastics and recycling. The conclusion of this study is that multinational companies, such as Unilever, play an important role in influencing global sustainability policies by collaborating with a wide range of stakeholders, but local challenges still require special attention in achieving global sustainability goals.*

**KEYWORDS** ESG, Global Governance, Unilever



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### INTRODUCTION

The world of the 21st century is faced with complex challenges as part of the influence of globalization. Globalization describes a process of transition to an integrated global society. Companies, human relationships, living conditions, and ideas begin to have no limits. The process of globalization, which has gained great momentum, affects life economically, socially, politically, and technologically, as well as reshaping the structure and function of the state and its institutions, which are the main actors in international relations (Dincer et al., 2018). The state is no longer the only actor in world politics; various other economic and political entities have emerged that are seen as important and significant in world politics (Milia et al., 2025). Therefore, the various problems that arise certainly cannot be solved by states (state actors) independently.

As the global landscape is increasingly affected by multidimensional crises, policymakers, academics, and practitioners are taking the initiative to examine how economic progress can align with sustainable development goals. This is where the ESG (Environmental, Social, and Governance) framework emerges as one of the most strategic responses to the complexity of globalization. ESG actively focuses on looking for companies that do good, not just avoid bad. ESG frameworks have become much more sophisticated, encompassing everything from a company's products to their impact on the planet (Byrne, 2025).

Although ESG originated in the financial sector, particularly in responsible investments, the concept has expanded far beyond the private sector. Multinational

corporations (MNCs) no longer operate simply as economic actors, but also as non-state diplomatic actors that play an important role in shaping the sustainable development agenda.

The concept of ESG is gaining global attention, with countries also beginning to formulate their own ESG policies based on their national conditions and stages of development (Ko et al., 2025). This indicates that ESG is no longer just a financial instrument but a cross-sectoral framework.

At the Global Peace Summit, ESG is positioned as a holistic framework that applies to every layer of society, including governments, non-profit organizations, multilateral organizations, and social change movements. The Global Peace Summit provides a shared platform where stakeholders, from UN agencies to indigenous leaders, contribute to shaping a new global discourse on ESG. This summit calls for ESG to be one of the main topics in global governance, not just an optional compliance tool (Global Peace Summit, 2024). This demonstrates that there is a norm localization where ESG is adapted according to the local context, but remains part of the global discourse.

Nonetheless, the gap between global ambition and local implementation has also raised growing concerns about sustainability issues. This is where the role of multinational corporations (MNCs) as non-state actors is significant, as their influence in international policy is substantial, thanks to their economic strength, global reach, and ability to shape market trends. Their influence encompasses areas such as trade, environmental policy, and labor standards that have evolved over the past half-century (Veerabadrappa, 2018). As a result, these economic actors have close relationships with national governments and international policymakers that can significantly influence transnational governance frameworks (Ballor & Yildirim, 2020).

A fundamental challenge for modern corporate governance is translating goals into practice (Carney, 2021). One concrete example of MNCs implementing this ESG framework is Unilever, the largest global consumer goods company, which launched the Unilever Sustainable Living Plan. The program was launched in light of shifting consumer preferences and concerns about the environment, in line with the Indonesian government's work program, which also focuses on environmental issues such as climate and plastics, as well as social issues related to livelihoods. The ESG practices carried out by Unilever Indonesia will not only have an impact on the company's internal operations but also, being aligned with national regulations, enable cooperation between the company and the government, positioning the company as a non-state actor that contributes to sustainable governance.

Through this commitment, a review of business strategy was then carried out, focusing on managing and running the business responsibly and sustainably through initiatives to reduce environmental impact, driven by the ambition to achieve net zero emissions by 2039, or 11 years earlier than the target set in the Paris Agreement on climate change, namely 2050, and to increase positive social impact through the prevention of damage to the environment and the surrounding community (Unilever Indonesia, 2025).

However, there is a research gap on how ESG practices by MNCs such as Unilever function as a transmission channel of global norms into the local context, so this research is important to understand how global ESG standards are adapted, negotiated, and integrated into national policies with cross-sectoral cooperation. Through this, we can see and

understand the real representation of the implementation of global governance at the domestic level.

This study aims to analyze Unilever's role in implementing Environmental, Social, and Governance (ESG) principles as part of a business strategy supporting sustainable global governance. The main objective of this research is to understand how global ESG standards can be adapted and applied at the local level through company practices, and to examine Unilever's contribution to promoting sustainability policies in Indonesia, particularly in the context of cross-sectoral cooperation between companies, governments, and communities. Using a qualitative approach and case study, this research also aims to evaluate how multinational companies like Unilever act as non-state actors in adapting global norms into local policies and their impact on sustainable development in Indonesia.

## **METHOD**

The researcher used a qualitative method of case studies with an institutionalist approach. It is a method that contains a narrative about events that led to a decision or a series of decisions taken, with a focus on an institutionalist approach by discussing theoretical frameworks, including institutional analysis and norms in political research (McNabb, 2021). The independent variables in this study focused on ESG global governance standards, norms, and mechanisms that were in accordance with the perspective of global governance. This certainly provided normative pressure that was in line with the views of James Rosenau and Amitav Acharya, while the dependent variable was the ESG implementation carried out by Unilever in Indonesia.

The operationalization of independent and dependent variables in this study used the theory of global governance from the perspective of James Rosenau (2006), Thomas G. Weiss (2013), Margaret Keck and Kathryn Sikkink (Keck & Sikkink, 1998), along with the theory of Norm Diffusion and Localization from the perspective of Amitav Acharya (Acharya, 2004). Through these theories and various perspectives, the researcher explained how Unilever, as a non-state actor, also participated in implementing global norms into its business practices and how, by collaborating with the government and society, these global norms could be socialized to the public, although they would not be directly accepted but could be adapted according to the local context.

## **RESULT AND DISCUSSION**

Unilever, as one of the leading multinational companies, has shown serious efforts in creating a safe and comfortable environment on earth through a strong commitment to Environmental, Social and Governance (ESG) principles. Unilever has become an example of how sustainability norms born from the international arena can be made part of the guidelines for conducting business that are then adapted at the local level. Starting with the Unilever Sustainable Living Plan (USLP), or Sustainable Living Plan program, launched from 2010 to 2020, and continued by the Unilever Compass program, which ran from 2020 to 2024. This program aims to make sustainable lifestyles common in society, covering specific goals and targets related to improving health and well-being, reducing environmental impacts, and improving livelihoods (Carney, 2021).

In the environmental impact reduction program, Unilever, through the Unilever Sustainable Living Plan (USLP) program, has targets that include reducing carbon footprint, water use, and waste generated from Unilever products. The most significant target achievements occurred from 2008, including a reduction of CO<sub>2</sub> emissions from energy in factories by 75%, the use of electricity from renewable energy sources in factories, and the reduction of waste per ton of production by 96%. In addition, Unilever is also committed to reducing the use of virgin plastics, increasing recycling, and developing more water-efficient products (Unilever, 2021, p. 6). This is because good progress can only be made in areas directly controlled by the company, such as waste reduction in the company's operations and alternative packaging design, but in areas beyond the company's direct control, progress will remain slow despite some infrastructure improvements in recycling and recovery, as the progress remains below expectations. So until now, the company continues to be committed to reducing new plastics, which have become an industry standard (Unilever, 2021, p. 4a).

Fortunately, in 2022, through the Unilever Compass program, to reduce total greenhouse gas emissions by 15%, the company is working to improve efficiency, reduce mileage, and reduce the number of trucks used, while also switching to renewable energy to reduce the carbon footprint of its warehouses. This is done through diversifying transportation modes and conducting various trials with electric vehicles as well as alternative fuels. There is also a new product innovation in the form of a home-dissolvable laundry detergent from Persil/OMO — with a 6x concentrate formula and sustainable packaging that uses 70% less plastic, thus reducing the company's CO<sub>2</sub> distribution emissions by 83%. This is coupled with home care product innovation through a €1 billion investment over ten years to transform the way cleaning products are made, manufactured, and packaged. These innovations include redesigned Dirt is Good (DiG) capsules, containing strong biodegradable active ingredients, 65% of which are plant-sourced, making them more environmentally friendly. The capsules are sold in plastic-free and fully recyclable cardboard boxes, a move that is expected to save about 6,000 tons of plastic per year, equivalent to the weight of 500 articulated buses. These boxes are designed in collaboration with Graphic Packaging International and are engineered to prevent moisture more effectively than current plastic packaging, so that the capsules do not stick to each other. These boxes are also easier to open and close, are safe for children, and are fully recyclable (Unilever, 2023a).

Another program that is also noteworthy in protecting the environment is the use of technology for a more sustainable supply chain. The visibility that technology provides to supply chains can help with transparency in the tracking process; therefore, collaboration with partners to test and adopt cutting-edge technologies, including satellite mapping and artificial intelligence, can provide new insights and data to predict forest areas at risk of deforestation. So far, the company has mapped 67 million hectares of forest, evaluated 77,000 villages to support purchases from smallholders, and analyzed nearly 4,000 oil palm plantations to direct suppliers to deforestation-free sources (Unilever, 2023b).

These projects are carried out through a partnership with a single supplier to capture carbon dioxide (CO<sub>2</sub>) and convert it into a raw material called soda ash, and Unilever signed an agreement with technology company Geno to create an alternative to palm oil using biotechnology. As a company operating in 245 locations in more than 70 countries, the company's energy distribution must follow the rules and norms of various countries in

accordance with various legal systems, energy policies, and environmental regulations, considering that each country has different rules related to energy, emissions, and technology, which is certainly a challenge (Unilever, 2023c). Companies must be able to navigate this diversity of regulations to remain consistent with their global commitments, so that companies are not only subject to national laws but also participate in shaping and following international norms.

In a social program covering health and well-being improvement from 2010 to 2020, Unilever successfully helped more than 1.3 billion people to improve their health and hygiene (Unilever, 2021, p. 4b), through the promotion of handwashing with Lifebuoy brand soap, to change customer hygiene behavior in various countries across Asia, Africa, and Latin America with the aim of reducing the threat of diseases such as diarrhea and pneumonia (Unilever, 2021, p. 9a). There is also a program to provide clean and healthy drinking water through Pureit products, available in 12 countries, including India, China, Indonesia, Ghana, Kenya, and Brazil (Unilever, 2021, p. 9b), as well as increased access to sanitation through Domestos, improved dental health through the Brush Day & Night campaign by the Smile brand, and a confidence education program by Dove. These programs are not only run with governments and communities in each country but also in partnership with UNICEF (Unilever, 2021, pp. 9c–10).

In another social area related to improving the livelihoods of millions, Unilever focuses on human rights development, women's empowerment, and inclusive business. As of 2020, Unilever has helped 832,000 smallholders, especially farmers working in the cocoa, tea, palm oil, vanilla, and vegetable crop sectors, to improve their farming practices and to ensure decent wages for more people outside the company's workforce. Through cooperation with the company's suppliers, other businesses, governments, and NGOs, and through purchasing practices, collaboration, and advocacy to create systemic change, Unilever has also helped 1.83 million small retailers in the Philippines, India, Sri Lanka, Pakistan, Nigeria, Colombia, Guatemala, and El Salvador to increase their revenues (Unilever, 2021, p. 36).

After contributing through the Unilever Sustainable Living Plan (USLP) program, which encourages farmers to carry out regenerative agricultural practices such as planting cover crops to help protect and restore soil fertility, and continued through the Unilever Compass program in 2022, more than 520 farmers planted nearly 180,000 hectares of cover crops, and the company is still developing this program. In the case of dairy farms, dairy product production produces significant greenhouse gas emissions, such as methane and nitrous oxide. Milk is a key raw material in Unilever's ice cream products, which is why reducing these emissions should be an important part of Unilever's solutions to tackling climate change. In line with regenerative farming practices, which help store carbon, maintain soil health, and improve water and air quality, Unilever is also still working to find solutions in adapting cow diets to rapidly reduce methane emissions by working with farmers to explore how they can convert cow manure into renewable energy (Unilever, 2023d).

In the regions where palm oil is produced for the company, Unilever wants its work to benefit all parties in the regions where the company sources raw materials, including smallholders, forests and wildlife, governments, businesses, and communities. Given that landscape programs in Southeast Asian countries best understand local land conditions to achieve common goals, Unilever is helping to protect the Leuser Ecosystem, an important

biodiversity area in Aceh Province, Indonesia, and supporting WWF's forest restoration program in Sabah, which is part of a broader government-led effort (Unilever, 2023e).

Understanding that ESG principles have evolved into a universal norm that transcends national boundaries encourages collaboration between countries, corporations, and communities. Unilever's initiatives demonstrate how ESG can serve as a framework to address global challenges, such as climate change, social inequality, and sustainable development, while still striving to understand diverse environments and local contexts and maintaining compliance with regulations that must continue to be respected. Unilever's ability to align corporate strategy with international standards and to collaborate with various external parties — such as governments, local communities, domestic organizations, and other stakeholders — makes ESG a tool that can drive systemic change.

## **CONCLUSION**

Unilever's corporate governance framework exemplifies how ESG principles can function as a strategic mechanism that transcends mere administrative compliance, connecting business interests with long-term societal and environmental value on a global scale. Through initiatives such as the Unilever Sustainable Living Plan (USLP) and the Unilever Compass program, the company has demonstrated that international sustainability norms can be effectively adapted at the local level to address environmental challenges — including carbon emission reduction, waste minimization, and sustainable product development — as well as social priorities such as hygiene promotion, access to clean water, and smallholder empowerment. Its use of technology to enhance supply chain transparency and prevent deforestation further underscores the critical role of cross-sector partnerships in advancing global sustainability goals, positioning ESG not merely as a reporting standard but as a cornerstone of global governance capable of driving systemic change. Future research could examine the long-term measurable impact of Unilever's localized ESG adaptations across different regulatory and cultural contexts, particularly in emerging markets, to determine whether the company's model can serve as a replicable framework for other multinationals seeking to align corporate strategy with international sustainability norms.

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