UNILEVER SUSTAINABLE LIVING PLAN 2013

MAKING PROGRESS, DRIVING CHANGE
ABOUT UNILEVER

On any given day
2 BILLION consumers use our products

Our products are sold in over
190 countries

We employ
174,000 people

Our sales totalled
€49.8 BILLION in 2013

14 brands have sales of more than
€1 BILLION a year
WITH 7 BILLION PEOPLE ON OUR PLANET, THE EARTH’S RESOURCES ARE UNDER IMMENSE STRAIN

We are living in a world where temperatures are rising, water is scarce, energy expensive, food supplies uncertain and the gap between rich and poor increasing.

We cannot close our eyes to the problems the world faces. At Unilever we believe that business must be part of the solution. But to be so, business will have to change.

Sustainable, equitable growth is the only acceptable business model.

CHIEF EXECUTIVE OFFICER PAUL POLMAN EXPLAINS HOW WE ARE MAKING PROGRESS AND DRIVING CHANGE

View video:
www.unilever.com/our approach to sustainability
Unilever has, from its origins, been a purpose-driven company. Today our purpose is to make sustainable living commonplace.

This means helping to build a world where everyone lives well and within the natural limits of the planet:

• Brands that offer balanced nutrition, good hygiene and the confidence that comes from having clean clothes, clean hair and good skin
• Products which are sustainably sourced and used in a way that protects the earth’s natural resources
• Respect for the rights of the people and communities we work with throughout the world.

Our new global initiative, Project Sunlight, aims to motivate millions of people to live sustainably by taking small, everyday actions that make a big difference to the world.

We call our strategy for sustainable growth our Compass strategy. It sets out a clear and compelling vision of our future.

We will lead for responsible growth, inspiring people to take small everyday actions that will add up to a big difference.

We will grow by winning shares and building markets everywhere.
UNILEVER SUSTAINABLE LIVING PLAN

SO HOW WILL WE ACHIEVE OUR VISION?

In an uncertain and volatile world, we cannot achieve our Compass vision to double our size unless we find new ways to operate that do not just take from society and the environment. Launched in 2010, the Unilever Sustainable Living Plan is our blueprint for sustainable growth.

IMPROVING HEALTH AND WELL-BEING
By 2020 we will help more than a billion people take action to improve their health and well-being.

REDUCING ENVIRONMENTAL IMPACT
By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.

ENHANCING LIVELIHOODS
By 2020 we will enhance the livelihoods of millions of people as we grow our business.

The Plan is helping to drive profitable growth for our brands, save costs and fuel innovation.

Our Plan sets out three big goals. Underpinning these goals are nine commitments supported by targets spanning our social, environmental and economic performance.

OUR PLAN IS DISTINCTIVE

- It spans our entire portfolio of brands and all countries in which we sell our products
- It has a social and economic dimension – our products make a difference to health and well-being and our business supports the livelihoods of many people
- When it comes to the environment, we work across the whole value chain – from the sourcing of raw materials to our factories and the way consumers use our products

UNILEVER’S GREENHOUSE GAS FOOTPRINT

- Raw Materials: 23%
- Manufacture: 2%
- Transport: 3%
- Retail: 3%
- Consumer: 68%
- Disposal: 1%
MAKING PROGRESS

We are already seeing the results of our efforts. Our focus on sustainability is driving brand growth, competitive advantage and differentiation. The virtuous circle of growth describes how we generate profit from our sustainable growth business model.

OUR VIRTUOUS CIRCLE OF GROWTH

PROFITABLE VOLUME GROWTH
Brands that are integrating sustainable living into their core purpose are driving success for our business. Our growing range of sustainable products is also helping drive growth with our retail partners.

COST LEVERAGE + EFFICIENCY
By reducing waste in energy, raw materials and so on, we create efficiencies and cut costs, which helps to improve our margins.

INNOVATION + MARKETING INVESTMENT
By looking at product development, sourcing and manufacturing through a sustainability lens, opportunities for innovation open up. By collaborating with partners including not-for-profit organisations, we can leverage skills, capabilities and networks that we do not have.

SUSTAINABILITY-LED GROWTH
Brands that are integrating sustainable living into their core purpose are driving success for our business. Our growing range of sustainable products is also helping drive growth with our retail partners.
LIFEbuoy’S DOUBLE-DIGIT GROWTH – THREE YEARS IN A ROW

Our health soap brand, Lifebuoy, puts its social purpose at the heart of its innovation and engagement with consumers.

In 2013, Lifebuoy ran hygiene behaviour change programmes in 14 countries. These are not only helping to change habits to combat disease – expert studies have shown that washing hands with soap at five critical moments during the day can dramatically cut the incidence of life-threatening diseases like diarrhoea. They are also driving volume growth in key markets. Lifebuoy has achieved three years of double-digit growth to become the world’s number one anti-bacterial brand.

KNOrr GROWs CONSUMER PREFERENCE

We have made great progress sourcing our vegetables sustainably. Tomatoes have been one of our biggest successes with 84% sustainably sourced by the end of 2013.

Of all our brands, Knorr uses the most vegetables. Its €1 million Sustainability Partnership Fund has helped Spanish grower Agraz to grow its tomatoes with just the right amount of water, while protecting local biodiversity.

Our research across 11 countries has found that three quarters of consumers would be more likely to purchase a product if they knew it was made from sustainably sourced ingredients. Knorr has introduced an on-pack logo – for the Knorr Sustainability Partnership – to help consumers make the choice for sustainably sourced ingredients. In Knorr’s largest market, Germany, these changes are being rewarded with improved brand equity.

SURF AND SKIP’S GOOD LAUNDRY HABITS INCREASE SALES

Our Home Care team in Latin America partnered with leading retailers, including Carrefour, in a new initiative ‘Sumate al Ecolavado’ (Join us at Ecowash) to promote good laundry habits. Five brands, including Surf and Skip, worked together in Argentina, Uruguay and Chile to encourage washing at lower temperatures, energy saving through shorter wash cycles and switching to concentrated detergents.

Carrefour stores that participated in Argentina have experienced sales growth three times higher than others while consumers were encouraged to make lasting changes to their behaviour.
By looking at our brands and product development through a sustainability lens, opportunities for innovation open up. By collaborating with partners, including not-for-profit organisations, we can leverage the skills, capabilities and networks that we don’t have.

**Compressed Deodorants Set to Revolutionise the Market**

In 2013 we launched smaller ‘compressed’ deodorant sprays across three of our well-known brands – Sure, Dove and Vaseline – in the UK. These sprays use half the propellant, around 25% less aluminium packaging and a third less road transport – meaning the carbon footprint per can is around 25% less. We have now extended this format to our Lynx brand.

People find the smaller pack size more convenient and easier to carry and have the added satisfaction of knowing the environmental impact is reduced. More than 9 million cans have been sold since launch.

**The Hulk of Handwashes**

Lifebuoy launched its innovative colour changing handwash into more markets in Asia and Africa in 2013. This makes handwashing fun for kids and reassures parents that their children are protected from germs.

The colour of the foam changes from white to green in ten seconds, the time it takes for Lifebuoy’s special formulation to deliver 99.9% germ protection.

The brand’s campaign uses Marvel’s famous comic character ‘The Hulk’. It features a boy’s hands turning into powerful, germ-busting Hulk hands as the Lifebuoy foam changes colour. This new product technology is helping Lifebuoy change handwashing behaviour and grow faster.

**It Takes a Village**

Our Becel and Flora pro-activ brands have developed a three-week challenge to help people with raised cholesterol move to a healthy diet and lifestyle. This includes eating Flora or Becel pro-activ, which contain plant sterols that have been shown to lower blood cholesterol, as part of a healthy eating plan and regular exercise.

The challenge, called It Takes a Village, has visited villages in Australia, Germany, Greece, Spain, South Africa and the UK. So far more than 3,500 people have had their cholesterol tested, 500 have taken part in the challenge and 89% have successfully lowered their cholesterol.
LESS WASTE, LESS RISK

By reducing waste in energy, raw materials and manufacturing, we create efficiencies and cut costs, which helps to improve our margins.

ZERO WASTE TO LANDFILL IN 75% OF FACTORIES

Since 2008, we have saved €200 million by cutting raw and packaging materials and reducing disposed waste.

75% of our manufacturing sites no longer send any non-hazardous waste to landfill at all. That’s a total of 186 manufacturing sites in 38 countries. The scale and speed of reduction has been achieved by making sites more aware of their waste streams and identifying opportunities to eliminate and reduce waste at source. We have also pooled our expertise with our waste suppliers to find opportunities for reduction wherever possible.

ENERGY EFFICIENCY AVOIDS OVER €150 MILLION IN COSTS

We have avoided cumulative energy costs of over €150 million since 2008 through more efficient manufacturing.

The Unilever Sustainable Living Plan is inspiring our employees to act. One example is our €15 million Small Actions Big Difference fund that encourages staff to develop sustainable business ideas. In 2013 we invested in 50 of the best projects suggested by them to reduce water abstraction by manufacturing sites around the world. These yield an average payback time of less than two years and have helped us achieve big reductions in water abstracted.

EXCITING TECHNOLOGY HELPS DOVE REDUCE PACKAGING

Working closely with packaging technology experts Mucell and Alpla, we have developed a technique which allows us to inject gas while blow-moulding bottles. The gas creates bubbles in the middle of the pack walls. This cuts plastic use by up to 15% while maintaining full functionality for the consumer. The bottles also remain 100% recyclable.

This brand new technology is now being used for our Dove Body Wash bottles. We estimate savings of up to 27,000 tonnes of plastic resin a year once this technology is fully applied across our portfolio of products. In future years, this could deliver potential cost savings of up to €50 million.
2013 has been a year of good performance. We have found we are able to make excellent progress on the targets within our direct control. Those outside our control are proving more challenging.

**Improving Health and Well-being**

By the end of 2013, we had helped 303 million people improve their health and hygiene habits. This is more than a quarter of the way towards our ambitious 2020 target. Our Lifebuoy and Dove brands gained market share and grew sales.

In Foods and Refreshment, the majority of our products meet, or are better than, benchmarks based on national nutritional recommendations. In 2013, 31% of our portfolio met the highest nutritional standards, based on globally recognised dietary guidelines.

**Reducing Environmental Impact**

In 2013, our CO2 emissions from energy in manufacturing were 32% below 2008 levels per tonne of production. Water abstraction is down 29% and total waste sent for disposal down 66%.

Although we are making good progress in some parts of our business, others are proving more challenging. The total greenhouse gas footprint of our products, including consumer use, is up by 5% since 2010 and domestic water is up 15%, while packaging waste to landfill is down 11%. Our greenhouse gas impacts have grown as a result of our Alberto Culver acquisition and our water impacts increased due to high levels of growth from our laundry bars in India which, while very affordable for people on low incomes, are also associated with a more water-intensive washing habit.

By the end of 2013, 48% of our agricultural raw materials were sourced sustainably, a significant rise from 36% in 2012.

**Enhancing Livelihoods**

In partnership with our agricultural suppliers we have provided help and training to 570,000 smallholders, such as tea farmers in Turkey and vanilla farmers in Madagascar. We plan to deepen this engagement to ensure it feeds through to a positive impact on their livelihoods.

Shakti, our door-to-door selling operation in India, provides work for large numbers of women in poor rural communities. We increased the number of Shakti entrepreneurs we recruit, train and employ, from 48,000 in 2012 to 65,000 in 2013. This grows our business and improves the lives of our sales people, often doubling their household income.
EVOLUTION OF OUR PLAN

We have learnt a great deal since we launched the Plan three years ago.

In 2013 we undertook an in-depth review with every product category and business function. We identified actions that will help us drive sustainable growth faster and remove barriers to progress.

As a result we have broadened our Plan with a more substantive and far-reaching Enhancing Livelihoods programme.

Alongside our new Livelihoods commitments, we have also revised some targets to ensure we can achieve our long-term ambitions, which remain undiminished.

The most significant change we have made is to recognise that we can make a bigger difference to some of the world’s major social, environmental and economic issues if we leverage our scale, influence and resources. So in future we will deepen our efforts in a few areas to make a transformational difference.
Enhancing livelihoods is about the impact we can have as a business on people’s lives. We can do this by widening opportunities, increasing skills and including more people in our business growth. It’s about respecting and, where necessary, protecting their fundamental human and labour rights.

We have made three new commitments: to drive fairness in the workplace; to advance opportunities for women; and to develop inclusive business. These commitments support our overall goal:

By 2020, we will enhance the livelihoods of millions of people as we grow our business.

By the end of 2013 we had engaged with 570,000 smallholder farmers. We plan to increase this by 2020, reaching 5 million women and 5.5 million smallholder farmers, small-scale retailers and young entrepreneurs.
Fairsness in the workplace is about respecting and, where necessary, protecting the rights of all those who work with us, in our own operations and our extended supply chain. It’s about acting to remedy abuses when they are identified and working to improve practices.


By 2020 we will source 100% of our procurement spend through suppliers who commit to promote fundamental human rights as specified in our Responsible Sourcing Policy. We will implement the UN Guiding Principles on Business and Human Rights throughout our operations and report on progress publicly. We will create a framework for fair compensation starting with an analysis in 180 countries by 2015. In addition, we will help our employees to take action to improve their health, nutrition and well-being, and we will reduce workplace injuries and accidents.

Opportunities for women

Around the world many women face discrimination and disadvantage, lack access to skills and training, and face roadblocks to their active participation in the economy.

At the same time, women form the majority of our consumer base. They are strongly represented in our agricultural supply chains and in distributing our brands to market. We are a large employer and need the best available talent to succeed.

By 2020 we will empower 5 million women. To achieve this, we will build a gender-balanced organisation with a focus on management, we will promote safety for women in the communities where we operate, we will enhance access to training and skills and expand opportunities in our value chain.

We will provide financial literacy and job skills training to women who are smallholder farmers and small-scale distributors. We have endorsed the UN Women’s Empowerment Principles and will implement them across our operations.

Inclusive business

Our supplier and distribution networks across the world involve millions of smallholder farmers, small-scale distributors and retailers. We can contribute to their economic well-being by creating employment, improving skills and offering access to markets. This can, in particular, benefit young people who have borne the brunt of the slowdown in the global economy.

By 2020 we will have a positive impact on the lives of 5.5 million people – by improving the livelihoods of smallholder farmers, improving the incomes of small-scale retailers and increasing the participation of young entrepreneurs in our value chain.

Our approach is to engage with smallholder farmers to improve their capability and productivity, focusing on key crops such as tea and palm oil. We also plan to expand opportunities for micro-entrepreneurs in the distribution and retailing of our brands. This will grow the markets for our products and make our business more resilient in an uncertain world.
At Unilever we have been asking ourselves how we can make a bigger difference to those big issues that matter most to our business.
We have set a bold ambition to achieve change within our own company – through our brands, innovation, sourcing and operations. But we are only one company among many and the change needed to tackle the world’s major social, environmental and economic issues is big – and urgent.

What’s really needed are changes to the broader systems of which we are a part.

We have decided to deepen our efforts in three areas where we have the scale, influence and resources to create ‘transformational change’. By that we mean fundamental change to whole systems, not simply incremental improvements.

These areas are:

- **Working to eliminate deforestation from supply chains**
- **Championing sustainable agriculture and the development of smallholder farmers**
- **Improving hygiene through handwashing, safe drinking water and sanitation.**

Going beyond what we can achieve in our own operations and with our suppliers, we are stepping up our engagement to work with governments, NGOs and others in our industry on these issues.

By working together, we believe that fundamental change is possible in the near term.

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**WORKING TO ELIMINATE DEFORESTATION**

Deforestation contributes up to 15% of global greenhouse gas emissions. Just four commodities are major drivers of deforestation – palm oil, beef, soy and paper and pulp.

Unilever is one of the world’s largest multinational consumer goods buyers of palm oil. So we are stepping up our efforts to eliminate deforestation from our own supply chain and those of others.

We have committed to source 100% of our palm oil from certified, traceable sources by 2020. By the end of 2014, all the palm oil we buy will be traceable to known sources – a big step forward.

At an industry level we are working with key suppliers, NGOs and multi-sector groups such as the Roundtable on Sustainable Palm Oil, the Consumer goods Forum and the Tropical Forest Alliance.

We and others are working together to develop one independent, scientific, peer-reviewed global standard to drive change which is good for forests, wildlife and local communities.

We are convinced an end to deforestation is within our grasp.
SUSTAINABLE AGRICULTURE AND SMALLHOLDER FARMERS

Rising populations, climate change, water scarcity and unsustainable farming practices are threatening food security. In developing countries three out of four people depend on agriculture for their livelihoods.

Half Unilever’s raw materials come from farms or forests. That makes sustainable agriculture a strategic priority for us. We have committed to source all our agricultural raw materials sustainably by 2020 and have already reached 48%. At the same time we will engage with at least 500,000 smallholder farmers to improve their livelihoods.

Our open-source Unilever Sustainable Agriculture Code has not only been used by our own suppliers, it has inspired and set a benchmark for other companies and organisations, catalysing broader change. We are also playing a leading role in transforming the tea industry, working with a range of partners including Rainforest Alliance, the Netherlands-based Sustainable Trade Initiative (IDH) and Solidaridad.

Beyond tea we are working through multi-stakeholder and certification bodies to achieve fundamental change in farming practices.

WATER, SANITATION AND HYGIENE – THE WASH AGENDA

More than 2.5 billion people still lack effective sanitation, good hygiene and safe drinking water. Tackling these issues can achieve a big impact on the diseases that cause ill health and cost lives.

Uniquely, Unilever has leading brands – Lifebuoy, Pureit and Domestos – that can make a difference in these three areas. We are exploring how we can focus our efforts and engage even more with others.

INCREASING YIELDS AND IMPROVING LIVELIHOODS FOR SMALLHOLDERS IN TURKEY AND MADAGASCAR

View video: www.unilever.com/smallholdertoplivelihoods
Already we are changing hygiene behaviour at scale. Since 2010 Lifebuoy’s handwashing programmes have reached 183 million people. Pureit is providing safe drinking water to 55 million people. Both brands have worked closely with others such as PSI, a Unilever Foundation partner. Domestos and the Unilever Foundation are partnering with UNICEF to scale up its Community Approaches to Total Sanitation programme.

Water, sanitation and hygiene are inter-related. To achieve better health outcomes and lower costs we will try to address all three together.
UNILEVER SUSTAINABLE LIVING PLAN IN 2013

Our Plan has three big goals to achieve by 2020, underpinned by nine commitments and targets spanning our social, environmental and economic performance across the value chain.

In 2013 we made good progress across our commitments. In particular we achieved strong performance for targets within our direct control. Those outside our direct control are proving more challenging. We will continue to work with others to focus on those areas where we can drive the greatest change.

We will continually work to improve the taste and nutritional quality of all our products. The majority of our products meet, or are better than, benchmarks based on national nutritional recommendations. Our commitment goes further: by 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines.

This will help hundreds of millions of people to achieve a healthier diet.

31%† Of OUR PORTFOLIO BY VOLUME MET HIGHEST NUTRITIONAL STANDARDS IN 2013

Reduce salt levels
Reduce saturated fat
Increase essential fatty acids
Reduce saturated fat in more products
Improve heart health
Remove trans fat
Reduce sugar
Reduce calories
Provide healthy eating information

1 HEALTH AND HYGIENE

IMPROVING HEALTH AND WELL-BEING
By 2020 we will help more than a billion people take action to improve their health and well-being. We have helped 303 million people take action to improve their health and well-being.

303 MILLION PEOPLE REACHED BY END 2013

- Reduce diarrhoeal and respiratory disease through handwashing
- Provide safe drinking water
- Improve oral health
- Improve self-esteem

2 NUTRITION

By 2020 we will help more than a billion people to improve their health and hygiene. This will help reduce the incidence of life-threatening diseases like diarrhoea.

We will continually work to improve the taste and nutritional quality of all our products. The majority of our products meet, or are better than, benchmarks based on national nutritional recommendations. Our commitment goes further: by 2020, we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.

3 GREENHOUSE GASES

OUR PRODUCTS’ LIFECYCLE
Halve the greenhouse gas impact of our products across the lifecycle by 2020.*

- OUR GREENHOUSE GAS IMPACT PER CONSUMER USE HAS INCREASED BY AROUND 5%† SINCE 2010*

OUR MANUFACTURING
By 2020 CO₂ emissions from energy from our factories will be at or below 2008 levels despite significantly higher volumes. Reduce GHG from manufacturing:

- CO₂ from energy reduced by 32%† per tonne of production since 2008
- Renewable energy
- New factories
- Reduce GHG from skin cleansing and hair washing
- Reduce GHG from washing clothes:
  - Concentration
  - Reformulation
  - Consumer behaviour
- Reduce GHG from transport
- Reduce GHG from refrigeration
- Reduce energy consumption in our offices
- Reduce employee travel

KEY
- Achieved by target date
- On-plan for target date
- Off-plan for target date
- % achieved by target date
By 2020, we will have a positive impact on the lives of 5.5 million people.

- Improve livelihoods of smallholder farmers
- Improve incomes of small-scale retailers
- Increase participation of young entrepreneurs in our value chain

By 2020, we will source 100% of our agricultural raw materials sustainably.

- Palm oil: Sustainable
- Traceable
- Paper and board
- Soy beans and soy oil
- Tea
- Fruit
- Vegetables
- Cocoa
- Sugar
- Sunflower oil
- Rapeseed oil
- Dairy
- Fairtrade Ben & Jerry’s
- Cage-free eggs
- Increase sustainable sourcing of office materials

Our greenhouse gas and water impacts per consumer use have increased and our waste impact per consumer use has reduced since 2010.

- By 2020 water abstraction by our global factory network will be at or below 2008 levels, despite significantly higher volumes.
- Total waste reduced by 66% per tonne of production since 2008
- Zero non-hazardous waste to landfill
- New factories
- Reduce packaging
- Recycle packaging: Increase recycling and recovery rates
- Increase recycled content
- Reuse packaging
- Tackle sachet waste
- Eliminate PVC
- Reduce office waste: Recycle, reuse, recover
- Reduce paper consumption
- Eliminate paper in processes

* Our environmental targets are expressed on a ‘per consumer use’ basis. This means a single use, portion or serving of a product. We have taken a lifecycle approach with a baseline of 2010.

+ In seven water-scarce countries representing around half the world’s population.

† Independently assured by PwC.

◊ Subject to independent assurance by Moss Adams in April 2014.
We have found that doing business sustainably is possible and that brands that build sustainability into their offer can be more appealing to consumers. We realise that we can make a bigger difference to some of the world’s major social, environmental and economic issues if we leverage our scale, influence and resources to drive transformational change.

The Unilever Sustainable Living Plan is inspiring our efforts.

We cannot achieve our vision alone. We invite you to give us your feedback at: Paul.Polman.SustainableLiving@unilever.com

and join the movement for sustainable living at:

www.projectsunlight.com