



Basis of Preparation 2020: Annual Report & Accounts

For sustainability metrics selected for independent assurance in our Annual Report and Accounts 2020



Unilever

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1. Introduction

PricewaterhouseCoopers LLP (PwC) has been appointed to provide limited assurance of selected USLP and EOS performance measures. This Basis of Preparation document sets out how these USLP and EOS performance measures, described in Section 2 below, have been prepared and reported, including their reporting periods.

The selection of USLP and EOS performance measures for limited assurance is explained in the 'Independent Assurance' section of the online Unilever Sustainable Living Report.

Our USLP and EOS targets and the performance results achieved are described in full in the online Unilever Sustainable Living Report for 2020. A selection of targets and the performance results achieved are also described in the 2020 Annual Report and Accounts.

This document reflects our business objectives and processes and takes into account regulatory requirements applicable to our operations globally, industry codes of practice and voluntary guidance from external bodies. Unlike financial accounting standards, currently there are no industry norms or globally recognised established practices for measuring and evaluating performance data of this type. While these practices are evolving, it is important therefore to understand the approach we have taken with our data. We have established objective measurement techniques, including appropriate estimates and assumptions, for our performance data.

2. Scope

This document summarises the definition, scope and data preparation for the performance measures listed below. The preparation of the USLP and EOS performance measures is detailed in Sections 4 and 5 respectively.

Unless otherwise indicated, the performance data includes newly acquired businesses as soon as the appropriate processes and systems are implemented to enable consistent data collation and Unilever Group level consolidation.

Operations categorised as joint ventures or investments are excluded from the scope of all performance measures, unless otherwise indicated.

The results of disposed businesses are included in the performance measures up to the date of disposal.

We ensure that appropriate procedures are in place to report performance data, in all material respects, as set out in this document. These procedures ensure that:

- the reported information reflects our performance;
- the data is meaningful and is consistent with the stated definitions and scope;
- any specific exclusions are stated clearly and explained;
- any assumptions we make as well as our accounting and calculation methods are clearly described; and
- the level of transparency is sufficient to enable users to have confidence in the integrity of our reporting.

2.1 USLP performance measures

USLP Indicator	Performance measure	2020 reported performance result
Nutrition (pillar commitment): Helping people to achieve healthier diets.	<ul style="list-style-type: none"> ■ The percentage of sales volume of Unilever food and refreshment products meeting the criteria for highest nutritional standards based on globally recognised dietary guidelines from 1 October 2019 to 30 September 2020. 	<ul style="list-style-type: none"> ■ 61% of our portfolio by volume met criteria for highest nutritional standards based on globally recognised dietary guidelines.
Waste (pillar commitment): Halve the waste associated with the disposal of our products.	<ul style="list-style-type: none"> ■ The percentage change in the waste impact of our products across the lifecycle per consumer use between the period measured from 1 January 2010 to 31 December 2010 ('2010 baseline') and the period measured from 1 July 2019 to 30 June 2020 ('2020 footprint'). 	<ul style="list-style-type: none"> ■ 34% decrease in the waste impact of our products across the lifecycle per consumer.
Fairness in the workplace:		
UN Guiding Principles: Implement UN Guiding Principles on Business and Human Rights.	<ul style="list-style-type: none"> ■ Implementing the UN Guiding Principles on Business and Human Rights throughout Unilever's operations and publicly reporting on progress. 	<ul style="list-style-type: none"> ■ A series of implementation activities have been carried out to continue embedding the UN Guiding Principles on Business and Human Rights throughout Unilever's operations.
Responsible sourcing policy: Source 100% of procurement spend in line with our Responsible Sourcing Policy.	<ul style="list-style-type: none"> ■ The monetary value of purchases from suppliers who meet the mandatory requirements of Unilever's Responsible Sourcing Policy expressed as a percentage of total procurement spend calculated over the period from 1 January 2020 to 31 December of the reporting year. 	<ul style="list-style-type: none"> ■ 83% of our procurement spend was through suppliers meeting the mandatory requirements of the Responsible Sourcing Policy.
Fair compensation: Create framework for fair compensation.	<ul style="list-style-type: none"> ■ Implementing a series of activities to create the Framework for Fair Compensation for Unilever. 	<ul style="list-style-type: none"> ■ A series of activities have been carried out to create the Framework for Fair Compensation for Unilever.
Opportunities for women:		
Gender-balanced organisation: Build a gender-balanced organisation with a focus on management.	<ul style="list-style-type: none"> ■ The percentage of women who were in Unilever management roles as of 31 December 2020. 	<ul style="list-style-type: none"> ■ 50% women in Unilever management positions.
Safety for women: Promote safety for women in communities where we operate.	<ul style="list-style-type: none"> ■ Number of women enabled to access initiatives aiming to promote their safety for the period 1 January 2017 to 30 September 2020. 	<ul style="list-style-type: none"> ■ 11,403 women enabled to access initiatives aiming to promote their safety.
Training and skills: Enhance access to training and skills.	<ul style="list-style-type: none"> ■ Number of women we have enabled to access initiatives aiming to develop their skills for the period 1 October 2010 to 30 September 2020. 	<ul style="list-style-type: none"> ■ 2,450,982 women we have enabled to access initiatives aiming to develop their skills.
Expand opportunities: Expand Opportunities in our value chain.	<ul style="list-style-type: none"> ■ Number of women enabled to access initiatives aiming to expand their opportunities in our retail value chain for the period 1 July 2017 to 30 September 2020. 	<ul style="list-style-type: none"> ■ 168,489 women enabled to access initiatives aiming to expand their opportunities in our value chain.
Inclusive Business:		
Smallholder farmers: Enabling smallholder farmers to access initiatives aiming to improve agricultural practices.	<ul style="list-style-type: none"> ■ Number of smallholder farmers in our supply network who we have enabled access to initiatives, aimed at improving their agricultural practices for the period 1 January 2011 to 30 September 2020. 	<ul style="list-style-type: none"> ■ Enabled 832,285 smallholder farmers to access initiatives aimed at improving their agricultural practices.
Small-scale Retailers: Enabling small-scale retailers to access initiatives aiming to improve their income.	<ul style="list-style-type: none"> ■ Number of small-scale retailers in our distribution network we have enabled access to initiatives aiming to improve their incomes for the period 1 October 2015 to 30 September 2020. 	<ul style="list-style-type: none"> ■ Enabled 1,832,115 small-scale retailers to access initiatives aimed at improving their income.

2.2 Environmental and Occupational Safety (EOS) performance measures

EOS Indicator	Performance measure	2020 reported performance result
Water: Reduce water use in manufacturing.	<ul style="list-style-type: none"> ■ Water abstracted in m³ per tonne of production. ■ Change in the volume of water in cubic meters (m³) abstracted in 2020 (this covers the period 1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).* ■ Percentage change in the volume of water abstracted per tonne of production in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).* ■ Chemical oxygen demand (COD) in kg per tonne of production in 2020 (this covers the period 1 October 2019 to 30 September 2020). 	<ul style="list-style-type: none"> ■ 1.52 m³/tonne ■ 27.1 million fewer m³ of water abstracted in 2020 than in 2008 ■ 49% reduction in water abstracted per tonne of production in 2020 compared to 2008 ■ 0.86 kg/tonne
Energy and greenhouse gas emissions: Reduce GHG from manufacturing.	<ul style="list-style-type: none"> ■ CO₂ emissions from energy use in tonnes (market-based). ■ CO₂ emissions from energy use in tonnes (location-based). ■ CO₂ emissions from energy use in kg per tonne of production (market-based). ■ Change in the tonnes of CO₂ from energy (market-based) in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008)*. ■ Percentage change in CO₂ from energy use (market-based) per tonne of production in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008)*. ■ Energy use in gigajoules per tonne of production. 	<ul style="list-style-type: none"> ■ 717,399 tonnes (market-based) ■ 1,658,444 tonnes (location-based) ■ 36.94 kg/tonne ■ 2,068,484 fewer tonnes of CO₂ from energy use in 2020 than in 2008 ■ 75% reduction in CO₂ from energy use (market-based) per tonne of production in 2020 compared to 2008 ■ 1.21 GJ/tonne
Waste: Reduce waste from manufacturing.	<ul style="list-style-type: none"> ■ Hazardous waste in kg per tonne of production. ■ Non-hazardous waste in kg per tonne of production. ■ Total waste sent for disposal per tonne of production. ■ Change in the tonnes of total waste sent for disposal in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008)*. ■ Percentage change in the total waste sent for disposal per tonne of production in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008)*. 	<ul style="list-style-type: none"> ■ 0.31 kg/tonne ■ 0.03 kg/tonne ■ 0.34 kg/tonne ■ 144,428 fewer tonnes of total waste sent for disposal in 2020 than in 2008 ■ 96% reduction in total waste sent for disposal per tonne of production in 2020 compared to 2008
Occupational safety: Reduce workplace injuries and accidents	<ul style="list-style-type: none"> ■ Number of fatal accidents in 2020 (1 October 2019 to 30 September 2020). ■ The number of occupational accidents per one million hours worked (this covers the period 1 October 2019 to 30 September 2020). 	<ul style="list-style-type: none"> ■ 3 fatalities ■ 0.63 accidents per 1 million man-hours worked

* The baseline 12-month reporting period is comparable to the 12-month reporting period for 2020.

3. Data sources

Our objective is to gather and report reliable and robust data. We are committed to providing transparency on the quality of the data where we consider there are matters which are material to users of the information. The information we report is subject to internal review processes and, where relevant and/or required, peer review. All performance measures in the above tables, 2.1 and 2.2, are subject to external assurance unless specifically noted.

3.1. USLP performance measures

Our data reporting systems for Unilever Sustainable Living Plan targets and performance are evolving and we continue to work to align data recording and reporting methods across the Unilever Group. This includes working with third parties where we rely on their data to provide input and support our performance.

3.2. EOS performance measures

Every year we collect data on key measures of environmental performance. This is collated and analysed using a web-based Environmental Performance Reporting tool (EPR). Since 2008 we have reported our CO₂ emissions with reference to the GHG Protocol**.

For the reporting period 1 October 2019 to 30 September 2020, 259 manufacturing sites in 66 countries reported environmental performance data. In some cases, multiple factories occupy one manufacturing site.

For the two occupational safety performance measures, we collect data from our manufacturing sites and nonmanufacturing sites via our Occupational Safety (OS) tool. For the reporting period 1 October 2019 to 30 September 2020, 541 sites reported occupational safety performance measures.

** The Greenhouse Gas Protocol Initiative is a multi-stakeholder partnership of businesses, NGOs, governments and others convened by the World Resources Institute (WRI), US-based environmental NGO, and the World Business Council for Sustainable Development (WBCSD), a Geneva-based coalition of 200 international companies. Launched in 1998, the Initiative's mission is to develop internationally accepted greenhouse gas (GHG) accounting and reporting standards for business and to promote their broad adoption.

4. USLP performance data preparation

Sections 4.1 – 4.5 detail the basis of preparation for each USLP performance measure.

4.1 Nutrition (pillar commitment): Helping people to achieve healthier diets

Performance measure:

The percentage of sales volume of Unilever food and refreshment products meeting the criteria for highest nutritional standards based on globally recognised dietary guidelines from 1 October 2019 to 30 September 2020.

Definitions:

- Unilever's food and refreshment products portfolio consists of the individual food and refreshment SKUs (stock-keeping units), as well as the products marketed under the joint ventures of Lipton with Pepsi, Suntory and Morinaga.
- The highest nutrition standards* refer to product levels of salt, saturated fat, trans fats, added sugar and kilocalories that are aligned with international dietary guidelines and are therefore the strictest within Unilever's Nutrition Enhancement Programme. We evaluate the content of these nutrients in our food and beverage products on the basis of the nutritional specifications. These specifications are the basis for nutrient levels disclosure on our product packaging or websites. The nutritional content of ingredients in our specifications is determined in line with globally and/or locally accepted food regulator methodologies.

Scope:

Food and refreshment products are 'in scope' of this performance measure, as well as the products marketed under the joint ventures of Lipton with Pepsi, Suntory and Morinaga. We report on all SKUs to the extent that we have the required nutritional information available. Products classified as Outliers (observations in data which appear to significantly deviate from other values in the sample) and private label products (distributors' own brands) are excluded from reporting. The number of SKUs which lack the required nutritional information represented approximately 3% of sales volume.

Performance data preparation and assumptions:

The nutritional data for food and refreshment products including food service are taken from Unilever's product specification management systems (PLM). The sales volumes for products in scope are extracted from Unilever's sales system (CoRe).

Portfolio data of products marketed under the joint ventures of Lipton with Pepsi, Suntory and Morinaga is taken from the joint ventures' data management systems.

The nutrient content of individual food and refreshment SKUs is compared to the standards* in order to determine compliance. Each product must meet all the required nutrition standards per product to be determined as compliant.

* The Unilever Highest Nutritional Standards can be found on Unilever.com: https://www.unilever.com/Images/unilever-highest-nutritionalstandards_tcm244-510082_1_en.pdf

4.2 Waste footprint (pillar commitment): Halve the waste impact associated with our products by 2020

Performance measure:

The percentage change in the waste impact of our products across the lifecycle per consumer use between the period measured from 1 January 2010 to 31 December 2010 ('2010 baseline') and the period measured from 1 July 2019 to 30 June 2020 ('2020 footprint').

Definitions:

- The waste performance measure considers waste from disposal of our primary and secondary packaging only to the extent that this has not been recycled, reused, or recovered, plus product left behind in the primary pack at disposal ('leftover').
- The waste performance measure is expressed on a 'per consumer use' basis. 'Per consumer use' refers to the consumed amount per individual portion, single use or serving of a Unilever product by one person. It is based on the amount of product sold to the consumer, and either the recommended dose/use or habits data.
- Recycled packaging refers to packaging that has been converted back into its original material.

- Recovery refers to the recapture of energy embedded within packaging.
- Reuse refers to packaging which is reused for its original application.

Scope:

Our waste performance measure calculates the waste related to the disposal of our packaging and leftover.

- In 14 USLP countries: Brazil, China, France, Germany, India, Indonesia, Italy, Mexico, Netherlands, Russia, South Africa, Turkey, UK, and USA.
- For our 12 categories: Beverages, Deodorants, Dressings, Hair Care, Home & Hygiene, Ice Cream, Fabric Sensations, Fabric Solutions, Oral Care, Savoury, Skin Care and Skin Cleansing.
- In two phases in our life cycle: raw materials (primary packaging and secondary packaging, which has not been recycled or recovered), and consumer use (leftover).

Products excluded from the waste performance measure are:

- Those for which sales volumes and specification details of the products are not available in the relevant Unilever databases.
- Those where Unilever does not have direct influence over the footprint of the finished product, namely: products developed and manufactured through our joint venture operations, bulk items and export items that are sold to third parties as unfinished products.
- Those distributed to professional markets via Food Solutions, promotional items and complex packs, and tools and devices (including Pureit).
- Those which have exceptionally high sales volumes expressed in per consumer uses and represent a negligible proportion of our absolute impact, thereby having the potential to distort the 'per consumer use' performance measure (namely Q Tips cotton swabs, Annapurna salt, and Vaseline lip balm).

These exclusions are applied consistently across the GHG, water and waste performance measures.

Performance data preparation and assumptions:

Calculating this performance measure requires a detailed analysis of the waste impacts of thousands of products spread across 14 key countries. The results are calculated at a corporate level on a per consumer use basis. The waste impact is calculated for a representative sample of products, based on a clustering of products. The clustering aims to account for at least 80% of our sales volume in the key countries. The representative product assessment is then extrapolated at a category and country level to account for the un-clustered products in each of the 14 key countries.

For each representative product, a number of internal and external data sources are used to describe the various life cycle activities and inputs (e.g. specification of product, consumer use data). Consumer use is determined based on either consumer habits studies or on-pack recommendations. In cases where relevant consumer habits studies are unavailable, internal expert opinion is used. Consumer use data often varies by country. The amount of packaging that has been recycled, reused, or recovered is determined using relevant Recycling and Recovery Indices ('RRI') from each of the 14 key countries. Sources of RRI include government-published or industry-average data. In cases where these sources are unavailable or unreliable, internal expert opinion is used.

4.3a Fairness in the workplace: Implement UN Guiding Principles on Business and Human Rights

Performance measure:

A series of implementation activities have been carried out to continue embedding the UN Guiding Principles on Business and Human Rights throughout Unilever's operations.

Definitions:

The United Nations Guiding Principles on Business and Human Rights ('UN Guiding Principles') is a global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. Unilever's human rights approach is formed with reference to the UN Guiding Principles. The Human Rights Policy Statement document describes Unilever's commitment to respect global principles and the associated due diligence processes and governance of respect for human rights.

4. USLP performance data preparation continued

Implementation means the ongoing embedding of these principles into Unilever's policies and processes, in response to changing requirements and identification of issues, so that they are followed by the business. Implementation focuses on eight (8) salient human rights issues for Unilever (as set out in the Human Rights Report 2015).

These are:

- Discrimination: This is addressed in the Code of Business Principles ('COBP') and Respect, Dignity and Fair Treatment ('RDFT') Code Policy.
- Fair wages: This is addressed in the COBP, RDFT Code Policy and Framework for Fair Compensation.
- Forced labour: This is addressed in the COBP and RDFT Code Policy.
- Freedom of association: This is addressed in the COBP and RDFT Code Policy.
- Harassment: This is addressed in the RDFT Code Policy.
- Health and safety: This is addressed in the COBP and the Occupational Health and Safety Policy.
- Land rights: Internal Principles and Guidance
- Working hours: This is addressed in the RDFT Code Policy.

Scope:

The performance measure covers a person employed by Unilever.

Description of implementation activities:

The continued embedding of the UN Guiding Principles is the responsibility of business units and regional/global teams. The Unilever Integrated Social Sustainability (ISS) team co-ordinates this implementation and provides expert assistance to the business units and regional/global teams. The ISS team drives the human rights strategy and advocacy for Unilever and is led by the Global Vice President for Integrated Social Sustainability.

During 2020, the ISS team, which includes at least one representative in each Unilever country cluster (Europe, North America, Latin America, NAMET and RUB, Asia, Africa) performed awareness raising, capacity building and integration of the 8 salient human rights issues into business decision-making and processes through the implementation activities below.

Due to the COVID-19 pandemic, these implementation activities took place remotely.

1. Review of global policies and codes

- Where a human rights issue was identified and was not covered by a specific policy, the ISS team worked with the relevant business units to revise policies or create new standards, where necessary.
- In May 2020 the Code of Business Principles (COBP) was updated to include wording relating to living wages; diversity and inclusion; data privacy; health and safety and transparency. We updated our internal Respect, Dignity and Fair Treatment Code (RDFT) Policy including adding specific wording relating to our commitment to the Employer Pays Principle that no employee should pay a recruitment fee or related cost.

2. Training

- The ISS team provided guidance to the business on understanding and interpreting the eight salient human rights issues which was developed by the global learning team or other internal or external subject matter experts.
- Human rights principles have been included in the COBP training, which is required to be completed by all employees, third parties and contractors working at Unilever operational sites.
- Corporate Audit monitored internal controls to ensure that new employees have read and understood the COBP. In 2020 this was via virtual audits. In 2020 training of our RDFT Code Policy was deployed across all functions and all markets. The ISS team continued to build the capability of procurement to identify and remediate our salient human rights issues for example by launching a campaign on our internal communication channels to show examples of salient human rights issues found within our extended supply chain and how we addressed them. We also trained on specific issues related to COVID-19 for example we created a webinar for procurement relating to migrant workers and COVID-19 with the objective to explain how COVID-19 is highlighting the links between ethical recruitment, decent work and public health. We also ran webinars on the impact of COVID-19 on women's safety.

3. Review of legal requirements

- Unilever regional teams reported on human rights locally where legally required according to local legislation – e.g. Unilever published its updated Modern Slavery & Human Trafficking Statement in March 2020 in response to the UK Modern Slavery Act 2015.

4. Risk assessments, remediation and mitigation

- The Corporate Responsibility Committee, which oversees Unilever's conduct as a responsible global business, meets quarterly and ad hoc as required. The meetings include reviews of analytics and trends and includes discussions concerning the Code of Business Principles and associated Code Policies which set out the standards of conduct expected of all Unilever employees in their business endeavours such as no harassment, working hours limits, good health and safety etc. The Committee Chairman is responsible for reporting the findings from the quarterly meetings to the various Boards.
- Due Diligence is undertaken by both the ISS team and Business Integrity team using external service providers in addition to an internal risk assessment (using both internal insights and external measures) to identify which countries had a high risk of not complying with human rights principles ('high risk countries'). Due to the COVID-19 pandemic and the fact that many of our factories were not allowing external visitors and our offices were closed, no on the ground country or on-site assessments took place. However virtual corporate audit assessments continued.
- The ISS team, working with the relevant function/site created a detailed mitigation plan to address identified issues and support implementation.

5. Remediation and mitigation of business specific issues

- The ISS team were made aware of human rights issues that arose through internal escalation (e.g. from business units, regional/global teams, legal or human resources functions), or through external sources such as the media.
- The ISS team worked with the relevant business teams to create a plan to mitigate or remediate issues. Public reporting on progress of implementing the UN Guiding Principles on Business and Human Rights is reported on an annual basis on our global website in our Planet & Society Hub and periodically in a separate Human Rights Progress Report (aligned with the UN Guiding Principles Reporting Framework), and in separate reports which are legally required, such as the Modern Slavery & Human Trafficking Statement which requires Unilever to state the measures put in place to eradicate slavery in the supply chain. In January 2021, we published our third stand-alone Human Rights Report.

4.3b Fairness in the workplace: Responsible Sourcing Policy

Performance measure:

The monetary value of purchases from suppliers who meet the mandatory requirements of Unilever's Responsible Sourcing Policy expressed as a percentage of total procurement spend calculated over the period from 1 January to 31 December of the reporting year.

Definitions:

Total procurement spend

Procurement spend is the amount invoiced by all third-party suppliers to Unilever for goods and services (expressed in euros), except for purchases by companies acquired by Unilever which have not yet been integrated into Unilever's procurement systems.

Responsible Sourcing Policy ('RSP')

Unilever's RSP sets out twelve fundamental principles on respecting human and labour rights, ethical business practices and land rights and sustainability. Suppliers doing business with Unilever need to commit to all of these and meet the mandatory requirements set out for each fundamental principle. The fundamental principles are:

- Business is conducted lawfully and with integrity.
- All workers are treated equally and with respect and dignity.
- Work is conducted on a voluntary basis.
- All workers are of an appropriate age.
- All workers are paid fair wages.
- Working hours for all workers are reasonable.
- All workers' health and safety are protected at work.
- All workers have access to fair procedures and remedies.

- Work is conducted on the basis of freely agreed and documented terms of employment.
- All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively.
- Land rights of communities, including indigenous peoples, will be protected and promoted.
- Business is conducted in a manner which embraces sustainability and reduces environmental impact.

See www.unilever.com/responsible-sourcing-policy for more information on the RSP.

Unilever Supplier Qualification System

Unilever stores supplier details and information relating to their level of compliance with the RSP in a database called the Unilever Supplier Qualification System ('USQS'). Suppliers meeting all the mandatory requirements are given an overall tagging as compliant. Suppliers tagged as 'compliant' in the USQS system are mapped to the procurement spend for those suppliers using a unique supplier code.

Risk Rating

Risk assessment is performed for all suppliers using country risk and commodity risk data from external third-party risk data providers. The suppliers' sites are categorised as high, medium or low risk.

Anti-Bribery and Corruption ('ABC') Screening is performed for all suppliers by an external third party. The screening checks for matches of the supplier with findings such as significant adverse media, politically exposed persons, presence on sanctions lists and state-owned companies.

De Minimis suppliers

These are suppliers who have made a declaration that they comply with the mandatory requirements of the RSP and for whom Unilever intends to raise three or less purchase orders with an individual value of less than €10k during the reporting period or intends to have a total spend value of less than €10k during the reporting period.

Mature Programme suppliers

These are suppliers who have demonstrated to Unilever that they operate their own responsible sourcing programme which is sufficiently mature and robust to meet all the requirements of the RSP within their own operations and their extended supply chain. Mature Programme Suppliers are required to show that their own programme covers all the requirements of the RSP and that they conduct appropriate due diligence to assure compliance. Mature Programme suppliers are required to provide further information and evidence, regarding their responsible sourcing programme, which is evaluated by Unilever's Procurement and Integrated Social Sustainability teams. Approval is required every three years from the Vice President for Integrated Social Sustainability for a supplier to be classified as having a Mature Programme.

Scope:

All suppliers who have invoiced Unilever for the provision of goods, services or works during the reporting period are in-scope for the performance measure, except for:

- Providers of mass goods or services which are not tailored to Unilever such as electricity, gas utilities, tax and other government authorities, travel such as planes, buses, trains, post, media placement banking services.
- Companies who do not have a contract with Unilever but invoice Unilever for goods and services such as subscription or membership fees, magazines, and newspapers.
- Charities and other donations, non-governmental organisations, schools, associations, and clubs.
- Sole legal practitioners where a separate contract with anti-bribery and corruption clauses are in place.

The total spend for the above exclusions is not material.

Performance data preparation and assumptions:

Supplier registration

Unilever requires all suppliers to complete a registration process through which the following information is obtained:

- Types of products and services to be provided;
- Country/countries from which goods or services will be provided to or produced for Unilever;
- Their head office location and details of any manufacturing or

product handling sites from which Unilever will source goods or services;

- A declaration from the supplier that they will comply with the mandatory requirements of the RSP.
- Answers to a self-assessment questionnaire ('SAQ') on the extent of their compliance with the mandatory requirements of the fundamental principles of the RSP (including information relating to anti-bribery and corruption). De Minimis suppliers are not required to fill out the SAQ.

Risk assessment

The information from the supplier registration, plus country and commodity risk data from external third-party risk data providers is used to conduct a risk assessment. The suppliers' sites are categorised as high, medium or low risk.

Independent assessment of high-risk sites

Suppliers who confirm they are compliant with the mandatory requirements and who have high risk sites are subject to an independent third-party audit. All high-risk sites, except high risk sites of Mature Programme suppliers, must be audited on a one, two or three-year cycle depending on the outcome of their most recent audit.

The type of audit performed is based on the type of product or service delivered. In general:

- Suppliers handling or supplying raw materials or finished goods: an on-site compliance audit is performed.
- Suppliers providing equipment or services with annual spend greater than €100,000: a remote desktop compliance audit is performed.

Audited sites need to rectify any non-compliances identified in the audits within 90 days. The Procurement Business Integrity Committee (comprised of the Chief Procurement Officer, Chief Business Integrity Officer, and Vice Presidents from; Human Resources and Integrated Social Sustainability functions), who advise on complicated supplier non-compliance cases, can authorise an extension to this period in exceptional circumstances.

If at any time a grievance against any supplier is received by Unilever additional checks are carried out. If these checks confirm non-compliance with the mandatory requirements this supplier will then be deemed non-compliant.

Calculation:

Compliant Suppliers are determined as follows:

- De Minimis suppliers that have declared they will comply with the mandatory principles are deemed to be compliant unless they have failed the ABC Screening.
- Suppliers with unaudited low and medium risk sites that have declared they will comply with the mandatory principles are deemed to be compliant subject to the application of a 'discount factor' (see below) unless they have failed the ABC Screening.
- Suppliers approved as having a Mature Programme are deemed to be compliant unless they have failed the ABC Screening.
- Suppliers with audited sites are deemed to be compliant if:
 - 50% or more of their audited sites have either passed the audit or are in the process of rectifying the audit findings within 90 days, and;
 - They have not failed the ABC Screening.

All other suppliers are deemed to be not compliant with the RSP.

The percentage of procurement spend through suppliers which meet the mandatory requirements of the RSP is calculated as the total procurement spend by Unilever through suppliers which are 'compliant' divided by total procurement spend by Unilever in the reporting period.

Discount factor

Our approach to auditing suppliers and sites now only focuses upon those considered to be high risk. However, to account for the possibility that there may be some medium and low risk sites that would not be compliant, we have calculated a 'discount factor' that is applied to the total compliant procurement spend.

The 'discount factor' is derived from medium and low risk sites who have voluntarily undergone compliance audits within the 3 years up to the 2018 reporting date. Whilst the due diligence across suppliers

4. USLP performance data preparation continued

and their management has continued to be strengthened, we have decided to maintain the same discount factor as in 2018. During the period leading up to the 2020 results the due diligence conducted across all suppliers (including low, medium and high risk) within the program has been strengthened with an improved self-assessment questionnaire, updated risk assessment and the reinforced ABC Screening process. The 'discount factor' is based on the best available information and not statistical sampling.

4.3c Fairness in the workplace: Framework for Fair Compensation

Performance measure:

A series of activities have been carried out to create the Framework for Fair Compensation for Unilever.

Definitions:

'Fair Compensation' means ensuring the pay for employees is set at a level that is both fair and liveable and provides equal pay for equal work.

The Framework for Fair Compensation ('Framework') covers the overall compensation process (although it does not in itself form part of any contract with employees). It provides a structured way for a company to outline how the various elements of its compensation packages deliver fair compensation to its employees.

Scope:

All Unilever employees except for those listed below are in scope of the performance measure:

- Contractors (non-employees); and
- Third parties.

Description of activities:

The creation of the Framework required the following activities to be carried out:

- The Unilever Global Reward team created the Framework applicable to all Unilever direct employees, which the Unilever HR leadership team approved in December 2015.
- The Framework has been published on Unilever's external website: (https://www.unilever.com/Images/unilever-framework-for-fair-compensation-2015-final_tcm244-502647_en.pdf).
- The Chief HR Officer circulated the finalised framework to all global HR Directors during February 2016.

4.4a Opportunities for women: We will build a gender-balanced organisation with a focus on management

Performance measure:

The percentage of women who were in Unilever management roles as of 31 December 2020.

Definitions:

A Unilever management role is a position where employees are at a work level of 2, 3, 4, 5 or 6. Employees at work levels 1 are not in Unilever management roles. Work level ('WL') definitions are:

WL1: Below Management Roles

WL2: Manager Roles

WL3: Director Roles

WL4: Vice President (VP) Roles

WL5: Senior Vice President (SCP / EVP) Roles

WL6: Unilever Executive Board (ULE) Roles

Scope:

All Unilever women employees are in the scope of the performance measure.

Contractors are out of scope.

Performance data preparation and assumptions:

The performance measure is reported annually as at 31 December.

The gender of employees as female and male is recorded by human resources ('HR') in Unilever's Online Global System for Human Resources ('HR global system') based on official identification (such as a passport or national identity card). Work levels are maintained in Unilever's HR global system based the role and position in which

women are employed.

A list of all employees at WL2 to WL6 is extracted on the last working day of the year from the HR global system by the HR team. The list of female employees in management roles is then extracted and summed up by HR team to calculate the percentage of women in management roles.

Some of Unilever's employees are not captured in HR's global system. These are:

- Plantation workers;
- Employees of companies purchased by Unilever that have not yet been fully integrated into Unilever;
- Employees of Unilever entities operating in embargoed countries.

The gender and work levels for these employees is manually collected for reporting at year end by the global HR team from local HR contacts at the respective Unilever entities, where the data is maintained on separate local HR systems.

4.4b Opportunities for women: Promote safety for women in communities where we operate

Performance measure:

Number of women enabled to access initiatives aiming to promote their safety for the period 1 January 2017 to 30 September 2020.

Definitions:

We measure the number of women (which can include any female persons from 14 years upwards) who have been enabled to access an initiative which aims to promote their safety.

Promotion of safety for women is defined as 'improving the physical and psychological safety of women, including protection from sexual and gender-based violence (SGBV), especially sexual harassment in the workplace'.

The initiative includes direct ongoing face to face training on a number of safety related topics, including Domestic Violence and Sexual Harassment. The content for this training was developed in partnership with Dr Mutuma Ruteere, Director at Centre for Human Rights and Policy Studies in Kenya, based on a baseline study and research which demonstrated that this content would be likely to result in the improvement of safety for women.

The training provided as part of this initiative is delivered by the Unilever Tea Kenya welfare office and we deem the level of commitment made by Unilever is significant enough for all women in this initiative to be counted in our performance measure.

The initiatives included in this performance measure (and their reporting periods) are:

- Safety for Women and Girls initiative in Kenya (1 January 2017 to 30 September 2020)

We enable women to access this initiative through face to face training courses e.g. classroom, school, workshop, presenter led training courses.

For a woman to be counted in the performance measure they have to have attended at least one face to face training session.

The Metric Owner at Unilever will apply the following tests to determine that all initiatives are appropriate to be included under the definition of promoting safety:

- the subject matter and duration of the initiative is appropriate and relevant to the specific geography or situation.
- the level of Unilever commitment is appropriate, through a significant commitment of financial/other resource contribution and/or provision of staff/people who direct or implement the initiative.

The Metric Owner at Unilever obtains a list of new initiatives to be included in the performance measure on an annual basis. Metric owner performs the following checks for each initiative:

- The initiative content is likely to result in the improvement of safety for women.
- All initiatives are appropriate to be included under the definition of promotion of safety.
- The initiative counts a woman only if she has attended at least one face to face training session.
- There are at least 1,000 women who have accessed the initiative.

If all the above are met, the Metric Owner confirms which initiatives can be included and sets up the data collection, data aggregation and approvals processes with the initiative owner.

Scope:

The country in scope of this performance measure in the current reporting period is Kenya.

An initiative is included in this performance measure when at least 1,000 women have accessed the initiative.

Performance data preparation and assumptions:

The reporting period for the initiative is noted above.

Women who attend the training courses, aimed at promoting their safety, is input by the initiative owner into Unilever's Electronic Measurement and Analytics Solution ('ELMA'), which aggregates and stores a list of women who attend training courses. The Unilever data team extracts the list of women who have attended training courses into excel and checks that each woman is only counted once. The total list of women who have attended the training courses is summed in excel and reviewed by the Metric Owner.

There is no risk of counting women attending initiatives in Kenya (the Kenya Safety for Woman and Girls programme and the Kenya Tea Development Agency Sustainable Agriculture Initiative) more than once because the training delivered through the Kenya Safety for Women and Girls programme is to Unilever employees and their family members living on the Unilever tea estates who are separate from the smallholder farmers participating in the KTDA initiative. The smallholder farmers are not employed by Unilever and don't live on Unilever estates.

4.4c Opportunities for women: Enhance access to training and skills for women

Performance measure:

Number of women we have enabled to access initiatives aiming to develop their skills for the period 1 October 2010 to 30 September 2020.

Definitions:

We measure the number of women (which can include any female persons from 14 years upwards) who have been enabled to access an initiative which aims to develop their skills.

We provide women with training which enables them to develop new or additional skills in the following areas:

- Improving women's aptitude for work i.e. enable women to be better at their jobs or better able to secure a job through the provision of training on professional skills, vocational skills, office skills, business skills, agricultural skills and entrepreneurship skills.
- Improving women's skills in nutrition and health and wellbeing.

This can be achieved through training and development which meets one of the following three criteria:

- training curricula that is formally accredited with a recognized body or organisation;
- training and skills courses delivered by qualified individuals or a recognized body or organisation;
- training curricula which has been peer reviewed.

The initiatives included in this performance measure (and their reporting periods) are:

- Black Soy for Bango Initiative (31 December 2016 to 30 September 2020)
- Brilhante Cycle Initiative (11 April 2017 to 30 September 2019)
- Cargill Cocoa Promise (31 August 2015 to 30 September 2020)
- China Smallholder Farmers Initiative (30 September 2017 to 30 September 2020)
- Glow & Lovely Careers Bangladesh (27 June 2019 to 30 September 2020)
- Glow & Lovely Careers India (31 December 2016 to 30 September 2020)
- Glow & Lovely Careers Indonesia (1 October 2019 to 30 September 2020)
- Glow & Lovely Careers Pakistan (25 January 2019 to 30 September 2020)

- Glow & Lovely Careers Sri Lanka (10 September 2019 to 30 September 2020)
- Glow & Lovely Scholarships Initiative (1 October 2010 to 30 September 2020)
- GAIN Partnership (30 September 2016 to 30 September 2018)
- Guddi Bajji Beautician Initiative (1 January 2012 to 30 September 2016)
- I'm Walls Initiative (1 January 2018 to 30 September 2018)
- Kabisig Summits Initiative (1 January 2016 to 30 September 2020)
- KTDA Sustainable Agriculture Initiative (1 January 2014 to 30 September 2016)
- Lipton Kenya Tea Initiative (1 January 2018 to 30 September 2019)
- Marcatus Smallholder Farmers Initiative (1 June 2015 to 30 September 2018)
- Prabhat Enabling Livelihoods Initiative (30 September 2014 to 30 September 2020)
- Rin Career Ready Academy Bangladesh (16 November 2017 to 30 September 2020)
- Rin Career Ready Academy Cambodia (15 January 2019 to 30 September 2020)
- Rin Career Ready Academy India (31 July 2016 to 30 September 2020)
- Rin Career Ready Academy Thailand (10 May 2017 to 30 September 2020)
- Rin Shine Academy India (1 October 2019 to 30 September 2020)
- Surf School of Shine Initiative (23 November 2016 to 30 September 2020)
- Sustainable Tea Vietnam Phase II Initiative (30 September 2016 to 30 September 2020)
- Tea Vietnam Initiative (1 November 2013 to 30 September 2016)
- Trustea Plantation Workers Initiative (10 July 2013 to 30 September 2020)
- Trustea Smallholder Farmers Initiative (10 July 2013 to 30 September 2020)
- Unilever Learning Hub and My Learning Initiative (1 October 2016 to 30 September 2020)
- Unilever Tea Tanzania Nutrition Programme (1 April 2018 to 30 September 2019)
- Upscaling Vanilla Madagascar Initiative (1 November 2016 to 30 September 2019)
- WE-Care Partnership (30 September 2016 to 30 September 2019)

We enable women to access initiatives in the following ways:

- Face to face programmes or training courses. OR
- Virtual/remote training courses or programmes. OR
- Through being a member of a farm household which has achieved certification through sustainable farming certification made possible by Unilever.

For a woman to be included they have to have attended at least one face to face training session, to have enrolled in at least one virtual/remote training course or programme, or be a member of a farm household that has achieved certification. We count women who have enrolled in virtual/remote training courses or programmes but may not have completed the courses or programmes. This is because course completion data is not always available for virtual/remote training courses or programmes.

Virtual training is made available through digital and/or mobile devices, with people registering via Facebook or Google accounts or using their mobile phone number. Where we do not have gender and/or age data of individuals who have registered, an estimate is calculated based on those who have recorded their gender and age upon registration.

The Metric Owner at Unilever will apply the following tests to determine that all initiatives are appropriate to be included under the definition of developing skills:

- the subject matter and duration of the initiative is appropriate and relevant to the specific geography or situation;
- the level of Unilever commitment is appropriate, through a significant commitment of financial/other resource contribution and/or provision of staff/people who direct or implement the initiative.

The Metric Owner at Unilever obtains a list of new initiatives to be included in the performance measure on an annual basis. Metric owner performs the following checks for each initiative:

- The training and development meets one of the three criteria outlined above (i.e. accredited organisation, or qualified individual or peer reviewed).

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- The tests are performed to determine that all initiatives are appropriate to be included under the definition of developing skills (i.e. duration of the course and level of commitment).
- The initiative counts a woman only if she has attended at least one face to face training session, enrolled in at least one virtual/remote training course or programme, or is a member of a farm household that has achieved certification.
- There are at least 1,000 women who have accessed the initiative.
- If all above are met, the Metric Owner confirms which initiatives can be included and sets up the data collection, data aggregation and approvals processes with the initiative owner.

Scope:

The countries in scope of this performance measure in the current reporting period are Bangladesh, Brazil, Cambodia, China, Côte d'Ivoire, India, Indonesia, Kenya, Madagascar, Malaysia, Nigeria, Pakistan, Philippines, South Africa, Sri Lanka, Tanzania, Thailand, Vietnam, Zimbabwe and all other countries where Unilever has operational sites. Operational sites cover manufacturing, non-manufacturing (offices, research and development facilities and data centres) and logistics sites such as warehouses.

An initiative is included in this performance measure when at least 1,000 women have accessed the initiative.

4.4d Opportunities for women: Expand opportunities in our retail value chain

Performance measure:

Number of women enabled to access initiatives aiming to expand their opportunities in our retail value chain for the period 1 July 2017 to 30 September 2020.

Definitions:

We measure the number of women (which can include any female persons from 14 years onwards) who have been enabled to access an initiative which aims to expand their opportunities in our retail value chain (which includes all activities related to selling or distributing our products).

Expanding opportunities is defined as 'gaining employment, starting or growing a business in our retail value chain'. We expand opportunities in a number of ways, either directly or in partnership with civil society organisations, governments or financial institutions:

- Through securing employment of women in a business, or helping them to set up or grow their own business, which is selling Unilever products either directly to the public, or to retail outlets. For example, by providing start-up capital.
- Through improving access to markets, information and financing. For example, women small-scale retailers obtaining credit through our distributors.

The initiatives included in this performance measure (and their reporting periods) are:

- Guddi Baji (1 July 2017 to 30 September 2020)
- Saubhagya (1 July 2018 to 30 September 2020)
- Shakti (1 July 2017 to 30 September 2020)
- Shakti Middle America (1 July 2018 to 30 September 2020)
- Shakti Nigeria (1 July 2017 to 30 September 2020)

For women to be included they have to be actively involved in an initiative selling or distributing Unilever products. For women selling or distributing Unilever products, this means that they must have recorded at least one transaction with Unilever in the previous three months prior to the end of the reporting period.

The Metric Owner at Unilever will apply the following tests to determine that all initiatives are appropriate to be included under the definition of expanding opportunities for women in our retail value chain:

- The subject matter and duration of the initiative is appropriate and relevant to the specific geography or situation.
- The level of Unilever commitment is appropriate, through a significant commitment of financial/other resource contribution and/or provision of staff/people who direct or implement the initiative.

The Metric Owner at Unilever obtains a list of new initiatives to be included in the performance measure on an annual basis. Metric owner performs the following checks for each initiative:

- The tests are performed to determine that all initiatives are appropriate to be included under the definition of expanding opportunities.
- The initiative is aimed at expanding opportunities within Unilever's retail value chain.
- The initiative counts a woman only if she is actively involved selling or distributing Unilever products.
- There are at least 1,000 women who have accessed the initiative.

If all the above are met, the Metric Owner confirms which initiatives can be included and sets up the data collection, data aggregation and approvals processes with the initiative owner.

Scope:

The countries in scope of this performance measure in the current reporting period are Colombia, India, Nigeria, Pakistan and Sri Lanka.

An initiative is included in this performance measure when at least 1,000 women have accessed the initiative.

Performance data preparation and assumptions:

The reporting period for each of the initiatives are noted above.

The number of women who have been enabled to access initiatives, aimed at expanding their opportunities are calculated for each initiative by Unilever or its implementation partners by aggregating the individual women who have accessed the initiative and reported as a cumulative number for the full reporting period into Unilever's Electronic Measurement and Analytics Solution ('ELMA'). The supporting documentation and calculation is uploaded into ELMA for review and approval by the Metric Owner.

The risk of double counting exists where i) women can access more than one initiative because the initiatives are run in the same country or are targeted at the same group of women or ii) women can access the same initiative more than once in one year or over a number of years. The Metric Owner performs an assessment of this risk during the reporting period by checking for any instances where different initiatives have been run in the same locations and by checking if any repeated initiatives have been run in the same location since the start of the reporting period of the initiative. Where the risk of double counting is identified, the Metric Owner manually reviews the list of women who have accessed the initiatives to identify if any women have been counted twice. The women who have been identified as counted twice are removed from the reported data of the most recent initiative.

4.5a Inclusive Business: Enabling smallholder farmers to access initiatives aiming to improve agricultural practices

Performance measure:

Number of smallholder farmers in our supply network who we have enabled access to initiatives, aimed at improving their agricultural practices for the period 1 January 2011 to 30 September 2020.

Definitions:

A smallholder farmer is a person which farms a plot of land to support their own household. A plot of land is a smallholding up to 25 acres (10.12 hectares) of land or is defined to be a smallholder farm by the national government or partnership organisation in the country where we have the initiatives.

For this performance measure, our supply network is defined as those smallholder farmers who we engage directly or indirectly through our suppliers.

Improving agricultural practices is defined as improving the methods and activities used by smallholder farmers to farm effectively. These practices are improved by developing the capabilities of smallholder farmers, for example, through improving their skills and understanding of sustainable agriculture to enable more effective irrigation, promote crop diversification and rotation and increase crop yields.

This can be achieved through training which meets one of the following two criteria:

1. training curricula that is formally accredited with a recognized body or organization;

2. training and skills courses delivered by qualified individuals or a recognized body or organization;

The initiatives included in this performance measure (and their reporting periods) are:

- Barry Callebaut RA Initiative (4th January 2016 to 30th September 2020)
- Black Soy for Bango Initiative (31st December 2016 to 30th September 2020)
- Bridging the Generation Gap in the Vanilla Sector Initiative (1st September 2019 to 30th September 2020)
- Cargill Cocoa Promise (31st August 2015 to 30th September 2018)
- Chicory India Initiative (1st October 2017 to 30th September 2020)
- China Smallholder Farmers Initiative (1st January 2018 to 30th September 2020)
- KTDA Sustainable Agriculture Initiative (1st January 2014 to 30th September 2016)
- Marcatus Smallholder Farmers Initiative (1st June 2015 to 30th September 2018)
- Palm Oil Smallholder Certification Initiative (15th May 2018 to 30th September 2019)
- Palm Oil Smallholder Training Initiative (1st January 2018 to 30th September 2019)
- Rainforest Alliance Tea Turkey Initiative (1st January 2011 to 30th September 2017)
- Sustainable Tea Vietnam Phase II Initiative (30th September 2016 to 30th September 2020)
- Tea Sri Lanka Initiative (1st January 2015 to 30th September 2020)
- Tea Turkey Suppliers Initiative (1st January 2014 to 30th September 2018)
- Tea Vietnam Initiative (1st December 2013 to 30th September 2016)
- Tea Tanzania Initiative (31st December 2016 to 30th September 2017)
- Tomatoes India Initiative (1st January 2017 to 30th September 2018)
- Trustea Smallholder Farmers Initiative (28th November 2013 to 30th September 2020)
- Upscaling Vanilla Madagascar Initiative (1st November 2016 to 30th September 2019)
- Vanilla Madagascar Initiative (1st January 2014 to 30th September 2016)

We enable smallholder farmers to access initiatives in the following ways:

- Face to face programmes or training courses OR
- Through being a member of a farm household which has achieved certification through sustainable farming certification made possible by Unilever OR
- Provision of access to improved technology such as drip-irrigation or improved planting varieties.

For a smallholder farmer to be included they have to have attended at least one face to face training session, have been provided with access to improved technology or be a member of a farm that has achieved certification.

The Unilever Procurement Team applies the following tests to determine that initiatives are aimed at improving livelihoods:

- the subject matter and duration of the initiative is appropriate and relevant to the specific geography or situation.
- the level of Unilever commitment is appropriate, through a significant commitment of financial/other resource contribution and/or provision of staff/people who direct or implement the initiative.

The Metric Owner at Unilever obtains a list of new initiatives to be included in the performance measure on an annual basis. Metric owner performs the following checks for each initiative:

- The training and development meets one of the two criteria outlined above (i.e. accredited organisation, or qualified individual or peer reviewed).
- The tests are performed to determine that all initiatives are appropriate to be included under the definition of improving agricultural practices. (i.e. duration of the course and level of commitment).
- The initiative counts a smallholder farmer only if they have attended at least one face to face training session, has been provided with access to improved technology or is a member of a farm household that has achieved certification.
- There are at least 1,000 smallholder farmers who have accessed the initiative.

If all above are met, the Metric Owner confirms which initiatives can be included and sets up the data collection, data aggregation and approvals processes with the initiative owner.

Scope:

The countries in scope of this performance measure are China, Côte d'Ivoire, India, Indonesia, Kenya, Madagascar, Rwanda, Sri Lanka, Tanzania, Turkey and Vietnam.

An initiative is included in this performance measure when at least 1,000 smallholder farmers have accessed the initiative.

Performance data preparation and assumptions:

The reporting period for each of the initiatives are noted above.

The number of smallholder farmers who have been enabled to access initiatives aimed at improving their agricultural practices are recorded by the third party running the initiative. A reasonable assumption is made that there is one smallholder farmer on each certified farm.

This data is input by the third party into Unilever's Electronic Measurement and Analytics Solution ('ELMA') and reviewed by the Unilever Procurement Team. When the data for each initiative has been approved by the Procurement Team, the data is aggregated into a final list of smallholder farmers who we have enabled to access initiatives. The supporting documentation and calculation is uploaded into ELMA for review and approval by the Metric Owner.

The risk of double counting exists where i) smallholder farmers can access more than one initiative because the initiatives are run in the same country or are targeted at the same group of smallholder farmers or ii) smallholder farmers can access the same initiative more than once in one year or over a number of years. The Metric Owner performs an assessment of this risk during the reporting period and ensures that a smallholder farmer isn't counted twice in the performance measure.

4.5b Inclusive Business: Enabling small-scale retailers to access initiatives aiming to improve their income

Performance measure:

Number of small-scale retailers in our distribution network we have enabled access to initiatives aiming to improve their incomes for the period 1 October 2015 to 30 September 2020.

Definitions:

A small-scale retailer is a 'fixed' or 'mobile' small-scale retail outlet selling Unilever products.

A 'fixed' small-scale retail outlet is a micro-retailer enrolled in a relevant programme (e.g. Kabisig Summits initiative in the Philippines) or as defined using Unilever's Customer Development channel definitions. The channels included in this metric are:

- Independent Grocery; or
- Small/Open Market.

Individual salespersons in each country perform the categorisation of the retail outlets based on channel definition guidelines.

A 'mobile' small-scale retail outlet is defined as a mobile individual retailer (e.g. Shakti).

Our distribution network includes any distributor, wholesaler, independent retail outlets, kiosks, small businesses or individuals, of any size, which helps to distribute and sell Unilever products.

The increase in sales of Unilever products to small-scale retailers is taken to be a measure of improving income.

We enable retailers to access initiatives in the following ways:

- Fixed: Through actions that have been undertaken to achieve Perfect Store compliance. For example, through improving the availability and visibility of Unilever products, ensuring outlets offer or stock a more relevant and optimised assortment and optimal placement, promotion and communication of Unilever products.

Through face-to-face group training which deliver instructions on how to maximise sales through ensuring Unilever products are available, optimally placed and promoted (Kabisig Summits).

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■ Mobile:

Through enrolling people in a dedicated small-scale retailers programme (Shakti and Shakti-like initiatives) and supplying them with Unilever products for sale and distribution and supporting them to do so. For small-scale retailers to be included they have to be actively involved in an initiative selling or distributing Unilever products, which means that they must have recorded at least one transaction with Unilever in the previous three months prior to the end of the reporting period.

The Metric Owner at Unilever will apply the following tests to determine that all initiatives are appropriate to be included under the definition of improving incomes of small-scale retailers:

- the subject matter and duration of the initiative is appropriate and relevant to the specific geography or situation
- the level of Unilever commitment is appropriate, through a significant commitment of financial/other resource contribution and/or provision of staff/people who direct or implement the initiative.

The Metric Owner at Unilever obtains a list of new initiatives to be included in the performance measure on an annual basis. The Metric owner performs the following checks for each initiative:

- The tests are performed to determine that all initiatives are appropriate to be included under the definition of improving incomes.
- The initiative is aimed at retailers which are small-scale.
- The initiative is aimed at small-scale retailers within Unilever's distribution network.
- The initiative counts a mobile small-scale retailer only if they are actively involved selling or distributing Unilever products.

The initiatives included in this performance measure (and their reporting periods) are:

- Guddi Baji (1st July 2017 to 30th September 2020)
- Kabisig Summits Initiative (1st January 2016 to 30th September 2019)
- Perfect Store India (1st October 2015 to 30th September 2016)
- Perfect Store Indonesia (1st October 2015 to 30th September 2016)
- Perfect Store Pakistan (1st October 2015 to 30th September 2016)
- Perfect Store Philippines (1st October 2015 to 30th September 2016)
- Perfect Store Thailand (1st October 2015 to 30th September 2016)
- Perfect Store Turkey (1st October 2015 to 30th September 2016)
- Perfect Store Vietnam (1st October 2015 to 30th September 2016)
- Saubhagya (1st July 2018 to 30th September 2020)
- Shakti (1st July 2017 to 30th September 2020)
- Shakti Middle America (1st July 2018 to 30th September 2020)
- Shakti Nigeria (1st July 2017 to 30th September 2020)

Scope:

The countries in scope of this performance measure are

Colombia, El Salvador, Guatemala, India, Indonesia, Nigeria, Pakistan, Philippines, Sri Lanka, Thailand, Turkey and Vietnam.

An initiative is included in this performance measure when at least 1,000 small-scale retailers have accessed the initiative.

Performance data preparation and assumptions:

There are different processes and reporting periods for preparing data:

Fixed small-scale retail outlets (Perfect Store)

The result is the number of Compliant Perfect Stores categorised as small-scale retailers, by the 30th September 2016.

Each market records details of all retail outlets that are enrolled in Perfect Store and the methodology and results of the compliance process, in their own spreadsheets or systems. Each market sets the requirements for Perfect Store Compliance in line with global Perfect Store guidelines. Markets that are in scope for our USLP reporting will then identify the number of stores that have achieved Perfect Store Compliance within the relevant channels (Small/Open Market, and Independent Grocery).

For the majority of the markets, outlets are audited on a sample basis and the results of these audits are used to calculate the compliance rate which is then applied to all stores that are enrolled in the Perfect Store programme in that market (for example, 3% of all enrolled stores are audited and if 50% of audited stores meet 100% of perfect store compliance criteria, the market then applies this compliance percentage to all enrolled stores as they assume statistically that 50% of all stores are achieving 100% compliance).

For each market an increase in sales of Unilever products to small-scale retailers categorised as Perfect Stores is taken to be a measure of improving income.

The initiative result, evidence file and supporting documentation for each Perfect Store market in-scope for reporting is then submitted into the Enhancing Livelihoods Initiative Reporting Tool of the Unilever Electronic Measurement, Analytics and Reporting Solution for USLP Initiatives ('ELMA').

Fixed small-scale retail outlets (Kabisig Summits)

An outsourced third-party training agency delivers training and records the details of people attending this training in the form of an electronic attendance list in the USLP Enhancing Livelihoods Measurement Tool of ELMA. The local Customer Development team reviews and approves these results in ELMA. The records of unique small-scale retail outlets with an owner attending at least one training session since the start of the initiative is then extracted in a consolidated data file and the number and evidence file is submitted with supporting documentation into the Enhancing Livelihoods Initiative Reporting Tool of ELMA.

An increase in sales to SUPER!stores (which distribute Unilever products to Kabisigs) in the period after a summit is run compared to the period before a summit is run is assumed to relate to an increase in the sales of the participating small-scale retail outlets (Kabisigs) which is taken to be a measure of improving income.

Mobile small-scale retail outlets (Shakti, Guddi Baji, Saubhagya)

By enrolling in the initiative and supplying them with Unilever products for sale and distribution and supporting them to do so, mobile small-scale retailers improve their incomes through improved business/retailing practices. Their details are recorded in the Distributor Management System (or other sales management system). For the retailer to be included they have to be actively involved in the initiative, which means that they must have recorded at least one transaction with Unilever in the previous three months prior to the end of the reporting period. Each year any new retailers active in the initiative will be aggregated to the previous year's total and checks made by the initiative team to ensure that they have not been counted in the initiative result previously. This result, along with supporting documentation, is uploaded into Enhancing Livelihoods Initiative Reporting Tool of ELMA by the relevant Customer Development team.

All initiative results and evidence files are reviewed by the Metric Owner and when finalised are signed-off. The results of the initiatives are then aggregated into a total number of small-scale retailers in our distribution network which have been enabled to access initiatives aiming to improve their incomes and reported in the metric result.

The risk of double counting exists where i) small-scale retailers can access more than one initiative because the initiatives are run in the same country or are targeted at the same group of women or ii) small-scale retailers can access the same initiative more than once in one year or over a number of years. The Metric Owner performs an assessment of this risk during the reporting period by checking for any instances where different initiatives have been run in the same locations and by checking if any repeated initiatives have been run in the same location since the start of the reporting period of the initiative. Any risk is then mitigated through outlets having unique codes and checks being performed to ensure that no outlet is counted twice.

5. Environmental and Occupational Safety performance data preparation

Sections 5.1 – 5.6 detail the basis of preparation for each EOS performance measure.

5.1 Water: Quantity of water abstracted by manufacturing sites

Performance measures:

- Water abstracted in m³ per tonne of production.
- Change in the volume of water in cubic meters (m³) abstracted in 2020 (this covers the period 1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).
- Percentage change in the volume of water abstracted per tonne of production in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).

Definitions:

Each factory records water abstracted for use in manufacturing from various sources. These sources are classified as; municipal/piped sources, groundwater (direct abstraction by site), surface water (direct abstraction from river or lake), brackish/saline sources (direct abstraction from estuary or sea), water delivered to site by tanker, noncontact cooling water (any source).

Total water abstracted is the sum of these sources, measured in cubic metres.

We calculate water abstracted per tonne of production, based on total water abstracted in cubic metres divided by the sum of production volume in tonnes reported by each manufacturing site.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.
 - Not all sections / modules within the plant being able to perform to rated parameters.
 - Site not yet being depreciated.
 - Technology guarantee checks not yet performed.
 - Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

Water used at our manufacturing sites from the following sources are excluded from total water abstracted:

- Rainwater captured and treated on the manufacturing site; and
- Embedded water or water contained in raw materials.

Performance data preparation and assumptions:

Water abstraction data is taken from meter reads/invoices and captured by each manufacturing site in the EPR system. All data is recorded in cubic metres. The EPR system summarises and aggregates the data into standard reports by manufacturing site and at regional and global levels.

5.2 Water: Emissions of chemical oxygen demand (COD) by manufacturing sites

Performance measure:

Chemical oxygen demand (COD) in kg per tonne of production in 2020 (this covers the period 1 October 2019 to 30 September 2020).

Definitions:

COD represents the ingredients and product lost from our manufacturing processes in process wastewaters. It arises mainly during cleaning operations.

COD is widely used by regulatory bodies to control industrial wastewaters and to calculate the correct level of charges for downstream municipal wastewater treatment, which is designed to remove most of the COD before the wastewater is discharged to the environment.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.
 - Not all sections / modules within the plant being able to perform to rated parameters.
 - Site not yet being depreciated.
 - Technology guarantee checks not yet performed.
 - Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

The Unilever COD data represents the effluent load discharged from the boundary of the manufacturing site. It is typically calculated from a representative concentration of COD in the wastewater and volumetric flow of the wastewater.

Reuse of COD on-site, for example through irrigation of land on the Unilever site, is excluded from reported COD.

Performance data preparation and assumptions:

The COD load is typically calculated using COD concentration data measured in on site laboratories or those of wastewater treatment companies and volumetric flow data from effluent flow meters on site.

Where direct measurement of COD is not carried out, estimation methodologies are applied by applying a standard conversion factor to COD measurement with reference to BOD (Biological Oxygen Demand) measurements and COD:BOD ratios for sites with similar product output or by using an average COD concentration per tonne of production based on similar manufacturing sites or those obtained during production trials.

The data does not make any allowance for the fact that based on individual site data we estimate that around a further 90% of this material is removed in municipal wastewater treatment plants. Consequently the COD load which actually reaches the environment is much lower.

5. Environmental and Occupational Safety performance data preparation continued

5.3 GHG: Greenhouse gas emissions and energy use by manufacturing sites

Performance measures:

- CO₂ emissions from energy use (market and location based) in tonnes in 2020 (this covers the period 1 October 2019 to 30 September 2020).
- CO₂ emissions from energy use in kg per tonne of production (market-based) in 2020 (this covers the period 1 October 2019 to 30 September 2020).
- Change in the tonnes of CO₂ emissions from energy use (market-based) in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).
- Percentage change in CO₂ from energy use (market-based) per tonne of production in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).
- Total energy use in GJ per tonne of production.

Goal setting and tracking is performed using market-based CO₂ emissions.

Definitions:

Each factory records energy used in manufacturing under various energy sources e.g. gas, oil (Scope 1 sources), purchased electricity and steam (Scope 2 sources) etc. Each energy use is converted to gigajoules (GJ), using standard conversion factors and calorific values.

CO₂ emissions from energy used in manufacturing sites is calculated from energy use in GJ multiplied by the carbon emission factor for each energy type (in kg CO₂ per GJ).

The carbon emission factors for scope 2 emissions are applied in terms of the two methods provided by the GHG Protocol:

1. Location-based: All electricity purchased is converted into CO₂ emissions using the average grid emissions factor for electricity in the country in which it is purchased. Renewable Energy Certificates ('RECs') are not applied to the total scope 2 emissions.
2. Market-based: All electricity purchased is converted to CO₂ using emissions factors from contractual instruments which Unilever has purchased or entered into.

The total amount of CO₂ emissions is the sum of CO₂ emissions for each energy source. This is measured in tonnes.

CO₂ emissions per tonne of production is the total amount of CO₂ emissions divided by the sum of production volume in tonnes reported by each manufacturing site. This is measured in kg per tonnes of production.

Energy from diesel/LPG used in forklifts, fire trucks and testing power generators on our manufacturing sites is excluded. CO₂ emissions from use of biogenic fuels (biomass, wood pellets, etc.) is also excluded.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.

- Not all sections / modules within the plant being able to perform to rated parameters.
- Site not yet being depreciated.
- Technology guarantee checks not yet performed.
- Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

We measure the reduction in CO₂ which is one of the four main GHGs. We do not measure the three other main GHGs because our emissions are negligible. These are: nitrous oxide (produced mainly in nitric oxide manufacture), perfluorocarbons (mainly associated with aluminium and magnesium production) and sulphur hexafluoride (used in some electrical equipment). GHG emissions associated with fugitive losses of HFC refrigerants are not included within the scope of CO₂ emissions from energy used in manufacturing. These are not material compared to emissions from energy used.

Performance data preparation and assumptions:

Energy use data is taken from meter reads/invoices and captured for each manufacturing site in the EPR (Environmental Performance Reporting) system. The EPR system contains factors to convert common units of energy (e.g. cubic metres of gas or tonnes of oil) to a standard unit of energy (GJ). The EPR system summarises and aggregates the energy data into standard reports by manufacturing site and at regional and global levels. The total GJ of all energy used is calculated as the sum of all energy used.

Carbon emission factors are used to convert energy used in manufacturing to CO₂ emissions. Carbon emission factors for scope 1 energy sources such as fuels are provided by the Intergovernmental Panel on Climate Change ('IPCC'). Carbon emission factors for scope 2 energy sources such as grid electricity, applied according to the location-based method, reflect the country where each manufacturing site is located and are provided by the International Energy Agency (IEA). Carbon emission factors for grid electricity calculated according to the 'market-based method' are determined by contractual instruments which Unilever has purchased or entered into such as RECs, guarantees of origin, power purchasing agreements and utility contracts. Where supplier-specific emissions factors are not available a location-based factor is used.

The most recent IEA data set, which usually has a 3-year time lag, is applied to each reporting year e.g. national grid electricity emissions factors used in the calculation of 2020 emissions comes from 2017 IEA data. There are no annual changes to the IPCC factors.

Total production volume is obtained from the EPR system.

5.4 Waste: Total waste (hazardous and non-hazardous) disposed by manufacturing sites

Performance measure:

- The amount of total waste (hazardous and non-hazardous) sent for disposal in kg per tonne of production in 2020 (this covers the period 1 October 2019 to 30 September 2020).
- Change in the tonnes of total waste sent for disposal in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).
- Percentage change in total waste sent for disposal per tonne of production in 2020 (1 October 2019 to 30 September 2020) compared to 2008 (1 January 2008 to 31 December 2008).

Definitions:

Waste is defined as hazardous or non-hazardous as classified under local legislation where the manufacturing site is located.

Disposal of waste refers to solid or liquid wastes that are exported by vehicle from a Unilever manufacturing site to landfill or to incineration without energy recovery.

We calculate kg disposed waste per tonne of production, based on total tonnes of disposed waste divided by the sum of production volume in tonnes reported by each manufacturing site.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.
 - Not all sections / modules within the plant being able to perform to rated parameters.
 - Site not yet being depreciated.
 - Technology guarantee checks not yet performed.
 - Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

The metric does not include:

- Waste from building/demolition projects that are not directly related to production.
- Waste that is kept permanently on-site through recycling, for example, wastes that are mixed with concrete and used as building materials.
- Waste temporarily held on site until an economic batch quantity is available for transportation offsite.
- Waste from innovation and product trials carried out at manufacturing sites.
- Medical, sanitary or clinical waste.

Performance data preparation and assumptions:

Sites have access to primary waste data. This is typically from weighbridge tickets and invoices from waste providers and is captured by each manufacturing site in the EPR system.

This metric is measured in the same way for all manufacturing sites. The EPR system summarises and aggregates the data into standard reports by manufacturing site and at regional and global levels.

5.5 Occupational safety: Reduce workplace injuries and accidents (fatalities)

Performance measure:

The number of occupational injury or work-related ill-health (WRIH) events which results from exposure to an occupational health and safety hazard(s), in the course of employment which results in death in 2020 (this covers the period 1 October 2019 to 30 September 2020).

Definitions and scope:

The following are referred to as Class A fatalities and are included in the scope of this performance measure:

- Fatal occupational injuries and/or fatal work-related ill-health (WRIH) cases which occur on, or across the immediate external perimeter, of a Unilever site to a Unilever employee, while he/she is on duty, a contractor while he/she is working for Unilever (including on-site third-party operations) or a person visiting the Unilever site.
- Fatal occupational injuries or work-related ill-health (WRIH) which occur while a Unilever employee is away from a Unilever site but on company business (i.e. while on duty).

We record any of the following types of fatality, categorised as Class B and C separate to those described above. They are not included in the scope of the fatal accident performance measure but are reported separately internally:

- All fatal accidents involving members of the public which are associated with Unilever's own operations and/or associated with a Unilever employee while they are on duty. This does not include outsourced activities undertaken for us by third parties other than any fatal accidents at contract manufacturers/packers which occur while their employees are engaged in work for Unilever.
- In 2013, we introduced the recording of deaths from natural causes and suicides of anyone within a Unilever site. These incidents are only reportable internally.

Occupational safety metrics are recorded for all Unilever manufacturing and non-manufacturing sites (offices, research laboratories and marketing/sales organisation).

Performance data preparation and assumptions:

We collect data and report on three categories of fatal accidents: employee on-site, employee off-site and contractor on-site.

In addition to this fatality data, where such accidents may be deemed to be associated with our operations, Unilever also requires its individual organisations/units to report fatal accidents involving members of the public and those which occur at third-party contract manufacturers where they are producing goods and services for us. In common with other companies in our industrial sector, these incidents are only reportable internally.

5.6 Occupational safety: Reduce workplace injuries and accidents (Accident rate: Total Recordable Frequency Rate)

Performance measure:

The number of occupational accidents per one million hours worked (this covers the period 1 October 2019 to 30 September 2020).

Definitions and scope:

- Accidents are measured as a Total Recordable Frequency Rate (TRFR) per 1,000,000 (one million) man-hours. TRFR is defined as all workplace accidents, excluding only those that require simple first-aid treatment.
- The TRFR calculation is the sum of all lost-time accidents (LTA) plus restricted work cases (RWC) plus medical treatment cases (MTC) expressed as a rate per one million hours worked.
- TRFR is the preferred reporting performance measure for accidents at work.
- In line with industry best practice, we include in our definition of an 'employee', temporary staff and contractors who work under our direct supervision.

Occupational safety metrics are recorded for all Unilever manufacturing and non-manufacturing sites (offices, research laboratories and marketing/sales organisation).

Performance data preparation and assumptions:

Recordable accidents include recordable occupational injuries occurring to Unilever employees and lost-time accidents occurring to contractors working on behalf of, but directly supervised by, Unilever. Injuries which occur while travelling on business must be included in the organisation's (site's) safety statistics unless the injured person is travelling between their home and their normal place of work.

Man-hours worked includes the total number of paid hours worked by all Unilever site employees. Information on manhours worked is obtained directly from personnel in our Human Resources (HR) function or estimated via employee numbers, average number of hours worked, absences and overtime information provided by HR if actual data is not readily available.

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