



Unilever

UNILEVER SUSTAINABLE LIVING PLAN

SUMMARY OF PROGRESS 2016



SUSTAINABILITY MAKES BUSINESS SENSE

Our business grew in 2016 – and grew in a way that was consistent, competitive, profitable and responsible.

Our Unilever Sustainable Living Plan (USLP) is at the heart of our strategy for achieving business growth. Since its launch in 2010 it has provided a blueprint for achieving our vision to grow our business whilst reducing our environmental footprint and increasing our positive social impact.

Our USLP is based on a simple business imperative: that responsible growth is the only model that will succeed in a world of changing consumer expectations and dynamic market trends.

DELIVERING SUCCESS IN A VOLATILE WORLD

The slowing global economic growth and geopolitical instability that marked 2016 highlighted once again that progress cannot be taken for granted – for business or for the world. While we always have more work to do, our ability to deliver growth in this context reinforces our commitment to our USLP. We believe that the path we have set ourselves is both the right one, and the best. It is helping us build value in the short-term and it will lead to us achieving our purpose as a business: making sustainable living commonplace.

The USLP makes us more competitive – it helps to build our brands, spurs innovation, strengthens our supply chain, lowers costs and risks, and is building trust. Sustainability is creating value for Unilever and society.

Sustainable living brands
GREW 50% FASTER
than the rest of the business



LIVING OUR PURPOSE

Unilever has now seen 8 years of top line progress, averaging twice the rate of overall market growth, whilst simultaneously improving the bottom line.

Not easy to do in today's environment. Unsurprisingly, shareholders have benefited with a return of over 200%.

For Unilever, shareholder return is a result of what we do, but not why we are here. For over a hundred years, our goal has been to improve the lives of the world's citizens one day and one person at a time.

With his commitment to making cleanliness commonplace and improving lives, William Lever focused on what he called 'shared prosperity'. Our mission has not changed much since then and with the Unilever Sustainable Living Plan we are still showing there is a different way of doing business – one based on multiple stakeholders rather than a single-minded focus on shareholders.

We have made great progress. Our results show that it is good for business, with increasing evidence that our purpose-driven brands do better. Our 18 Sustainable Living Brands grew 50% faster and account for 60% of total growth. We are already reaching hundreds of millions with health and

hygiene programmes, and providing livelihoods to millions more, especially through our focus on women's empowerment. The USLP is also guiding our M&A activity, including last year's acquisitions of Blueair, a company focused on air purification, and Seventh Generation, a home and personal care business that uses plant based ingredients, which thinks seven generations ahead in all it does.

Increasingly we are guided by the UN Sustainable Development Goals which, in addressing humanity's biggest challenges, also provide an enormous opportunity for responsible growth. Indeed, the Business and Sustainable Development Commission, under the incredible leadership of Mark Malloch Brown, calculated that the SDGs offer a \$12 trillion economic opportunity and can create up to 380 million new jobs.

At a time when we have difficulties growing our economies and creating employment, the cost of not acting is becoming more expensive. With 9% of global GDP devoted to conflict prevention or wars, and climate change costing 5%, it is easy to see why – both morally and economically – we need to act.

Companies that cannot show they are making a positive impact in addressing challenges like hunger, climate change, gender equality

or access to education will soon, in my view, have no reason for being. There is no business case for enduring poverty and no reason to accept companies that are run for the benefit of a few at a cost to many.

There are still many challenges to overcome, including the short-term focus of financial markets, the difficulty in giving social or environmental capital a true value and political systems too often focused on the next election cycle instead of the next generation.

Our work with many valued partners has allowed us to make good progress against our targets and we have learned from our experience as well as our mistakes. However, for as long as many of our fellow citizens still feel excluded from a decent life or from equal opportunities, there is no reason to celebrate.

We simply and humbly request your continued help. It is only in deep partnerships, based on trust and mutual respect, inclusion and intergenerational thinking, that we can solve our many challenges. More than ever, we are committed to living our purpose and continuing to use the USLP as a blueprint for growth. Together we can create a better world for all, now and for generations to come.

Paul Polman
Chief Executive Officer, Unilever

OUR 2016 PROGRESS

In 2016 we continued to see evidence that sustainability is driving our business growth. Our Sustainable Living brands grew 50% faster than the rest of the business and delivered over 60% of our growth.

Our USLP has three big goals: to help more than a billion people improve their health and well-being by 2020, to halve the environmental footprint of our products across the value chain by 2030, and to enhance the livelihoods of millions of people by 2020.

SUCCESS IN OUR OPERATIONS, BUT VALUE CHAIN CHALLENGES REMAIN

We have made good progress on many of our USLP goals. By the end of 2016, we had helped 538 million people improve their health and well-being. In our manufacturing operations, we have cut CO₂ from energy by 43%, water abstraction by 37% and total waste disposed by 96% per tonne of production since 2008.

We have made the biggest gains in areas over which we have most control, but reducing the environmental impact of how consumers use our products continues to

be difficult. Since 2010, the water impact of our products has reduced by around 7%, while the waste associated with consumer disposal of our products has reduced by around 28%. But the greenhouse gas impact of our products across their lifecycle, including consumer use, continues to edge up and has now increased by around 8% since 2010. Despite the challenges, we are fully committed to a value chain approach and to becoming carbon positive in our own operations. Further, in January 2017 we announced a commitment to ensure that all of our plastic packaging is fully reusable, recyclable or compostable by 2025.

ENSURING POSITIVE IMPACTS THROUGH OUR SUPPLY CHAIN

Sustainable sourcing remains a central element of our USLP, and we continue to develop our sourcing policies to make sure we are having the greatest impact. We have therefore moved away from GreenPalm certificates for palm oil towards what are called 'physical, certified sources' – which has meant a reduction in our sustainably sourced agricultural raw materials performance, from 60% in 2015 to 51% in 2016.

Our third USLP goal – to enhance the livelihoods of millions of people – has



seen steady progress. In 2016, 67% of our procurement spend was through suppliers meeting our Responsible Sourcing Policy's mandatory criteria and we enabled around 920,000 women to access initiatives designed to promote their safety, develop their skills or expand their opportunities.

We have helped around 650,000 smallholder farmers to access initiatives aiming to improve their agricultural practices. And we have helped 1.5 million small-scale retailers to access initiatives aiming to increase their incomes. However, this is a reduction on the 1.8 million we helped in 2015, following a reassessment of the number of stores in India that can benefit from our Perfect Stores programme.

SUNLIGHT: FREEING TIME FOR WOMEN, WINNING MARKET SHARE

Sunlight, part of our global Surf brand, is having a big impact in South Africa with its new handwashing laundry powder, which uses our ground-breaking SmartFoam technology to break down suds faster. In drought-affected South Africa, where women still do the majority of laundry by hand, reducing the number of rinses required to wash laundry can make a real social difference by liberating women's time as well as saving water. As consumers benefit, so does our business – Sunlight's market share is up by 2.6% versus 2015.



HELLMANN'S: CONNECTING CONSUMERS TO REAL FOOD

Where does the food we eat come from – and how do we know it is what Hellmann's call 'Real Food'? To help answer that question for Canadian consumers in 2016, Hellmann's launched 'Project Seed' – a campaign that connected children and their parents with the farms on which our ingredients are grown. This showed them what it means for a farm to achieve our Blue Ribbon Farm status by meeting our criteria for sustainable sourcing. Unscripted, live-streamed farm visits were at the heart of the campaign – and a 6% growth in sales supports our belief that consumers agree that if you care about food, you care about how it is sourced.



SUIDHA: OPENING NEW MARKETS WHILE IMPROVING HYGIENE

We opened the first of our Suidha community centres on World Toilet Day in 2016. Based in one of Mumbai's largest slums, Suidha will help 1,500 people from low-income households who face severe challenges because hygiene infrastructure is either scarce or expensive to use. The pay-per-use centre brings together Domestos, Pureit and Lifebuoy to deliver safe drinking water, flushing toilets, clean showers and laundry facilities, all at an affordable cost. Applying circular economy principles, Suidha recycles water used for washing to flush the toilets – bringing environmental benefits, as well as improving hygiene for thousands of people and increasing the profile of some of our core brands.



HARNESSING OPERATIONAL ECO-EFFICIENCY IN WORLD CLASS FACTORIES

Operational eco-efficiency technologies in our factories not only reduce the environmental impact of the manufacture of our products, they also help us avoid costs. Our Aguai factory in Brazil, opened in 2015, is a great example. As well as meeting the Zero Waste to Landfill target achieved by all Unilever factories, it also uses solar energy to power all the needs of the site, uses LEDs and skylights to reduce power requirements, and is expected to meet 60% of its water needs through rainwater harvesting and water recycling.

Globally, the costs avoided through eco-efficiency in manufacturing have exceeded €700 million since 2008.

Dove self-esteem project



DOVE: GROWING WITH PURPOSE

We know body image is one of the top three worries in life for Australian girls – so our Dove brand, which has building self-esteem at its heart, partnered with Coles, one of Australia's biggest supermarkets, to help build self-esteem among 100,000 young people in August 2016. Our 'What is your daughter searching for?' campaign, in partnership with Coles and parents, highlighted that a third of girls have thought about, or searched online, 'can teens get cosmetic surgery?' or 'do I have an eating disorder?' The campaign ran in 700 stores, resulting in 12% sales growth for Dove's skin cleansing products in Coles during the promotional period. The Dove Self-Esteem Project has so far reached 23 million young people worldwide.

For further information on our social, economic and environmental performance, please visit our website www.unilever.com/sustainable-living

UNILEVER SUSTAINABLE LIVING PLAN: PROGRESS IN 2016

The Unilever Sustainable Living Plan sets out to decouple our growth from our environmental footprint, while increasing our positive social impact.

Our Plan has three big goals to achieve, underpinned by nine commitments and targets spanning our social, environmental and economic performance across the value chain. We will continue to work with others to focus on those areas where we can drive the biggest change.

More detail on our progress can be found in our online Sustainable Living Report 2016 at www.unilever.com/sustainable-living.

IMPROVING HEALTH AND WELL-BEING FOR MORE THAN 1 BILLION

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

We have helped 538 million people take action to improve their health and well-being.

HEALTH AND HYGIENE

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

538 MILLION[†] people reached by end 2016



- Reduce diarrhoeal and respiratory disease through handwashing
- Provide safe drinking water[†]
- Improve access to sanitation
- ✓ Improve oral health
- Improve self-esteem

NUTRITION

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

35% of our portfolio by volume met highest nutritional standards in 2016



- Reduce salt levels
- Saturated fat:
 - Ⓣ Reduce saturated fat
 - Ⓣ Increase essential fatty acids
 - Reduce saturated fat in more products
- ✓ Remove trans fat
- Reduce sugar
- Reduce calories:
 - ✓ In children's ice cream
 - ✓ In more ice cream products
- Ⓢ Provide healthy eating information

REDUCING ENVIRONMENTAL IMPACT BY 1/2

By 2030 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.*

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

GREENHOUSE GASES

Our products' lifecycle: Halve the greenhouse gas (GHG) impact of our products across the lifecycle by 2030.

+8% our greenhouse gas impact per consumer use has increased by around 8% since 2010*

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

-43%[†] reduction in CO₂ from energy per tonne of production since 2008



- Become carbon positive in manufacturing:
- Source all energy renewably
 - Source grid electricity renewably
 - Eliminate coal from energy mix
 - Make surplus energy available to communities
 - New factories

- Reduce GHG from washing clothes:
- ✓ Reformulation
 - Reduce GHG from transport
 - ✓ Reduce GHG from refrigeration
 - Reduce energy consumption in our offices
 - ✓ Reduce employee travel

WATER

Our products in use: Halve the water associated with the consumer use of our products by 2020.[†]

-7% our water impact per consumer use has reduced by around 7% since 2010*

Our manufacturing: By 2020 water abstraction by our global factory network will be at or below 2008 levels despite significantly higher volumes.

-37%[†] reduction in water abstraction per tonne of production since 2008



- Reduce water use in manufacturing process:
- New factories
- Reduce water use in the laundry process:
- ✓ Products that use less water
 - Reduce water use in agriculture

WASTE

Our products: Halve the waste associated with the disposal of our products by 2020.

-28%[†] our waste impact per consumer use has reduced by around 28% since 2010*

Our manufacturing: By 2020 total waste sent for disposal will be at or below 2008 levels despite significantly higher volumes.

-96%[†] reduction in total waste per tonne of production since 2008



- Reduce waste from manufacturing:
- ✓ Zero non-hazardous waste to landfill
 - New factories
 - Reusable, recyclable or compostable plastic packaging
 - Reduce packaging
- Recycle packaging:
- Increase recycling and recovery rates
 - Increase recycled content
 - Ⓢ Tackle sachet waste
 - Ⓢ Eliminate PVC
- Reduce office waste:
- Recycle, reuse, recover
 - ✓ Reduce paper consumption
 - Ⓢ Eliminate paper in processes

ENHANCING LIVELIHOODS FOR MILLIONS

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

We have made steady progress across our Enhancing Livelihoods commitments.

SUSTAINABLE SOURCING

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

51% of agricultural raw materials sustainably sourced by end 2016



- Sustainable palm oil
- Paper and board
- Soy beans and soy oil
- Tea
- Ⓢ Fruit †
- Ⓢ Vegetables †
- Cocoa
- Sugar †
- Sunflower oil
- Rapeseed oil
- Dairy
- Ⓢ Fairtrade Ben & Jerry's
- Cage-free eggs
- ✓ Increase sustainable sourcing of office materials

FAIRNESS IN THE WORKPLACE

By 2020 we will advance human rights across our operations and extended supply chain.

67% of procurement spend through suppliers meeting our Responsible Sourcing Policy's mandatory requirements

We continued to embed human rights, focusing on 8 salient issues in our Human Rights Report

Our Total Recordable Frequency Rate for safety improved to 1.01[†] per million hours worked



- Implement UN Guiding Principles on Business and Human Rights
- Source 100% of procurement spend in line with our Responsible Sourcing Policy
- ✓ Create framework for fair compensation
- ✓ Improve employee health, nutrition and well-being
- Reduce workplace injuries and accidents †

OPPORTUNITIES FOR WOMEN

By 2020 we will empower 5 million women.

920,000 women enabled to access initiatives aiming to promote their safety, develop their skills or expand their opportunities*



- Build a gender-balanced organisation with a focus on management
- Promote safety for women in communities where we operate
- Enhance access to training and skills
- Expand opportunities in our value chain

INCLUSIVE BUSINESS

By 2020 we will have a positive impact on the lives of 5.5 million people.

650,000 smallholder farmers and 1.5 MILLION small-scale retailers



- enabled to access initiatives aiming to improve agricultural practices or increase incomes*
- Improve livelihoods of smallholder farmers
- Improve incomes of small-scale retailers
- Increase participation of young entrepreneurs in our value chain

KEY

- ✓ Achieved by target date
- On-plan for target date
- Off-plan for target date
- Ⓢ % achieved by target date

* Our environmental targets are expressed on a 'per consumer use' basis. This means a single use, portion or serving of a product.

† In seven water-scarce countries representing around half the world's population.

● In 2016 around 300,000 women accessed initiatives under both Opportunities for Women and Inclusive Business.

† PricewaterhouseCoopers (PwC) assured. For details and the basis of preparation, see www.unilever.com

