



Unilever

ANNUAL REPORT AND ACCOUNTS 2012

MAKING SUSTAINABLE LIVING COMMONPLACE



ABOUT UNILEVER



OUR PURPOSE TO MAKE SUSTAINABLE LIVING COMMONPLACE

We work to create a better future every day, with brands and services that help people feel good, look good and get more out of life.

Our first priority is to our consumers – then customers, employees, suppliers and communities. When we fulfil our responsibilities to them, we believe that our shareholders will be rewarded.



EXAMPLES OF OUR PURPOSE DRIVEN BRANDS



PUREIT

Improves lives by providing people with safe, affordable drinking water where supplies are of poor quality, without the need for gas, electricity or a pressurised water supply.



DOVE

Helps women to realise their personal potential for beauty and encourages men to take better care of themselves by engaging them with products that deliver superior care.



KNORR

Provides great tasting, nutritious meals for families every day while funding sustainability projects for suppliers and smallholder farmers through its €1 million Sustainability Partnership Fund.



BEN & JERRY'S

Makes great ice cream while supporting suppliers around the world through its commitment to achieving Fairtrade certification for every flavour by the end of 2013.



OMO/PERSIL

Is concentrating liquid detergents, to deliver tough stain-removing performance, while using less water and energy in manufacture and transportation.



OUR BRANDS IN ACTION UNILEVER OWNS SOME OF THE WORLD'S BEST KNOWN AND BEST LOVED BRANDS. TO FIND OUT MORE GO TO WWW.UNILEVER.COM/BRANDS-IN-ACTION.

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Our Annual Report and Accounts 2012 is complemented by:

1) The Unilever Sustainable Living Plan: Progress Report 2012, a printed report outlining performance against our USLP targets for the period 1 January-31 December 2012, to be published in April 2013; and

2) The online Unilever Sustainable Living Report for 2012, which covers our USLP targets, the scope of our assurance programme and a wealth of information on our approach to running a responsible business.

See www.unilever.com/sustainable-living



Other information

The brand names shown in this report are trademarks owned by or licensed to companies within the Unilever Group. This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking statements, including within the meaning of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those disclosed in our forward-looking statements. For a description of factors that could affect future results, reference should be made to the full "Cautionary statement" on the inside back cover and to the section entitled "Risks" on pages 36 to 41. For information about our non-GAAP measures, see pages 34 and 35. In our report we make reference to Unilever's and other third-party websites, and to social media sites. Information on websites and/or social media sites is not incorporated herein and does not form part of this document. This Annual Report comprises regulated information within the meaning of sections 1:1 and 5:25c of the Act on Financial Supervision ("Wet op het financieel toezicht (Wft)") in the Netherlands.

CHAIRMAN'S STATEMENT

2012 has been another strong year for Unilever, building further on the good performance in 2011. Despite a challenging economic environment, the Group continued to grow above its markets, delivering strong top and bottom line results. The transformation of Unilever to a sustainable growth company is well on track.

Unilever's sustained performance in these difficult markets is testament to the strength and clarity of the Unilever Sustainable Living Plan (USLP) and the Compass strategy developed by Paul Polman and his management team. The USLP is providing the Group with an inspiring and highly differentiated growth model, which is driving performance, energising employees and increasingly being recognised externally as a standard for responsible business. The Boards have been impressed again this year by the ways in which the strategy is being brought to life in different parts of the Group, and

the above average results versus our peer group is testimony to this.

Maintaining good governance

Good governance is essential for the long-term success of the Group, and I am pleased to introduce our Corporate Governance report on pages 44 to 81, which sets out how Unilever conducts its operations in accordance with internationally accepted principles of good corporate governance. We are very alert to the current environment around the remuneration arrangements for Executive Directors and we remain committed to linking pay to the longer-term objectives of Unilever and, in turn, the longer-term interests of shareholders. We set out more details on our approach in our Directors' Remuneration Report on pages 62 to 81.

Strengthening the Boards

A key role for the Boards is to provide adequately for their succession, and I am very pleased that Laura Cha, Mary Ma and

John Rishton have agreed to join us and are being proposed for election at the AGMs in 2013. Unilever continues to appoint directors based on their wide-ranging experience, backgrounds, skills, knowledge and insight, and I am confident that these three directors will further strengthen the diversity of gender and experience already on the Boards and improve it further. Additional information on these directors and the succession planning process undertaken is given in the Corporate Governance report and their biographies will be included in the 2013 AGM Notices which will be available on our website at www.unilever.com/aggm from 2 April 2013. Sunil Bharti Mittal will not offer himself for re-election at the 2013 AGMs. I would like to thank Sunil for his contribution to Unilever as a Non-Executive Director.

We are committed to continuing to improve diversity at Board level and I am pleased that already 25% of Directors on your Boards are women. Last year we stated

BOARD OF DIRECTORS



2 Kees Storm
Vice-Chairman & Senior Independent Director

6 Ann Fudge
Non-Executive Director

10 Hixonia Nyasulu
Non-Executive Director



3 Paul Polman
Chief Executive Officer

7 Charles Golden
Non-Executive Director

11 Sir Malcolm Rifkind
Non-Executive Director



4 Jean-Marc Huët
Chief Financial Officer

8 Byron Grote
Non-Executive Director

12 Paul Walsh
Non-Executive Director



5 Louise Fresco
Non-Executive Director

9 Sunil B Mittal
Non-Executive Director

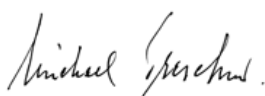
1 Michael Treschow
Chairman

our aim to increase that percentage, and the introduction of these Non-Executive Directors, should they be elected, will achieve this.

Board evaluation

Following the external evaluation in 2011, our internal process this year suggested minor recommendations to the operation of the Boards and confirmed that no major modifications were required. The process concluded that overall the Boards continued to operate in an effective manner. More information on previous evaluations and this year's agreed actions is found within the Corporate Governance report.

Finally, on behalf of the Boards, I would like to extend my sincere thanks to all of Unilever's 173,000 employees across the world. They have delivered exceptional results in difficult economic conditions while at the same time reinforcing Unilever's growing reputation as a business committed to sustainable and equitable growth.

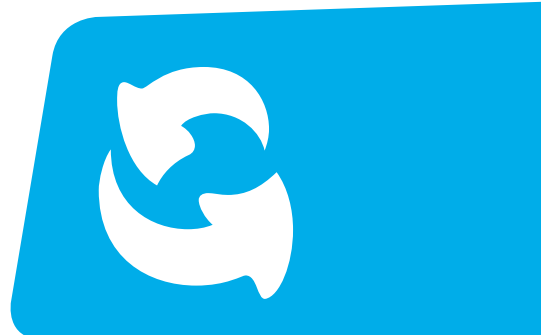


Michael Treschow
Chairman



Shareholder return

2012 has been yet another reliable year under our dividend policy. Unilever's consistent improvement in profits has enabled us to pay a steady increase in dividends year on year. The full-year dividend in 2012 rose to €0.954 – an 8% increase from 2011.



For Directors' biographies, please see page 42.

The Unilever Group

Unilever N.V. (NV) is a public limited company registered in the Netherlands. It has listings of shares and depositary receipts for shares on Euronext Amsterdam and of New York Registry Shares on the New York Stock Exchange. Unilever PLC (PLC) is a public limited company registered in England and Wales. It has shares listed on the London Stock Exchange and, as American Depositary Receipts, on the New York Stock Exchange.

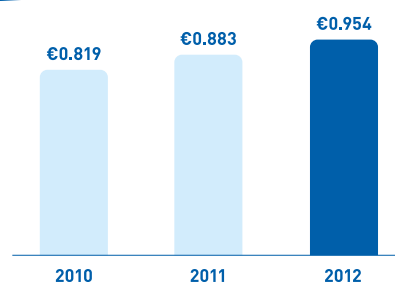
The two parent companies, NV and PLC, together with their group companies, operate as a single economic entity (the Unilever Group, also referred to as Unilever or the Group). NV and PLC and their group companies, regardless of legal ownership, constitute a single reporting entity for the purposes of presenting consolidated financial statements. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated financial statements. The same people sit on the Boards of NV and PLC and other officers are officers of both companies. Any references to the Board in this document mean the Boards of NV and PLC.

Names are listed in alphabetical order with the exception of the Chairman, Vice-Chairman, Chief Executive Officer and Chief Financial Officer.

2012 HIGHLIGHTS

- Further delivery against our Compass strategy, with sustainable growth despite challenging markets.
- Succession planning leading to the proposal of three new Non-Executive Directors at the 2013 AGMs.
- A consistent dividend that continues to provide a good return to shareholders.

Total dividend per share



CHIEF EXECUTIVE OFFICER'S REVIEW

1 Paul Polman^Δ
Chief Executive Officer



Unilever transformation on track

Our prediction that 2012 would be another challenging year for the global economy turned out to be accurate. We saw continued volatility in the world's markets resulting in commodity cost rises significantly in excess of expectations. The threat of the world's largest economy going over a 'fiscal cliff' and the euro crisis added uncertainty and undermined fragile consumer confidence.

Overall it is a 'bi-polar' economic world – one of sluggish growth in most developed markets contrasted by still relatively healthy consumption and growth in emerging markets.

Simultaneously we are facing challenges to the world's social and environmental equilibrium. Growing issues of inequality and rising levels of unemployment – especially among young people – place added strains on social cohesion. But the biggest challenge is the continuing threat to 'planetary boundaries', resulting in extreme weather patterns and growing resource constraints. These have an increasing impact on our business.

Volatility and uncertainty – the new normal

We remain convinced that businesses that both address the direct concerns of citizens and the needs of the environment will prosper over the long term. Companies need to show leadership to rebuild citizens' trust – currently at an all time low. This thinking lies at the heart of the Unilever Sustainable Living Plan (USLP) and our Compass vision of doubling the business while reducing our environmental footprint and increasing our positive social impact. As it becomes embedded, there is growing evidence that it is also accelerating our growth. It certainly contributed to another strong year for Unilever in 2012.

Strong business performance in 2012

Turnover increased by 10.5%, taking Unilever through the €50 billion barrier, a significant milestone to becoming an €80 billion company. We have grown by nearly 30% in just four years. Growth was broad based – across all our markets and categories – and high quality, with a good balance of price and volume. Emerging markets continued to be the prime engine, growing for the second consecutive year by more than 11% and now accounting for 55% of total business.

Growth was ahead of our markets, with approximately 60% of the business gaining share. Personal Care and Home Care showed double digit growth, in line with our strategic priorities.

Despite commodity cost increases of over €1.5 billion, and the heavy investments made in supporting our brands, growth was profitable, with 0.3% improvement in core operating margin to 13.8%.

High impact innovations, rolled out globally at speed, continue to be key growth drivers. With the addition of Magnum and Sunsilk last year, we now have 14 brands with sales of more than €1 billion a year, and these brands accounted for almost 50% of Unilever's growth in 2012. We delivered on our white space market strategy too. The launch of TRESemmé in Brazil last year was one of Unilever's most successful ever, adding almost €150 million in turnover.

We continue to strengthen our portfolio, thanks to strategic acquisitions since 2011 in Personal Care – including Sara Lee, Alberto Culver and Kalina in Russia – and disposal of several slower-growing businesses, notably in Foods. This combination added over 1% to turnover growth in 2012.

The delivery of the Compass strategy and the embedding of the USLP are not only benefiting citizens and communities but also shareholders who have seen a Total Shareholder Return (TSR) of close to 100% over the past four years.

The year ahead

We expect 2013 and beyond to be as difficult and challenging. We believe this further validates our Compass strategy with the USLP at its heart. Re-establishing trust with citizens and meeting the needs of society will be the keys to ongoing success. Our brands should be a force for good in addressing global challenges – be it access to water, hygiene and sanitation or sustainable and nutritious food.

For example, the Lifebuoy handwashing campaigns target one of the biggest killers of children under five – diarrhoea. Domestos is helping improve sanitation in some of the most impoverished parts of the world through a combination of educational programmes and simply the building of toilets. Pureit is bringing safe drinking water to an increasing number of people. Dove is addressing one of the biggest issues facing adolescent girls around the world, self-esteem. Through our sustainable sourcing programmes, Rainforest Alliance certification of Lipton tea and Knorr's Sustainability Partnership Fund, we are helping to improve the livelihoods of farmers and helping to guarantee future supplies. As our ambitions are high, working in partnership with others is key to delivery.

UNILEVER LEADERSHIP EXECUTIVE (ULE)



- 2 **Doug Baillie**
Chief Human Resources Officer
- 3 **David Blanchard**
Chief Category Research & Development Officer
- 4 **Professor Geneviève Berger**
Chief Science Officer
- 5 **Kevin Havelock**
Refreshment
- 6 **Jean-Marc Huët[▲]**
Chief Financial Officer
- 7 **Alan Jope**
North Asia
- 8 **Kees Kruythoff**
North America
- 9 **Dave Lewis**
Personal Care
- 10 **Harish Manwani**
Chief Operating Officer
- 11 **Antoine de Saint-Affrique**
Foods
- 12 **Pier Luigi Sigismondi**
Chief Supply Chain Officer
- 13 **Ritva Sotamaa**
Chief Legal Officer
- 14 **Keith Weed**
Chief Marketing and Communication Officer
- 15 **Jan Zijderveld**
Europe

2012 HIGHLIGHTS

Our business model
Our Compass strategy with the USLP at its heart contributed to another strong year for Unilever.

€50 billion
We added nearly €5 billion of turnover in 2012, pushing through the €50 billion mark in the process.

Driving growth
Emerging markets now account for 55% of our business.

€1 billion brands
We have 14 brands with sales of more than €1 billion a year.

Business with purpose
Re-establishing trust with citizens and meeting the needs of society will be the keys to ongoing success.

[▲] Board member
For ULE biographies, please see page 43.

Our evolving business model

With scale comes responsibility – so we must continue to play a leadership role in seeking solutions for global transformational issues like climate change, food security and poverty alleviation. This is why I agreed to join the UN Secretary General’s High Level Panel to review the post-2015 Millennium Development Goals.

Our approach is gaining widespread external recognition. We were again

named sector leader in the Dow Jones Sustainability Indexes for the 14th consecutive year; listed as the world’s fifth most desired company to work for by LinkedIn; and recognised for our work on diversity by The Catalyst organisation. We are proud now to be seen as the preferred employer in many of the key markets in which we operate.

We are on track to become a sustainable growth company. But this would not be possible without the dedication and hard

work of our 173,000 colleagues and many partners around the world. They are demonstrating the power of purpose, making Unilever again ‘fit to win’.

Warm regards

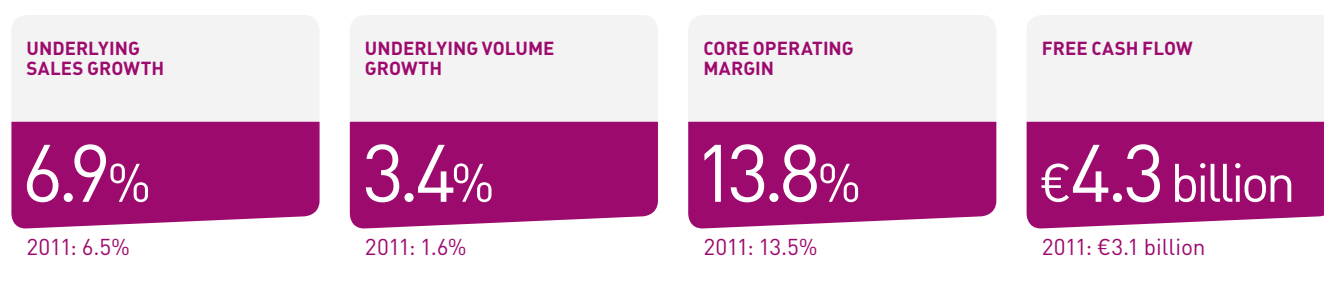
Paul Polman
Chief Executive Officer

OPERATIONAL HIGHLIGHTS

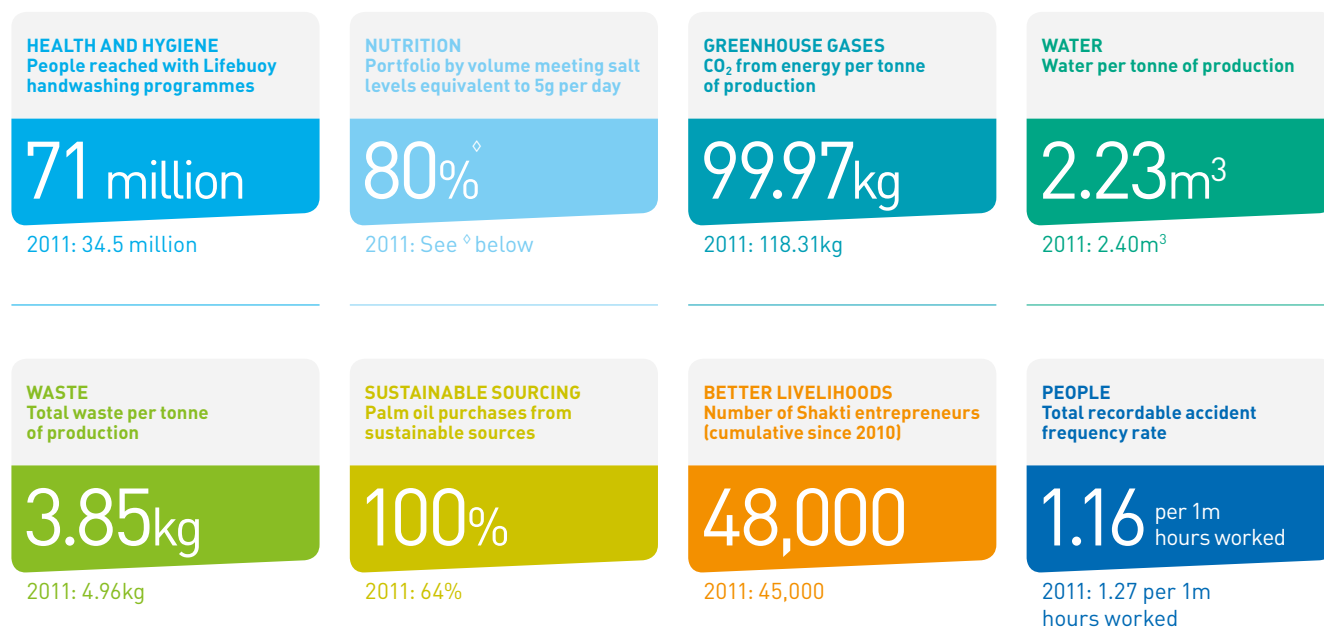
In 2012, we continued to make good progress in the transformation of Unilever to a sustainable growth company. We exceeded €50 billion turnover, with all regions and categories contributing to growth. Despite further cost increases and volatile commodity markets, our gross margin rose by 0.1 percentage points and our core operating margin by 0.3 percentage points, reflecting the disciplined implementation of our strategy.

- Turnover is up 10.5% at €51.3 billion with net acquisitions contributing 1.1% and currency changes 2.2%
- Underlying sales growth of 6.9% is well balanced between volume +3.4% and price +3.3%
- Emerging markets grew underlying sales by 11.4%, now representing 55% of turnover

KEY FINANCIAL INDICATORS*



KEY NON-FINANCIAL INDICATORS†



Basis of reporting: our accounting policies are in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and as issued by the International Accounting Standards Board (IASB), as well as United Kingdom and Dutch law. Certain measures used in our reporting are not defined under IFRS or other generally accepted accounting principles. For further information about these measures, and the reasons why we believe they are important for an understanding of the performance of the business, please refer to our commentary on non-GAAP measures on pages 34 and 35.

* Further details of our key financial indicators can be found in our Financial review starting on page 28.

† These key non-financial indicators form part of the Unilever Sustainable Living Plan. 2012 data is preliminary. Some of these KPIs will be independently assured in 2013. See our Unilever Sustainable Living Plan: Progress Report 2012 and our online Unilever Sustainable Living Report for 2012 at www.unilever.com/sustainable-living, to be published in April 2013.

◊ Measured January-September 2012. In 2012 we moved to full volume-based (tonnes sold) reporting for this target. This number is not comparable to previously reported numbers measured by product (stock keeping unit).

†† NAMET refers to North Africa, Middle East and Turkey; AMET refers to Africa, Middle East and Turkey; and RUB refers to Russia, Ukraine and Belarus.

OUR CATEGORIES



PERSONAL CARE

- Turnover €18.1 billion
- Underlying sales growth 10.0%
- Underlying volume growth 6.5%
- Market shares increased across geographies, with strong gains in Latin America, NAMET & RUB⁺⁺ and North America; driven by haircare, deodorants and skin cleansing




FOODS

- Turnover €14.4 billion
- Underlying sales growth 1.8%
- Underlying volume growth (0.9)%
- Market shares were down slightly, reflecting a mixed performance with volume gains in dressings, offset by declines in savoury and volume share stabilisation in spreads



REFRESHMENT

- Turnover €9.7 billion
- Underlying sales growth 6.3%
- Underlying volume growth 2.4%
- Market shares were slightly down overall, reflecting price aggressive competition in ice cream in developed markets



HOME CARE

- Turnover €9.1 billion
- Underlying sales growth 10.3%
- Underlying volume growth 6.2%
- Market share gains were driven by powerful performance in nearly all our markets; in laundry in particular in Europe, China and South Africa

OUR GEOGRAPHICAL AREAS

Asia/AMET/RUB⁺⁺

- Turnover €20.4 billion
- Underlying sales growth 10.6%
- Underlying volume growth 5.7%

The Americas

- Turnover €17.1 billion
- Underlying sales growth 7.9%
- Underlying volume growth 3.1%

Europe

- Turnover €13.9 billion
- Underlying sales growth 0.8%
- Underlying volume growth 0.9%

FOR MORE: WWW.UNILEVER.COM/INVESTORRELATIONS

On any given day

2 billion

consumers worldwide use a Unilever product

Turnover of

€51 billion

for 2012

Around

173,000

employees at the end of 2012

Products sold in over

190

countries worldwide

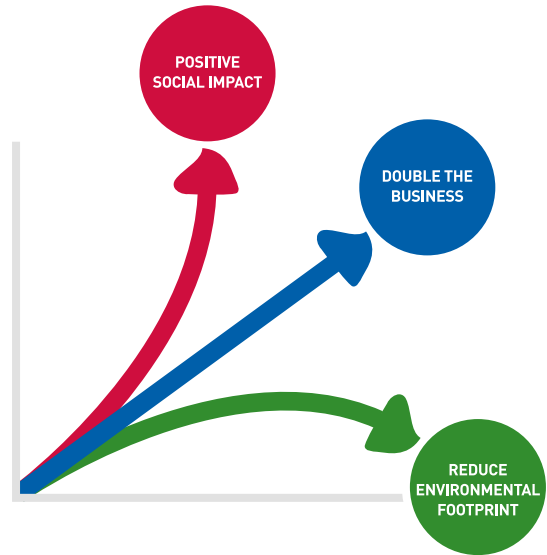
OUR COMPASS STRATEGY



OUR VISION DOUBLE THE SIZE OF THE BUSINESS, WHILST REDUCING OUR ENVIRONMENTAL FOOTPRINT AND INCREASING OUR POSITIVE SOCIAL IMPACT

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

We will grow by winning shares and building markets everywhere.



OUR COMPASS

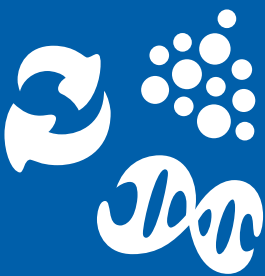
We wrote in our 2011 Annual Report and Accounts that the volatility and uncertainty facing the world was the new normal and would last for the medium term. Nothing that happened in 2012 has led us to revise this view; if anything it has confirmed it. The ongoing pressures – economic, social and environmental – frame our approach to our business strategy and our business model.

We call our business strategy document ‘the Compass’, since it sets out a constant path for Unilever for the long term. First developed in 2009, it was sharpened in 2012 but its core elements remained the same. The Compass sets out our ambitious Vision and Purpose, and defines four ‘Winning with’ pillars within the business that will help us achieve both. The eagle-eyed reader will have spotted that our statement of Purpose is also the title for our Annual Report and Accounts this year. We report on progress under each of the four ‘Winning with’ pillars on pages 12 to 27.

The Compass gives life to our determination to build a sustainable business for the long term and to find new ways to operate that do not just take from society and the environment. This is captured in the Unilever Sustainable Living Plan (USLP) which is described in more detail on pages 10 and 11.

Our Compass ‘Winning with’ pillars:

- Winning with brands and innovation
- Winning in the market place
- Winning through continuous improvement
- Winning with people



OUR BUSINESS MODEL

Our business model is designed to deliver sustainable growth. For us, sustainability is integral to how we do business. In a world where temperatures are rising, water is scarce, energy is expensive, sanitation is poor in many areas, and food supplies are uncertain and expensive, we have both a duty and an opportunity to address these issues in the way we do business.

The inputs to the model, like those of all major packaged goods manufacturers, are threefold: brands; people; and operations. These map directly on to our Compass 'Winning with' pillars – both continuous improvement and the market place pillars support the operations strand of the model.

The outputs of the model are threefold: sustained growth; lower environmental impact; and positive social impact. These align directly with our Vision statement.

The diagram below represents our virtuous circle of growth. It summarises, simply, how we derive profit from the application of our business model.

The differentiator in our business model is our USLP and the goal of sustainable living.

Our brands

Strong brands and innovation are central to our ambition to double in size. We are investing in brand equity, finding and strengthening the connections between consumers and the products they buy. Where equity is strong, we are leveraging it – creating efficiencies by focusing on fewer, bigger projects that enhance margins. And we are seeking superior products which consumers will prefer, driving profitable growth.

Our operations

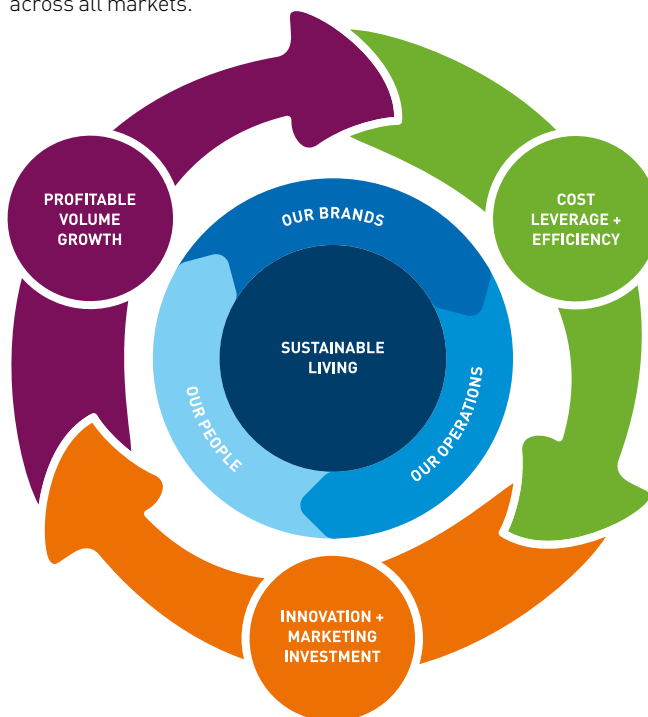
On any given day 2 billion consumers use our products and we want to reach many more, by developing innovative products that address different consumer needs at different price points. To do this we use our global scale to help deliver sustainable, profitable growth by seeking to add value at every step in the value chain by enhancing product quality and customer service, and rolling out innovations faster across all markets.

Our people

Sustainable, profitable growth can only be achieved with the right people working in an organisation that is fit to win, with a culture in which performance is aligned with values. We are increasingly an agile and diverse business with people motivated by doing good while doing well. We are building capability and leadership among our people and attracting some of the best talent in the market place.

Sustainable living

For us, sustainable, equitable growth is the only acceptable business model. Business needs to be a regenerative force in the system that gives it life. For example, by reducing waste, we create efficiencies and reduce costs, helping to improve margins while reducing risk. Meanwhile, looking at more sustainable ways of developing products, sourcing and manufacturing opens up opportunities for innovation while improving the livelihoods of our suppliers.



A VIRTUOUS CIRCLE OF GROWTH

Profitable volume growth

Profitable volume growth is the basis of the virtuous circle of growth. Stronger brands and innovation are the key drivers behind it. Consistently strong volume growth builds brand equity as we reach more consumers, more often.

Cost leverage + efficiency

Profitable volume growth allows us to optimise the utilisation of our infrastructure and spread fixed costs over a larger number of units produced, reducing the average cost per unit. It improves our profitability and allows us to invest in the business.

Innovation + marketing investment

Lower costs and improved efficiency enable us to strengthen our business further. New and improved products are the result of investment in R&D and, together with effective marketing, strengthen our brand equity. This results in profitable volume growth, self-perpetuating the virtuous circle of growth.



UNILEVER SUSTAINABLE LIVING PLAN

IMPROVING HEALTH AND WELL-BEING

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

REDUCING ENVIRONMENTAL IMPACT

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

1 HEALTH AND HYGIENE



By 2020 we will help more than a billion people to improve their hygiene habits and we will bring safe drinking water to 500 million people. This will help reduce the incidence of life-threatening diseases like diarrhoea.

AROUND 220 MILLION PEOPLE REACHED BY END 2012 THROUGH OUR PROGRAMMES ON HANDWASHING, SAFE DRINKING WATER, ORAL HEALTH AND SELF-ESTEEM†

2 NUTRITION



We will continually work to improve the taste and nutritional quality of all our products. 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.

18% OF OUR PORTFOLIO BY VOLUME MET THE CRITERIA IN 2012†‡

3 GREENHOUSE GASES



Our commitment is to halve the greenhouse gas impact of our products across the lifecycle by 2020.†

OUR GREENHOUSE GAS IMPACT HAS REDUCED BY AROUND 6% SINCE 2010†‡

4 WATER



Our commitment is to halve the water associated with the consumer use of our products by 2020.†‡

OUR WATER IMPACT HAS REMAINED BROADLY UNCHANGED SINCE 2010†‡



OUR UNILEVER SUSTAINABLE LIVING PLAN IN ACTION PROGRESS AGAINST OUR PLAN IS DETAILED IN THE SUSTAINABLE LIVING SECTION OF WWW.UNILEVER.COM/SUSTAINABLE-LIVING AND IN OUR UNILEVER SUSTAINABLE LIVING PLAN: PROGRESS REPORT 2012, TO BE PUBLISHED IN APRIL 2013.

With 7 billion people on our planet, the earth's resources can be strained. This means sustainable, equitable growth is the only acceptable model of growth for our business. We believe growth and sustainability are not in conflict. In fact, in our experience, sustainability drives growth. By focusing on sustainable living needs, we can build brands with a significant purpose. By reducing waste, we create efficiencies and reduce costs, which helps to improve our margins. And we have found that once we start looking at product development, sourcing and manufacturing through a sustainability lens, it opens up great opportunities for innovation.

Our Unilever Sustainable Living Plan (USLP) sets out to decouple our growth from our environmental impact, while at the same time increasing our positive social impact. Our USLP has three big goals that by 2020 will enable us to:

- Help more than a billion people to improve their health and well-being.
- Halve the environmental footprint of our products.
- Source 100% of our agricultural raw materials sustainably and enhance the livelihoods of people across our value chain.

Underpinning these goals are seven commitments supported by around 50 targets spanning our social, environmental and economic performance across the value chain – from the sourcing of raw materials all the way through to the use of our products in the home.

In the second year of our USLP, we made steady progress across our commitments. Our USLP is ambitious and we have much more to do. We continue to strive to deliver our stretching goals.



ENHANCING LIVELIHOODS



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



5 WASTE



Our commitment is to halve the waste associated with the disposal of our products by 2020.*

OUR WASTE IMPACT HAS REDUCED BY AROUND 7% SINCE 2010**

6 SUSTAINABLE SOURCING



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

AROUND ONE THIRD SUSTAINABLY SOURCED BY END 2012†

7 BETTER LIVELIHOODS



By 2020 we will engage with at least 500,000 smallholder farmers and 75,000 small-scale distributors in our supply network.

48,000 SHAKTI SMALL-SCALE DISTRIBUTORS BY END 2012†

SEE OUR UNILEVER SUSTAINABLE LIVING PLAN: PROGRESS REPORT 2012, TO BE PUBLISHED IN APRIL 2013, FOR FURTHER DETAIL.

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

† 2012 figures are preliminary. They will be finalised in the Unilever Sustainable Living Plan: Progress Report 2012, to be published in April 2013.

◇ Measured January-September 2012. In 2012 we moved to full volume-based (tonnes sold) reporting for this commitment. This number is not comparable to previously reported numbers measured by product (stock keeping unit).

‡ Measured July 2011-June 2012, compared to January-December 2010.

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



WINNING WITH BRANDS AND INNOVATION



Strong brands and innovation will play central roles in our ambition to double the size of our business. We are investing heavily in the equity of our brands, seeking to find the connections between consumers and the products they buy, and so to strengthen them. Where we have strong brand equity, we are leveraging it – creating efficiencies by focusing on fewer, bigger projects that enhance margins. And we are improving our brands, developing superior products which consumers will prefer, driving profitable growth.

Building brand equities

The strength of our business lies in brands that consumers love to buy and use. As we invest greater and greater effort in understanding consumers' relationships with our products, we increasingly find they are looking for brands that make a difference in their lives and to their world. So to make our brands stronger, we want to draw out the ways in which our products resonate with consumers – and create brands with purpose.

Brands with purpose

Few issues could give more purpose to our work than sanitation: over 2,000 children die every day from diarrhoea, which is linked to, among other things, a lack of clean toilets for more than 2 billion people worldwide. Our Domestos brand works with local entrepreneurs in countries where access to sanitation is limited, helping them set up small businesses which source, sell and maintain hygienic toilet facilities. It is one of the many ways in which our Domestos brand is supporting a campaign to improve sanitation for millions of people. In keeping with Unilever tradition, it is doing well by doing good. Overall, Domestos sales grew by more than 9% in 2012.

49 million

people reached by our Brush Day and Night oral care campaign over 2010-2012

DOMESTOS IS SUPPORTING A CAMPAIGN TO IMPROVE SANITATION FOR MILLIONS OF PEOPLE

Similarly, our Brush Day and Night campaign, which encourages parents and children to adopt good brushing habits, connects our family health oral care brands, led by Signal, to the dental health of millions. Brush Day and Night reached 49 million people over 2010-2012 and has helped our Signal brand grow by 22% since 2008.

Sustainable marketing

Understanding the role of brands in people's lives also helps us target marketing efforts where they are most meaningful. For example, in South Africa we have offered free Wonderbags to customers of Shoprite stores when they buy three 200g packs of Unilever's Rajah curry powder. The Wonderbag is a remarkable advance in sustainable cooking – an inexpensive heat retention cooker that reduces fuel consumption by half, reduces smoke from cooking fires and helps food retain its taste, nutrition and texture. Run in partnership with Shoprite and Natural Balance (the manufacturers of the Wonderbag), this innovative scheme has helped 400,000 consumers to save significantly on their fuel bills.



WINNING IN BRAZIL

Brazilian consumers care about their hair and, inspired by the salons and hair professionals that are a part of national life, are prepared to 'trade up' for a new product they believe in.

We saw a great opportunity in the market for the TRESemmé brand and, in November 2011, we made one of our most successful product launches ever, backed by a campaign that communicated with consumers across every major medium and channel, with a particular emphasis on the internet. From being unknown in Brazil, TRESemmé is now one of the country's leading hair brands in hypermarkets and drugstore chains.



THE FRUITS OF GROWTH

Parents buy Kissan ketchups and jams because they are made from fresh fruit and vegetables – and children eat them because they taste great. By emphasising the natural ingredients of its products and improving taste and texture, Kissan has established a strong market share position in India.



WORLD TOILET DAY

More than 2 billion people worldwide lack access to clean toilets – a public health risk which we are campaigning to solve. In November 2012, our Domestos brand and our partner, the World Toilet Organization, opened the world's first 'toilet academies' in Vietnam, the first stage in a global programme to train local entrepreneurs to set up hygienic toilet businesses.



OUR BRANDS IN ACTION TO FIND OUT MORE GO TO WWW.UNILEVER.COM/BRANDS-IN-ACTION.



Consumers as brand ambassadors

Word of mouth has always played an important role in communicating the benefits of our products. Parent to child, sibling to sibling, neighbour to neighbour – a good word from a trusted source is a high endorsement for any product. Now, in the digital age, millions of consumers from nearly every geography and demographic are connected in a giant conversation in which the brands they love play an important part. By creating brands that have meaning and purpose for consumers, we are harnessing that connectivity – and enabling consumers to become our brands' ambassadors.

Part of the success of our Dove Self Esteem Project, which encourages women and girls to develop a positive relationship with beauty, has been an increased willingness among consumers to spread the brand's affirmative message. Research by Millward Brown shows that among women in the US who are aware of the Dove Self Esteem Project, 62% would recommend the Dove brand to others – that's 16% more than among those who are not aware of the project.

Leverage bigger brands

Once we have identified brands with a clear purpose in consumers' lives, we can have the greatest impact by concentrating our efforts on a selected number of key brands and leveraging the benefits of scale. We're making greater investments in fewer, bigger projects and focusing on margin growth.

Making a mark with consumers

Bigger marketing campaigns which can operate through multiple media are achieving what we call 'media cut-through': when a campaign remains memorable despite the many competing claims on consumers' attention. Our 'Dirt is Good' (DiG) brands, which include Omo and Persil, re-launched in multiple markets in 2012 with a powerful mix of traditional and digital advertising, reassuring parents that their children can learn through healthy, messy play because of our products' tough stain-removing performance. Five key markets have already grown market share as a result and more DiG re-launches are planned for 2013.

Driving down costs

Negotiating larger advertising and promotion deals also allows for greater economies of scale, especially where campaigns can be adapted for different regions and countries. Margins can be further increased when bigger projects allow other savings – for example, in waste.



LOWER CALORIE ICE CREAM FOR KIDS



As part of the Unilever Sustainable Living Plan, we set ourselves the target of ensuring that our children's ice creams would contain 110 kilocalories or fewer per serving by the end of 2014. We are introducing the Specially for Kids logo on Max and Paddlepop branded ice creams to reflect our commitment to products which combine fun tastes, textures, shapes and colours, and comply with this target so children can enjoy them as part of a balanced diet and active lifestyle. By the end of 2012, more than 80% of our children's ice creams had met our target.

More at: www.unilever.com/heartbrand

Innovating with ambition

In 2012 we took important steps to align R&D within our category organisation. This allows for an integrated product innovation funnel from idea through to market, informed at every step by consumer benefit and value. Our six major laboratories across the world are complemented by a network of regional centres that give us the strength to deliver innovations globally and apply regional variants that consumers value.

At the same time as strengthening R&D within our categories, we continue to look to the future through a core group of scientific experts. These are charged with uncovering breakthrough scientific developments and providing thought leadership and connections with the external world to fuel our future category R&D programmes further.



Focusing innovation on fewer, bigger projects in the future will allow R&D breakthroughs to be translated into many markets in a short timeframe. For example, an innovative method of 'cool blending' spreads is set to transform our spreads brands (such as Becel) by reducing total fat and saturated fats by around 25%, which differentiates their nutritional profile even more from butter while still delivering great taste.

And this year we made great advances among consumers in the perceived quality of Lipton Yellow Label tea, by introducing a new process of cold-pressing some of the freshest tea leaves and adding the essence back into conventional dried leaves. Already launched through a celebrity-backed campaign in Russia, which saw retail sales grow by 26% in 12 months, this new technology will be rolled out in another 18 countries in 2013.

Winning market share

Big, fast, ambitious projects can have significant results, provided they are attuned to consumer needs. When we launched the TRESemmé brand into one of the world's largest hair markets, Brazil, it became one of the leading hair brands in both supermarkets and drugstore chains within five months. TRESemmé is available in a number of other countries and also

includes a range of salon-quality dry shampoos designed to rejuvenate hair without a single drop of water – good for the environment as well as helping grow our business. Alongside TRESemmé's rapid launch, we introduced more than 80 new or renewed products in Brazil, including two new Dove variants and re-launches of the Seda and Clear ranges, resulting in substantial gains in a vital market.

Win consumer preference

By making superior products with benefits people appreciate, we increasingly win consumer preference for premium brands where added value is greatest. Premiumisation, innovation and differentiation will be essential if we are to grow faster than our markets.

Superiority you can feel

The team behind every product in every category of our business is set a clear target for improvement: we want all our brands to be superior to the competition. At present, our global 'Product Benchmarking Programme' shows that 96% of our products in scope are considered equal to, or better than, our key competitors'. And where we have

made advances in product performance, we are increasingly able to tell consumers how they will benefit.

When we improved the Sunlight hand dishwash brand, for instance, we had thought carefully about the billions of hours spent every day across the world washing dishes, and the benefits that could come from a dishwasher that degreases dishes faster and more easily. We made sure our marketing communicated these improvements, with the result that we converted millions of households to Sunlight, doubling turnover for the dishwasher brand in six years.

Quality worth paying for

As well as driving volume growth, superior products can command premium prices, ensuring that growth is profitable. All around the world, we are offering products for which consumers are willing to trade up, with a corresponding rise in added value. In Russia, for example, we launched the Carte d'Or ice cream range in December 2011. The Carte d'Or products were made to premium recipes and marketed accordingly – creating additional value per serving. In just over six months, Carte d'Or sales grew profitably to represent some 25% of the premium segment.

Some

25%

of premium segment in Russia achieved by Carte d'Or in just over six months from launch



IN 2012 WE WERE MARKET LEADER IN LIQUID LAUNDRY DETERGENT SALES IN EMERGING MARKETS, WITH MARKET SHARE OF OVER 25%



LAUNDRY LIQUIDS – BETTER FOR CONSUMERS, CUSTOMERS, BUSINESS AND ENVIRONMENT



In 2012 we were market leader in liquid laundry detergent sales in emerging markets, increasing our market share by over 10 percentage points since 2010. Consumers are increasingly convinced of the benefits of liquids like Omo and Surf – which not only offer a better wash experience but, especially when concentrated, create lower greenhouse gas emissions in their

manufacture and distribution than powders. And liquids are good for our business – great performance combined with premium prices and lower material and transport costs, especially for concentrates, mean higher gross margins.

More at: www.unilever.com/omo



WINNING IN THE MARKET PLACE



There are 2 billion consumers who use our products on any given day and we want to reach many more. We do this by addressing different consumer needs with relevant innovations at different price points, rolling them out fast across all markets, and increasing the availability and visibility of our products through our growing 'Perfect Stores' programme. At the heart of our 'winning in the market place' strategy is a desire to achieve growth in the most cost-effective and sustainable way.

Reaching more consumers

Market development is a key driver of our growth and built around the following approach:

- reaching up (encouraging more affluent consumers to use our premium brands);
- reaching down (offering value products for consumers on lower incomes in emerging and developed markets); and
- reaching wide (being first and fast to take our brands into what we call 'white spaces', namely new geographies like Central Africa and Myanmar, emerging consumer segments like male grooming, and new channels like e-commerce).

Premiumisation

By 2020, 1.8 billion more consumers, mainly from emerging markets, will move up the ladder and become more affluent. Reaching up is therefore a critical growth opportunity for us.

During 2012, we continued to focus on building our premium portfolio across categories to deliver growth and better margins. For example, in January 2012, we launched the Dove hair range in the Philippines, and it became the market's number three brand in just six months. Similarly, in May we launched the Clear brand into the US, the largest haircare market in the world, proof that we can grow through premium brands in developed markets too.

It's not just in Personal Care that we are driving premiumisation. Magnum, our premium ice cream brand, is growing faster than the category average and became a €1 billion brand in 2012. You can now buy Magnum in more than 40 countries, including the Philippines, Pakistan and Thailand, following the 2012 roll-out of the brand in these countries.

Offering affordable brands

There remain many less affluent consumers in emerging markets who can benefit from our affordable brands. However, reaching down is not simply about expanding into these markets; it is also about offering affordable products to shoppers struggling in tough economic conditions across Europe and the US. This year, for example, 46 million people in the US used food stamps.

5 million

'Perfect Stores' across 75 markets

119 million

people reached with Lifebuoy handwashing programmes since 2010



A PERFECT WAY TO SHOP

Making our products easy for shoppers to find and buy is at the heart of our 'Perfect Stores' programme which went from strength to strength in 2012. How do we do it? By translating the marketing knowledge and expertise we've gained from building our brands into improving the experience for shoppers in-store. A better shopping experience leads to improved sales growth, as shoppers purchase our products more frequently. The programme has led us to develop our understanding of what works in different channels and store formats, and also encouraged us to develop a range of new IT systems to facilitate measurement of key parameters, that's improving the way we do business and helping us stand out from the competition.



DOVE FLIES INTO THE PHILIPPINES

In 2012, the Dove hair range was introduced into the Philippines as a premium haircare brand. Its launch included post-wash products like conditioners and treatments. Within six months, the Dove hair range had become the number three brand in the market and we achieved our highest share of the haircare market for a decade.



WASH THOSE GERMS RIGHT OUT OF MY HANDS

On 15 October 2012, people in 42 countries took part in Lifebuoy's fifth Global Handwashing Day. Each year, over 200 million people hear about it through the media. We aim to change the behaviour of 1 billion people across Asia, Africa and Latin America by 2015 and reduce diarrhoea and respiratory disease.



OUR CUSTOMERS TO FIND OUT HOW WE WORK WITH CUSTOMERS SO OUR PRODUCTS REACH SHOPPERS GO TO WWW.UNILEVER.COM/SUSTAINABLE-LIVING/CUSTOMERS-SUPPLIERS.



WINNING IN THE MARKET PLACE continued

'Local jewels' are offering good value to consumers and our business. Responding swiftly to the economic crisis in Greece, in less than six months from development we launched Elais, a new value-for-money food brand, which offers consumers a high quality product range positioned for lower incomes.

And it's not just new or local brands. In 1894, William Lever launched an affordable soap called Lifebuoy. Today, building on its legacy, the global soap brand is helping to raise hygiene standards in emerging markets through the Unilever Sustainable Living Plan (USLP). Lifebuoy has reached 119 million people with handwashing programmes since 2010, while helping the brand experience double digit growth in the last three years.

Growing in white spaces

We are continuing to fill white spaces, taking our brands into new markets and expanding into emerging consumer segments, to create new growth opportunities. Today, people can buy Dove and Axe products in more than 70 countries; Cif in more than 60, following its expansion into China and Mexico in 2012; Knorr Jelly Bouillon in almost 40; and Clear in more than 40, after its successful 2012 launch in the US, Australia and Canada.

In 2012, we successfully integrated two acquisitions, Kalina, the Russian personal care company, and Alberto Culver, the global hair and skincare company, and both are now experiencing double digit growth.

In November 2011, the TRESemmé brand was launched into Brazil just six months after the Alberto Culver acquisition was completed. We have since launched the brand in Indonesia, India, Thailand and the Philippines, proving our organisational capability to roll out a brand with speed and agility. Moreover, it demonstrates our ability to transform an acquisition into a growth opportunity by swiftly launching its brands into new territories.

We are also looking to reach wide by accelerating our presence through three important channels which have all demonstrated high growth for us in 2012: drug stores; e-commerce; and 'out of home' (selling for consumers' consumption away from home). In drug stores, for example, we recorded our highest underlying sales growth of 11% in 2012 in this channel.

Leveraging entire value chain

Reaching more consumers is also about partnering with our retailers to encourage shoppers to buy our brands so that we can grow sustainably together across the value chain. We estimate that 68% of our greenhouse gas impact comes from consumers using our products, so we help customers engage with shoppers and consumers to adopt more sustainable lifestyles.



THE NEW ECONOMY



The economic crisis in Greece has led consumers to switch to cheaper, local brands. Using our trusted brand, Elais (named after the goddess of olive oil), we created a range of value-for-money food products to tap into consumer needs. Our supply chain, customer, finance, sales and marketing teams collaborated swiftly to develop and launch – within six months – eight new economy products from olive oil to mayonnaise. At launch, the range was stocked in promotional displays to boost awareness and encourage people to buy. The new Elais range is one of the fastest growing recent launches in Greece.

More at: www.unilever.gr/elais



For the last three years, we have worked on 'A Better Future Begins at Home', a joint shopper programme with retailer Tesco, to encourage sustainable behaviour. It combines advice with promotions around our brands, all carrying a strong sustainability message. By rewarding shoppers for making more sustainable choices, it is educating them in how small actions can make a big difference both to the environment and to their wallet. So far the programme has been implemented in nine markets from the UK to China. As well as growing our sales, it has delivered benefits ranging from consumers recycling more to people planting trees in the local community.

Taking care of our customers

We believe that customer satisfaction is the single most important measure of success for us in this area. And customers are more satisfied with us than ever. In 2012, Unilever was named supplier of the year in the drug store channel, in Boots and Superdrug (UK), Rite Aid (US), Shoppers DrugMart (Canada) and Farmacias Benavides (Mexico). Meanwhile, in emerging markets in Asia, Africa and the Middle East, we were rated the number one supplier in seven markets. In Brazil and Argentina, our most important markets in Latin America, we are frequently evaluated in the top three, while in the UK Unilever was named supplier of the year by almost all our customers.

11%

growth through drug stores

Rated

No. 1

supplier across seven markets in Asia, Africa and the Middle East

Fast, flawless execution

As well as working with our customers on joint initiatives, we are also working with them to help drive sales of our products through our 'Perfect Stores' programme. This is a repeatable model which ensures the right products are available in stores and are marketed clearly to shoppers. Pilot studies in India and Argentina show that outlets enrolled for the 'Perfect Stores' programme grow on average 4% more than other outlets.

In 2012, we supported the development of another 2 million 'Perfect Stores' and extended our programme to more than 30 new markets. This means that at the end of 2012 we had 5 million 'Perfect Stores' in 75 markets – and we aim to have 20 million. Next, we will roll out

the next generation of the programme, 'Perfect Store 2.0', aimed at improving the way we market our brands to shoppers, improving shelf stand-out and ensuring we give shoppers more reasons to choose our brands in-store.

Improving the retail experience

Meanwhile, we're helping our customers improve the retail experience in 'Perfect Stores' using hand-held technology and the power of analytics, suggesting salesmen for store-specific orders and promotions, plus tips on displays. We also empowered thousands of our Shakti entrepreneurs with mobile phones to book sales orders. We will continue to innovate and grow sustainably with our customers, whether they're a small-scale distributor in rural India or a global retailer.



RINGING THE SALES IN INDIA



Almost 80,000 entrepreneurs, including 48,000 women, in over 135,000 villages across India have now joined our rural selling operation, Shakti. We improved the programme in 2012 by part funding mobile phones for a number of these sales people, equipping them with a simple application to drive sales. This low cost but very effective mobile technology helps them sell the

right products, saving time during sales calls while increasing sales and earnings. Shakti is just one example of the progress we are making towards our USLP goal of improving the livelihoods of people across our value chain.

More at: www.unilever.com/sustainable-living



WINNING THROUGH CONTINUOUS IMPROVEMENT



Our continuous improvement programme aims to deliver sustainable, profitable growth by seeking to add value at every step in the value chain by enhancing product quality and customer service, and rolling out innovations faster. This approach, combined with our global scale, generates significant savings that we invest back into our brands and factories to fuel growth and fulfil our ambition to reach more consumers. It's also helping us create new ways to source, manufacture and deliver our products more sustainably.

Leveraging entire value chain

By working across the entire value chain – from sourcing, manufacturing and logistics through to innovation, advertising and promotions, and pricing – we can use our global scale to add value, reach new markets and meet our sustainability targets.

Working with global scale and local agility

Our procurement organisation now buys the majority of all materials and services centrally – some €35 billion in 2012. This scale improves our buying efficiency and has made a considerable contribution towards our €1.4 billion supply chain savings, double what we saved in 2007.

When it comes to production, our philosophy of 'design once, deploy everywhere', enables us to maximise our global scale. This ensures our world-class manufacturing network of over 250 factories delivers higher quality products and faster global innovation roll-outs. In 2012, we also increased cross-border sourcing by investing in large regional or global manufacturing bases, making better use of our capital.

Our global logistics network transports our finished goods over 1.5 billion kilometres each year. This scale enables us to have global and regional distribution hubs, improving operational efficiency

significantly and reducing vehicle kilometres by 175 million over the next three years in Europe alone – cutting costs and emissions while improving service.

Driving return on marketing and capital investment

Completing the value chain picture, we focused on getting the best return on marketing investment for every brand in every category, spending €6.8 billion on advertising and promotion in 2012. We reviewed our approach to marketing through our 'Crafting Brands for Life' programme, placing an emphasis on learning through continuous improvement. By focusing on creating fewer but better advertisements, and using them in more places, we drove down advertising production and fees globally, reducing our overall spend by over €41 million. Our return on marketing investment delivered over €175 million in savings in 2012, vital to fund our marketing programmes.

€1.4 billion

in supply chain savings in 2012

39%

of all tea sourced comes from farms certified by the Rainforest Alliance



TAKING PALM OIL IN HAND

In 2012, three years ahead of schedule, we succeeded in sourcing 100% of our palm oil sustainably. We're one of the largest buyers in the world, purchasing some 3% of the total volume produced.

Importantly, this is just the beginning. We also want to know exactly where it comes from, so we're now aiming to purchase entirely from traceable certified sources by 2020, which means we'll be able to track every tonne back to the certified plantation where it was grown. We'll be helped in this by our €69 million investment in a new palm kernel oil processing plant in Indonesia, which will bring us closer to the source. We are also actively considering similar joint venture investments in processing crude palm oil derivatives in South East Asia, India and West Africa.



TIME FOR TEA

As part of our plan to source tea sustainably, for the last six years we've worked with the Kenya Tea Development Agency to educate its smallholder farmers about sustainable cultivation and Rainforest Alliance certification. And it's working – many certified tea farmers are now achieving higher yields. Globally our programmes have contributed to training 450,000 smallholder farmers.



SUPPLIER OF THE YEAR

In the UK, our supply chain dramatically improved customer service through closer customer collaboration, a new planning process and a more responsive sourcing network. We were named the top multi-category supplier in the Advantage Group Survey and supplier of the year by the major retailers including Asda, Sainsbury's and Boots.



OUR SUPPLIERS TO FIND OUT HOW WE PARTNER WITH SUPPLIERS TO MEET CONSUMERS' AND CUSTOMERS' NEEDS GO TO WWW.UNILEVER.COM/ABOUTUS/SUPPLIER.



WINNING THROUGH CONTINUOUS IMPROVEMENT *continued*

Local relevance with low-cost business models

One of Unilever's particular strengths is our ability to combine global scale with locally tailored solutions. We have identified several levers to improve our gross margin over the long term, one of which is the application of 'low-cost business models' to parts of the business such as laundry. We expect a significant profitability uplift once these measures are implemented, enabling us to invest back into the business, maintaining and accelerating the momentum of the virtuous circle of growth.

Working in partnership with our suppliers

Our scale also helps us to meet our ambitious targets for sustainable sourcing. In 2012, we sourced around one third of all agricultural raw materials sustainably, including 100% of our palm oil, our largest agricultural raw material, three years ahead of schedule. Elsewhere, 39% of all the tea we source comes from farms certified by the Rainforest Alliance. Sourcing sustainably means that farmers can improve their living conditions and earn an income they can live on. It also helps maintain and improve soil fertility, enhance water quality and availability, and protect biodiversity.

However, we cannot achieve our sustainable growth agenda alone. We work in partnership with our suppliers to support the growth and innovation we need. Through our 'Partner to Win' programme, we work with more than 150 strategic suppliers by sharing strategies and growth plans. This enables us to build capacity and create new technologies. Our suppliers are also key to generating new ideas and are partnering with us on over 65% of the deliverables in our medium and long-term innovation projects.

Improving eco-efficiency

We are also focusing on improving sustainability in our manufacturing network. Thanks to programmes to reduce, reuse, recycle and recover, over half our manufacturing sites now send zero non-hazardous waste to landfill. We sourced 26% of our energy used in manufacturing from renewables, and reduced our CO₂ emissions from energy by 838,000 tonnes in the period 2008 to 2012. These efforts have contributed towards the recognition by the Dow Jones Sustainability Indexes, which named Unilever a global super-sector leader in 2012.

Reaching more consumers

To meet our growth ambition we need to reach more consumers. We continue to work hard to ensure our products are always available wherever the consumer is shopping.

To reach different kinds of consumers we have developed segmented supply chains across categories, portfolios, geographies and channels to deliver the right service at the right cost. For example, in Indonesia, Pond's is a premium brand that's often sold by small specialist retailers with little space to showcase the entire range and as a result they have a tendency to run out of stock. Following a successful trial, we now offer a daily delivery service, extending the roll-out to Greater Jakarta – experiencing sales growth of more than 80%.

We have been increasing on-shelf availability (OSA), getting more products more quickly on to shelves. In 2012, stores in our OSA programme reduced empty shelves by 13%.

In 2012, our customers rated us higher than ever before. According to the global Advantage Group Survey, we improved in 70% of our key markets and are in the top third in ten out of 14 of our key markets.

We are also working hard to increase product quality – reducing both complaints

and incidents. Consumer complaints were down by 29% in 2012 versus 2009, while product incidents were down by 75%. In addition, we are making and designing better products. In 2012, 57% of our products scored higher than our competitors' in blind tests, compared to just 21% in 2009.

Fast, flawless execution

Our ability to deliver quality products, innovate, and make better decisions quickly is critical to our sustainable growth agenda. For example, we have almost halved the time it takes to launch key innovations into the market place. New capabilities and centralised processes are making it possible to almost halve the time it takes to build new factories. Unilever's Global Engineering Services uses 'cookie cutter' templates for factories, design and suppliers, helping us to deliver consistent high quality products wherever in the world they are made, as well as improving our speed to market.

We are also investing for growth and are building world-class factories, enabling us to cater to the substantial volume growth so far. As well as increasing capacity and flexibility, our new plants create competitiveness through manufacturing excellence and by using sustainable technologies.



ZERO WASTE TO LANDFILL



Over half of our 252 manufacturing sites across the world, from Costa Rica to Japan, send no non-hazardous waste to landfill, up from 74 at the start of the year. 100% of our sites send zero waste to landfill in 18 countries, the equivalent of removing over 1 million household bins of waste every year. This has been achieved by eliminating

waste in the factories. We also reduced, reused, recycled and recovered waste. For example, in Russia, Unilever recycles tea bags to make animal bedding or wallpaper.

More at: www.unilever.com/sustainable-living

Operational excellence

Enterprise Support, Unilever’s global shared services, is transforming our internal operations. By simplifying our internal processes, it is helping us both reduce costs and, by enabling us to act faster and with greater agility, improve our service to customers.

In Finance Services, for example, we have simplified our reporting processes, systems and tools, reducing our reporting time from 25 working days in 2010 to 19 today. We aim to reduce this still further.

In IT we are leveraging technology across Unilever which is helping us manage our growing business more efficiently. We have simplified 200 local IT transaction systems by replacing them with four global systems, managed as one for speed and resilience. This is delivering many benefits, for example helping us integrate acquisitions swiftly – both Alberto Culver and the Sara Lee personal care brands were integrated in just over six months.

We are also using technology to improve our service to customers. More than 50,000 of our representatives in areas

such as sales, merchandising and store auditing are connected to Unilever’s information systems. They use mobile devices to help them carry out sales transactions and record and upload up-to-date market data. This lets us monitor how our products are being presented to shoppers in over 4 million stores in our ‘Perfect Stores’ programme (see page 17).

It’s not just customers who are benefiting – we are talking directly to consumers too through our digital hub which is connecting them securely with our brands across multiple digital channels. For example, we launched our Dove digital presence in 30 countries in just 30 days – just one of 650 brand activations across 50 countries.

Bringing it all together, in May 2012 we opened a global operations centre in Bangalore, tapping into the talent and mindset of emerging markets. This is the heart of our global shared services operations, and will support our end-to-end IT, Finance and Information Management across the whole of Unilever.



MAKING WHEEL SPIN



As part of our low-cost business model strategy, we analysed every link in the value chain for Wheel, our value washing powder in India. As a result of technology and productivity improvements in manufacturing as well as distributing the product from our factory direct to the customer, we delivered savings right across the value chain, ensuring our products are affordable to people on low incomes and reducing our carbon footprint.

More at: www.hul.co.in/wheel

Product incidents down

75%

in 2012 versus 2009

Reduced CO₂ emissions from energy from factory operations between 2008 and 2012 by

838,000 tonnes





WINNING WITH PEOPLE



I AM EXCITED TO SEE THE TEA PICKERS USING MY DESIGN IN THE FIELD



Samwel Nyagucha,
tea picker, Kenya

Sustainable, profitable growth can only be achieved if the right people are working in an organisation that is fit to win, underpinned by a culture in which performance is always aligned with values. We are increasingly an agile, flexible and diverse business with people who are motivated by doing good while doing well. We are building capability and leadership among our people – and we are attracting some of the best talent in the market place.

Capability and leadership

To double the size of our business, we need to support the talented people we already employ so they can be the best they can be. We also need to attract the best people in the market place.

Employer of choice

This year, we were voted the number one FMCG (fast-moving consumer goods) employer of choice among graduates in 20 countries. Potential employees in markets as diverse as Russia and Vietnam, Brazil and Bangladesh, or Indonesia and the UK think that we are the most attractive employer in our sector.

We achieved this top ranking in several countries for the very first time, including Mexico, Germany and Spain – while in India we were employer of choice, not just in our sector, but across the entire employment market.

We are leveraging our partnership with One Young World, an annual global summit where young ambassadors collaborate on projects to change the world for the better. This year it allowed us to introduce Unilever and its commitment to making sustainability commonplace to 1,200 delegates from 183 countries.

Employer brand

We have focused on ensuring that our standing as an employer – what we call our ‘employer brand’ – has our commitment to sustainability at the core. We have built an employer brand development tool which leverages best practice, and adapted our recruitment models to reach the best people wherever they are in the world.

Our digital presence is a vital factor in this. Sustained investment and innovation in our social media interactions have seen us become the highest ranked FMCG company on LinkedIn’s global InDemand index. Our Facebook global careers page has attracted more than 110,000 ‘likes’, with the highest numbers in India, Brazil, Egypt and Indonesia of any global careers page. It is the second largest Facebook page dedicated to careers.

No. 1
FMCG employer of choice among graduates in
20 countries



BASKETS OF INGENUITY

Each year, we recognise a number of employees as ‘Unilever heroes’ for work that brings our values to life (see page 26). Samwel Nyagucha was picking tea on our Kaptien estate in Kenya when he saw a way to make pickers’ work more efficient. Inspired by baskets he’d seen on other estates, he designed a new picking basket which keeps the tea fresh and is light and easy to carry, allowing the picker to work more efficiently.

In 2012, 6,500 baskets made to Samwel’s design were distributed across our tea plantations in Kenya and they were introduced in Unilever Tea Tanzania.

REACHING TOMORROW’S LEADERS – DIGITALLY

We went from 40,000 followers on LinkedIn to 235,000 in ten months – and we are still exploring the potential of social networks as a way to engage with future employees. Recruits can now reach us through Twitter and Facebook as well as LinkedIn – and we have seen an increase in career page visits.

DIVERSITY RECOGNISED

We are proud winners of the prestigious 2013 Catalyst Award, honouring exceptional business initiatives for women in the workplace. We were recognised for accelerating the advancement of high-potential women, and leveraging cultural diversity and multinational expertise to promote a culture of inclusion.



OUR PEOPLE IN ACTION TO FIND OUT MORE ABOUT WHAT WE DO AND MEET SOME OF THE PEOPLE WHO BRING OUR PRODUCTS TO LIFE GO TO WWW.UNILEVER.COM/CAREERS.



Leadership for the future

We are committed to the growth of our people throughout their careers, and to ensuring that leadership skills in particular are developed at every level of management. Our new Four Acres Learning and Leadership Centre in Singapore, scheduled to open in mid-2013, is physical proof of this commitment. Like our long-standing Four Acres Centre in Kingston, UK, the facility will run a global curriculum to drive excellence and commitment to leadership development and sustainability.

We now have programmes for existing and future leaders at all levels. These are designed in a blended approach of leaders teaching leaders, senior executive sponsorship, academic rigour and application through job experience, mentors and coaches.

A diverse business for a diverse world

Two billion people use our products every day and, if we are to meet their needs, we need to reflect their diversity in our own workplaces. Through better recruitment,

family-friendly working conditions, a culture of accountability, and initiatives like employee networks and mentoring, our business is becoming increasingly gender-balanced. By the end of 2012, 41% of our management headcount were women, compared to 39% at the end of 2011. After a decade of steady improvement, achieving an increase of more than 1% in a single year shows progress – but we recognise there is still a long way to go.

We are working hard to improve further and it is encouraging that we have received external recognition for our efforts. For example, we were: awarded the prestigious 2013 Catalyst Award; awarded Company of the Year in the Vodafone European Diversity Awards 2012; named Top Employer by workingmums.co.uk; winners of Japanese magazine *Toyo Keizai*'s Female Management Appointment Award for 2012; named among the 2012 Working Mother 100 Best Companies in the US; and our US business was given a 100% rating in the Human Rights Campaign's Corporate Equality Index.

Values and performance culture

Ours has always been a business based on values. We aim to ensure that integrity, responsibility, respect and pioneering spirit underpin our activities. In the last two years we have found new ways to express those values through the Unilever Sustainable Living Plan (USLP).

Engaged employees

We have been encouraged by what our people are telling us about our culture. Our Global People Survey (GPS) measures the level of engagement of all employees. Over 114,000 eligible employees participated in the 2012 survey, representing an 87% response rate. Our engagement score of 75%, up from 73% in the 2010 GPS, is now in line with the scores of high-performing employers in our class.

Other key aspects of the survey also showed good progress: scores rose by 5% for people management, and by 4% for performance culture, bias for action and diversity. We believe that the USLP and our values are significant factors in keeping employees fully engaged in our business – and therefore driving performance.

Everyday heroes

Our values are exemplified every day by thousands of employees, without whom our business could not meet its ambitions for sustainable growth. But even amidst all this good work, some actions stand out. This year we honoured six employees nominated by their colleagues as 'Unilever heroes' – one of the ways in which we recognise significant contributions to society and our business.



FOUR ACRES SINGAPORE



In 2011, we began work on the Unilever Four Acres Learning and Leadership Centre in Singapore. The facility is on course to open in mid-2013, and will provide learning and capability development from our new global curriculum, designed to ensure that our people have the skills to meet our growth ambitions.

Four Acres Singapore has accommodation for 55 students and includes two flexible training rooms, a teaching amphitheatre and a multi-purpose hall for up to 200 people.

More at: www.unilever.com/developing-and-engaging-our-people

Our 2012 heroes include people such as Samwel Nyagucha (pictured on page 24), a tea picker on the Kaptien estate in Kenya, whose initiative has transformed the working life of colleagues on his plantation; Koray Kezer, a customer development manager in Turkey, who spent nights sleeping in his car while he helped customers and colleagues affected by a 7.2 magnitude earthquake in the Van region last year; and Abdullah Toseef, who used scrap materials to implement a water conservation project which is saving 28 million litres of fresh water each year at the Rahim Yar Khan factory in Pakistan, where Abdullah is assistant manager.



75%

Our employee engagement score, now in line with high-performing employers in our class

110,000

'likes' of our Facebook global careers page within six months of launch

Agile flexible diverse organisation

We have substantially improved the structure of our business over several years, aiming to create an agile, flexible and diverse organisation that can meet the needs of consumers all over the world.

Dynamic structure for dynamic markets

We are already seeing results from changing our approach to the global market place. Where we formerly dealt with 22 geographical sub-entities, we now divide our business between eight markets, six of which are primarily made up of developing economies. This streamlined structure has allowed us to focus sharply on growth, particularly in emerging markets. We can now re-allocate resources quickly between markets, share best practice more easily and concentrate our efforts on a larger number of bigger projects.

EMPLOYER OF CHOICE: CAREERS WITH PURPOSE

We enhanced our standing as an employer by developing the Employer Brand Development Wheel, putting potential employees at the heart of our thinking. This repeatable model, used in every market, is designed to exceed expectations – and beat the competition. For example, our Future Leaders Programme allows young graduates to take on real challenges like shaping the messaging behind Lifebuoy's handwashing campaign, bringing hygiene benefits to millions of people and contributing to the brand's consistent sales growth over the past five years.

More at: www.unilever.com/careers



Safety – a core value

Ensuring the safety and well-being of our people – and of contractors, suppliers and visitors – is integral to our business. Our ambition is to record zero accidents. We focus continuously on improving safety through the positive behaviour of our people, the design of our plants, facilities and products, and by implementing safe systems and procedures throughout Unilever.

A key measure of our progress, set out in the USLP, is the total recordable accident frequency rate, which counts all employee workplace accidents except those requiring only simple first aid treatment. This year our total recordable accident frequency rate was down by 9%† compared with 2011.

† 2012 data is preliminary. Some of our KPIs will be independently assured in 2013. See our online Unilever Sustainable Living Report for 2012 at www.unilever.com/sustainable-living, to be published in April 2013.