



The Unilever Sustainable Living Plan (USLP) is the plan that we are pursuing to achieve sustainable growth. It provides the differentiator in our business model, because sustainability is integral to how we do business. In an uncertain and volatile world, we cannot achieve our Compass Vision to double the size of the business without also reducing our environmental footprint and increasing our positive social impact. We have incorporated reporting on the USLP here and aligned it with our virtuous circle of growth. In place since 2010, the USLP is increasingly helping to drive profitable growth for our brands, to save costs and to fuel innovation.

PROGRESS TOWARDS TARGETS

The USLP sets out three bold and ambitious goals by 2020 to:

- Help more than a billion people to improve their health and well-being.
- Halve the environmental footprint of our products across the value chain.
- 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 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.

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.



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 303 MILLION PEOPLE REACHED BY END 2013 THROUGH OUR PROGRAMMES ON HANDWASHING^o, SAFE DRINKING WATER^o, 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.

31% OF OUR PORTFOLIO BY VOLUME MET HIGHEST NUTRITION STANDARDS IN 2013^{o†}

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.[^]

3 GREENHOUSE GASES

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

REDUCED BY 32% PER TONNE OF PRODUCTION SINCE 2008^{o‡}

OUR PRODUCTS' LIFECYCLE
Our commitment is to halve the greenhouse gas impact of our products across the lifecycle by 2020.[^]

OUR GREENHOUSE GAS IMPACT HAS INCREASED BY AROUND 5% SINCE 2010^{o∞}

4 WATER

OUR MANUFACTURING
By 2020 water abstraction by our global factory network will be at or below 2008 levels, despite significantly higher volumes.*

REDUCED BY 29% PER TONNE OF PRODUCTION SINCE 2008^{o‡}

OUR PRODUCTS IN USE
Our commitment is to halve the water associated with the consumer use of our products by 2020.[^]

OUR WATER IMPACT HAS INCREASED BY AROUND 15% SINCE 2010^{o∞}

We are making good progress on the targets within our direct control. Those outside our control are proving more challenging, especially when it comes to helping consumers reduce energy and water associated with washing and showering at home. Just as important, however, is the learning we have gained over three years of driving the implementation of the USLP.

IMPROVING HEALTH AND WELL-BEING

By the end of 2013, we had helped 303 million people improve their health and hygiene habits. This is more than a quarter of the way towards our ambitious 2020 target. Brands such as Lifebuoy and Dove gained market share and along with Signal extended their reach and achieved increases in sales. Across Foods and Refreshment, we assessed that 31% of the total portfolio met product-focused, highest nutritional standards that are based on globally recognised dietary guidelines. Our focus on improving products, coupled with partnerships and branded campaigns, is contributing to better diets for many millions of people.

MANAGING ENVIRONMENTAL IMPACT

In 2013, big reductions in the energy used for manufacturing mean that our own CO₂ emissions from energy are now 32% below 2008 levels measured per tonne of

production. Water abstraction is also down 29% per tonne of production, despite the growth in production. Similarly, total waste sent for disposal has reduced by 66% per tonne of production and we are on target for all our sites to achieve zero non-hazardous waste to landfill by 2015.

While we have made excellent progress in our own manufacturing operations, the total environmental footprint of our products including consumer use has increased for greenhouse gas (GHG) emissions across the value chain (+5% since 2010) and domestic water (+15%). While we are making improvements in our underlying business, for example, laundry concentrates and compressed deodorants, other parts of our portfolio are evolving in ways which are increasing our footprint: our Personal Care business has expanded in shower and hair products via the Alberto Culver acquisition (which accounts for three percentage points of the GHG increase) and our laundry business has experienced high levels of growth from bars in India which, while very affordable for people on low incomes, are also associated with a more water-intensive washing habit. We are continuing to look for ways to reduce the impact of these products. The total footprint from packaging waste to landfill has reduced (-11%) as a result of efficient pack designs and the disposal of sauce brands with large waste footprints.

For more detail about the Unilever Sustainable Living Plan, individual targets and performance in 2013, please go to: www.unilever.com/sustainable-living



ENHANCING LIVELIHOODS

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



5 WASTE

OUR MANUFACTURING

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

REDUCED BY 66% PER TONNE OF PRODUCTION SINCE 2008^o

OUR PRODUCTS

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

OUR WASTE IMPACT HAS REDUCED BY AROUND 11% SINCE 2010^o

6 SUSTAINABLE SOURCING

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

AROUND 48% SUSTAINABLY SOURCED BY END 2013[#]

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.

65,000 SHAKTI SMALL-SCALE DISTRIBUTORS BY END 2013^o

^o PwC assured. For details and the basis of preparation see: www.unilever.com/ara2013/downloads.

[^] Measured 1 October 2012 to 30 September 2013. The criteria underlying highest nutrition standards have been adapted in 2013 to be product-focused, rather than generic, and to align with our category-specific programmes; the criteria continue to be based on international dietary guidelines. The corresponding 2012 compliance to the revised approach was 31%.

[^] The environmental results under our Products are expressed on a 'per consumer use' basis, using a lifecycle approach. This means a single use, portion or serving of a product.

* Our Manufacturing progress is measured per tonne of production.

^o In 2013 we adjusted our reporting period from 1 January – 31 December to 1 October – 30 September. The comparative 2008 period remains from 1 January – 31 December.

^o The current year reported figure has been measured from 1 July 2012 – 30 June 2013 compared to the baseline of 1 January 2010 – 31 December 2010.

[#] PwC assured: % palm oil and tea sustainably sourced and % soy oil and soy beans covered by Round Table on Responsible Soy (RTRS) certificates and direct sourcing from RTRS suppliers. For details and the basis of preparation see: www.unilever.com/ara2013/downloads.



By the end of 2013, 48% of our agricultural raw materials were sourced sustainably. This is helping to reduce risk in our supply chain and contributing to our goal of eliminating deforestation (and associated GHG impacts) that could result from the sourcing of our raw materials.

ENHANCING LIVELIHOODS

We are also improving the livelihoods of hundreds of thousands of smallholder farmers with whom we work and we have increased sales through our rural distribution networks via our 65,000 Shakti entrepreneurs in India. During 2014 we will broaden our commitments on Enhancing Livelihoods to reflect the emphasis we place on human rights in our own operations and extended supply chain, and to encompass more ambition to build inclusive business models where a win-win approach can deliver sustainable growth for all.

DRIVING BUSINESS SUCCESS

Our focus on making sustainable living commonplace for our consumers is helping to drive profitable growth. In the three years since the USLP became operational, we have found the benefits are accelerating. By looking at product development, sourcing and manufacturing through a sustainability lens, opportunities for innovation open up. By reducing waste and material use, we create efficiencies and cut costs, which helps to improve our margins. By collaborating with partners including not-for-profit organisations, we gain valuable new market insights and extend channels to engage with consumers.



SUSTAINABLE BRAND GROWTH

Knorr, Unilever's largest brand, celebrated its 175th birthday in 2013 with the introduction of a Knorr Sustainability Partnership on-pack logo to help consumers clearly identify products featuring sustainably sourced ingredients. Our consumer research across 11 countries found that three quarters of consumers would be more likely to purchase a product if they knew it was made from sustainably sourced ingredients. Knorr has made great progress on its commitment to source 100% of its agricultural ingredients

sustainably. These efforts have led to substantial improvement in Knorr's brand equity in Germany, one of its key markets, compared to 2012.

Our Home Care category in Latin America partnered with leading retailers such as Carrefour in a new initiative 'Sumate al EcoLavado' (Join us at Ecowash) to promote good laundry habits. Brands including Surf and Skip worked together in Argentina, Uruguay and Chile to encourage washing at lower temperatures, saving energy through shorter wash cycles, and switching to concentrated detergents. Carrefour stores that participated in Argentina have experienced sales growth three times higher than others while consumers were encouraged to make lasting changes to their behaviour.



SUSTAINABLE INNOVATION

An example of how our commitments in the USLP help drive business growth was the introduction to more markets in Asia and Africa of the new Lifebuoy Colour Changing handwash. This makes handwashing fun for kids and reassures parents that their children are protected from germs. The colour of the foam changes from white to green in ten seconds, the time it takes for the Lifebuoy special formulation to deliver 99.9% germ protection. The growth of this premium offering has helped towards Lifebuoy's aim to change the handwashing behaviour of 1 billion people.

The launch in 2013 of compressed deodorant aerosol sprays by three brands (Sure, Dove and Vaseline) in the UK was a further example of sustainable innovation. These new product sizes use half the propellant gas and an average of 25% less aluminium. Supply and distribution savings have led to 35% less road usage too. Consumers gain the convenience of a smaller easy-to-carry pack size with the added satisfaction of knowing the environmental impact is reduced. As a result market share is up and conversion rates from conventional packs have exceeded our expectations.



LESS WASTE

Measures to promote efficiency in manufacturing are achieving significant cost benefits. Between 2008 and 2013 we avoided cumulative energy costs of over

€150 million. Likewise our actions to reduce raw and packaging materials and disposed waste have avoided cumulative supply chain costs totalling €200 million since 2008.

The USLP is also helping to motivate employees to take action. For example, our €15 million 'Small Actions Big Difference' fund encourages staff to develop sustainable business ideas. In 2013 we invested in 50 of the best projects suggested by them to reduce water abstraction by manufacturing sites around the world. These yield an average payback time of less than two years and have helped us achieve our reductions in water abstracted.



COLLABORATIVE PARTNERSHIPS

During 2013 we developed a co-investment partnership with the Children's Investment Fund Foundation (CIFF) to reduce the mortality of children under five through implementing Lifebuoy's handwashing programme in Bihar, India. The five-year programme will reach 9 million schoolchildren directly and have an impact on 50 million people through children acting as change agents for their families. Lifebuoy provides co-investment, staff resource and expertise to run the direct contact programme, as well as investment in mass media to raise awareness of the importance of handwashing with soap. CIFF is providing significant co-investment alongside staff resource and expertise to optimise programme effectiveness.

FUTURE CHALLENGES

Three years on from launching the USLP, we have more evidence that our ambition to make sustainable living commonplace is helping to drive business growth. We have also learnt a great deal from our progress and the challenges of implementing the USLP. Looking forward, we are reviewing our strategy and approach to focus even more attention on those areas that matter most to the business and where our contribution can achieve the greatest transformational impact on society.

One area is our work towards eliminating deforestation with others in our industry through the Consumer Goods Forum. We have led the process of building the Tropical Forest Alliance, a public-private partnership to combat deforestation associated with sourcing commodities such as palm oil. Unilever is one of the largest buyers of palm oil in the world and we have committed to securing 100% of our own supplies sustainably from certified, traceable sources by 2020.

We can also use our scale to make a difference to basic hygiene. In too many countries around the world, billions of people still lack safe drinking water and effective sanitation. Thanks to our portfolio of brands such as Lifebuoy, Pureit and Domestos, Unilever is uniquely placed



Unilever is an active founder member of the Dutch Sustainable Growth Coalition (DSGC). This CEO-led partnership of eight multinational companies develops knowledge about the integration of sustainability within business. Knowledge and insights are shared with the broader business and stakeholder community, including policymakers.

Dutch Sustainable Growth Coalition



to help with solutions, working alongside governments and NGOs. For instance our 'Domestos for UNICEF' partnership has raised awareness of the global sanitation crisis and the need for improved sanitation.

We are stepping up our own brand-led initiatives and will increasingly seek an integrated approach to these needs. Lifebuoy's target to help 1 billion people to improve their hygiene behaviour by handwashing with soap is very ambitious so we are working with partners to find ways to drive down costs and scale up our efforts.

We aim to achieve real improvements in the health and everyday lives of people who are our current and future consumers. We will focus more specifically on the needs of women as they form the majority of our consumer base, are strongly represented in our agricultural supply chains and in some countries in selling our brands in remote rural areas. By working with NGO partners such as Oxfam, we have gained new insights into the impacts that our extended value chain can have on women who face disadvantage and discrimination. Increasingly we are looking for opportunities where we can play a role in promoting the rights of women, building knowledge, enhancing their livelihoods and increasing economic inclusion.

In 2014 we will update the USLP to reflect our learning and new areas of focus.



Unilever's expertise and the strength of the Lifebuoy brand, coupled with our ambitions to deliver health impact at scale, will help achieve three things: better policies around water, sanitation and hygiene; a stronger argument for their integration into the post-2015 development agenda; and ultimately an end to preventable deaths of children for the worst of all reasons – ignorance. PSI is proud to partner with the Unilever Foundation and Lifebuoy to help drive the Lifebuoy brand's social mission and Unilever's market growth.

Karl Hofmann, President & CEO, PSI

Unilever's commitment to traceable palm oil marks a very promising step on the journey towards a mainstream sustainable palm oil market. Unilever's role and actions have been instrumental so far: in establishing the Roundtable

on Sustainable Palm Oil in 2004, in its development into a credible standard and institution, and in driving the production and purchase of sustainable palm oil.

Richard Holland, Director, Market Transformation Initiative, WWF

Unilever's willingness to open its supply chain to scrutiny by Oxfam of its performance on labour rights, and to allow Oxfam to publish our findings, showed an unusual level of transparency. It has made possible a constructive dialogue on the necessary conditions for workers to enjoy their rights which has encouraged Unilever – and we hope other companies – to integrate human and labour rights more systematically in their business and Unilever Sustainable Living Plan.

Mark Goldring, Chief Executive, Oxfam GB



OVERVIEW OF RISKS

SUSTAINABILITY

The success of our business depends on finding sustainable solutions to support long-term growth.

See Risks on page 34

LIFEBUOY – THREE YEARS OF DOUBLE-DIGIT GROWTH

Our health soap brand, Lifebuoy, has achieved three years of sequential double-digit growth to become the world's number one anti-bacterial brand. Expert studies have shown that washing hands at five critical moments during the day can dramatically cut the incidence of life-threatening diseases like diarrhoea. Lifebuoy puts this social mission at the heart of its brand proposition. In 2013, Lifebuoy ran hygiene behaviour change programmes in 14 countries.

