



Unilever

Sustainable Development Overview 2009

# Creating a better future every day



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This Overview summarises our most significant impacts. Our online Sustainable Development Report is our principal means of reporting: it sets out our policies and performance on the issues covered in this Overview as well as many others. See page 36

[www.unilever.com/sustainability](http://www.unilever.com/sustainability)



# Highlights

Launched ambitious new vision to **double** the size of our business while **reducing** our overall environmental impacts across the entire value chain

**15%** of our **palm oil** now sourced **sustainably** via GreenPalm certificates



**15% of the tea** we use globally now sourced from Rainforest Alliance Certified™ farms

Reduced environmental impacts of our manufacturing operations by

**41%\*** for CO<sub>2</sub> from energy,  
**65%\*** for water use and  
**73%\*** for total waste, measured per tonne of production over 1995-2009



**Lifebuoy** promoted Global Handwashing Day in **23 countries**, reaching **millions of people**

**44% of our food portfolio** now in line with internationally accepted guidelines for saturated and trans fat, sugar and salt



Launched global **'Brush Day and Night'** campaign with FDI World Dental Federation

**Food industry sector leader**



**Dow Jones Sustainability Indexes**  
Member 2009/10

in the Dow Jones Sustainability World Indexes for the **11th year running** – the only company ever to have achieved this

# Introduction

2009 was a good year for Unilever. Despite difficult economic conditions our growth momentum was strong and we laid many of the foundations needed for the long term. At the same time we continued to serve billions of consumers across the world with products and innovations that help them feel good, look good and get more out of life.

## A new vision

2009 saw the launch of a new vision for Unilever – to double the size of the company while reducing our overall impact on the environment. The commitment presents Unilever with a major challenge. The reduction we are talking about is an absolute one. It incorporates all our impacts right across the value chain – from the sourcing of our raw materials through to consumer use and disposal of our products. In short, we intend to decouple growth from environmental impact.

## The starting point

Where do we start in addressing such a challenge?

First, we have to put our own house in order. And we are. Over the last 15 years the company has significantly improved the eco-efficiency of its network of factories. CO<sub>2</sub> from energy has gone down by 41%\*, water by 65%\* and total waste by 73%\* per tonne of production. We recognise that we have more to do and have the plans to get there.

## Working across the value chain

Unilever's biggest impacts do not come from its own operations. Our 264 factories account for only a small proportion of our emissions. Our biggest effects on the world around us come from the sourcing of raw materials at one end of the value chain and consumer use of our products at the other.

These are issues which we cannot tackle alone. Together with NGOs, customers and other partner organisations we have programmes and commitments in place to address them at each stage of the value chain.

As a food company half our raw materials come from agriculture and forestry. Our ambition is to purchase all our key crops from sustainable sources. We have already taken the lead in many areas. In palm oil, we have bought GreenPalm certificates covering 15%

of our volumes. And as a founder member of the Roundtable on Sustainable Palm Oil (RSPO) we are helping to move the industry to sustainable palm oil. We have set our own target to be 100% sustainably sourced by 2015.

It is a similar story in tea. Around 15% of our global volumes of tea now comes from certified sustainable sources. Commitments like these not only help the environment, but also have a positive impact on the lives of millions of people. In Kenya alone, 38,000 smallholder tea farmers have achieved Rainforest Alliance certification. Again, our target is to be fully sourced with sustainable tea for our Lipton tea bags by 2015.

In ice cream the challenge is different. Here the task is to move to climate-friendly HC refrigerants in the point-of-sale freezer cabinets that we own around the world.

Ultimately, however, we will not achieve our environmental goals without persuading consumers to change their behaviour. For many of our products consumers generate around 70% of the environmental impact. Laundry detergents are a case in point. The temperature and cycle at which the wash is done have a huge impact on the energy and water used. The Cleaner Planet Plan, which is being rolled out across our Omo, Persil and Surf brands, is a behaviour change programme that educates consumers on how to do their washing in a resource-efficient fashion.

## Tackling social as well as environmental issues

On the social dimension we are also making progress. Lifebuoy's programme to teach children and their families about the importance of handwashing has reached over 133 million people since 2002. Ben and Jerry's has announced that it will go Fairtrade. In India our Shakti distribution network now employs 45,000 women. They are not only making our products more accessible to some of the 800 million people who live in Indian villages but they provide a livelihood, dignity and respect to many families along the way.



## Shared value

This way of working, which has been described as 'shared value creation', has been at the heart of Unilever's approach since the inception of the business. Today, we are applying it to the challenges of the early 21st century: climate change, water scarcity, poverty alleviation and malnutrition to name but a few.

Of course we have had our share of setbacks with which we have had to deal. Whether these were issues with contract labour in Pakistan or accusations levelled against some of our palm oil suppliers, we have tried to respond to these criticisms quickly and transparently.

We report on these matters in this document. We hope that it provides a balanced account of how Unilever is addressing the central issue facing companies everywhere – namely how to grow in a genuinely sustainable manner.

**Paul Polman**  
Chief Executive Officer

# Our business and brands

On any given day, 2 billion people use our products. This gives us a unique opportunity to help improve their everyday lives.

Unilever is one of the leading suppliers of fast-moving consumer goods with products on sale in over 170 countries. Our strong portfolio of foods, home and personal care brands is trusted by consumers the world over.

Our top 13 brands account for total sales of over €23 billion and our top 25 brands account for nearly 75% of our sales.

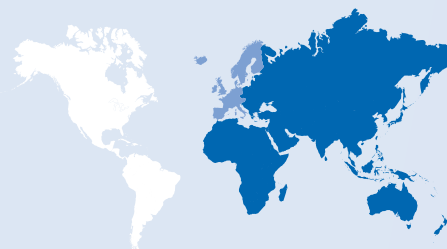
With consumers, customers, suppliers and shareholders on every continent, we describe ourselves as a 'multi-local multinational'.

An important part of the local communities in which we operate, we bring our international expertise to the service of people everywhere.

Turnover  
(millions)

€39,823

32% 30% 38%



## Our top 13 brands\*

- |                         |              |           |
|-------------------------|--------------|-----------|
| • Axe/Lynx              | • Hellmann's | • Rexona  |
| • Blue Band             | • Knorr      | • Sunsilk |
| • Dove                  | • Lipton     | • Surf    |
| • Flora/Becel           | • Lux        |           |
| • Heartbrand ice creams | • Omo        |           |

\*Some of our brands may be marketed under alternative names in certain countries

## Leading category positions

- |                       |                    |                |
|-----------------------|--------------------|----------------|
| <b>World Number 1</b> | Savoury Dressings  | Spreads        |
|                       | Ice cream          | Tea            |
|                       | Deodorants         | Mass skin care |
| <b>World Number 2</b> | Laundry detergents |                |
|                       | Daily hair care    |                |
| <b>Local strength</b> | Household care     |                |
|                       | Oral care          |                |



Operating profit  
(millions)

€5,020

37% 25% 38%

Purchase of goods  
and services (millions)

€28,549

32% 31% 37%

Employees  
(year end)

163,000

25% 17% 58%

2009

- The Americas
- Western Europe
- Asia, Africa and Central & Eastern Europe



## Category highlights

### Savoury, dressings and spreads

€13,256 million turnover (0.1%) underlying sales growth

### Personal care

€11,846 million turnover 5.3% underlying sales growth

### Ice cream and beverages

€7,753 million turnover 4.0% underlying sales growth

### Home care

€6,968 million turnover 7.1% underlying sales growth

# An overview of our impacts

Our business and brands have impacts at every stage of their lifecycle: in sourcing raw materials, packaging, manufacture, distribution, consumer use and disposal.

## Raw materials

**€15.3 billion** spent with over **10,000 suppliers** of raw materials, packaging and goods for re-sale

We buy **12%** of the world's **black tea** and **3%** of the world's **palm oil**



## Operations

**264** Unilever manufacturing sites globally

Consistent improvements in eco-efficiency performance since 1995, per tonne of production

**-41%\*** CO<sub>2</sub> from energy  
**-65%\*** water use  
**-73%\*** total waste



## Our carbon footprint (estimate)

Consumer use of our products accounts for by far the largest proportion of our impact.



### Raw materials

Sourcing our agricultural and chemical raw materials largely accounts for our 'upstream' CO<sub>2</sub> impacts



### Packaging

Primary and secondary packaging, eg paper, plastic, glass and metal

Ben & Jerry's Caring Dairy programme helps farmers reduce their energy and water use

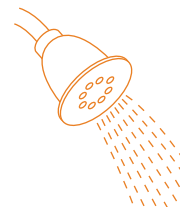
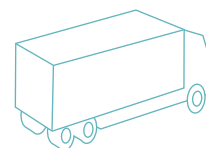


### Unilever operations

Factories (including third-party manufacturing), travel and buildings

### Distribution

Distribution of products from factories to point of sale via a network including road, rail and sea



## Our water footprint (estimate)

Our impacts occur mainly in the growing of raw materials and in consumer use of our products.



### Raw materials

For our food products the majority of water use is 'upstream' in the growing of agricultural raw materials

Water is essential for growing and irrigating crops



Our Sustainable Agriculture Programme promotes better water use, such as improved irrigation, which has helped Indian gherkin growers and Brazilian tomato farmers reduce water use by 70% and 30% respectively (page 25)



### Unilever operations

We use water in our factories and office buildings

### Packaging

Water is used to produce packaging, eg paper, plastic, glass and metal

### Consumers

For our home and personal care products the greatest impacts occur 'downstream' in consumer use. Water is needed for personal washing and laundry. This accounts for a large proportion of people's daily water needs



\*2009 data is preliminary – see Footnote, page 35



## Distribution

**Around 50% of sales** from developing and emerging markets

Around **20%** of sales through **10 major retail chains**

Products sold in over **10 million small shops** in developing and emerging markets



## Consumers

**2 billion** consumers use a Unilever product on any given day

**125 billion** washes a year using our laundry products

**2.4 million** tonnes of packaging to be recycled or disposed of in our factories and distribution systems and by consumers



### Consumers x30-60

#### Consumers

Consumers need energy to use our products, whether it is energy for cooking or making tea, heating water for showers, laundry or dishwashing

Consumer impact includes disposal of product packaging



We have concentrated our liquid and powder detergents, saving both energy and packaging. And now we are encouraging our consumers to do their bit too through our laundry brands' Cleaner Planet Plan (page 23)



We are trialling energy recovery technologies in Asia to reduce litter from sachets (page 29)

In the UK we are encouraging greater aerosol recycling (page 29)



We are using innovative technology to create products that use less water, such as Comfort One Rinse that needs less water for rinsing (page 26)



Water scarcity is a growing concern in many countries. Project Splash is studying the potential to reuse greywater on plants (page 26)





# Creating a better future every day

In November 2009 we launched a new vision to double the size of our business while reducing our overall environmental impact across our entire value chain.

## Our vision

We work to create a better future every day.

We help people feel good, look good and get more out of life with brands and services that are good for them and good for others.

We will inspire people to take small, everyday actions that can add up to a big difference for the world.

We will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact.

**This new vision recognises that the world is changing. Populations are growing. Rising incomes around the world continue to fuel growth in demand for consumer products. Products like ours rely on an increasingly constrained set of natural resources, whether it is fuel or other raw materials. At the same time, climate change is not just a problem for the planet, it represents a huge threat to economic and social stability.**

We know that if we are to achieve our ambitious growth objectives we must reduce the total environmental impact of the business. Our commitment extends right across our value chain – ie from the sourcing of raw materials through our own production and distribution to consumer use and eventual disposal of residual packaging.

We fully recognise that we will need to develop a new model for business growth. We are embarking on a long-term programme of work with our suppliers, customers and other partners to realise this goal.

With our portfolio of strong brands, presence in emerging markets and long-standing commitment to shared value creation, we believe we are well placed to deliver on this ambition.

## Our sustainability journey

Over 100 years ago, our founders not only created some of the world's first consumer brands, they also built a business with strong values. We have continued to update our vision as the world has changed.

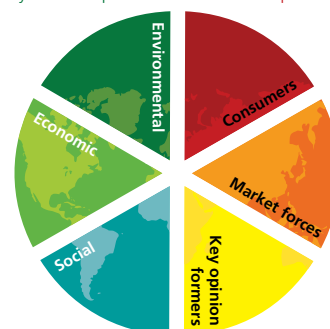
In the 1990s we formally integrated sustainability factors into our strategy. Then, in 2005, we started to embed this agenda

into our product brands using a process called Brand Imprint. Since then Brand Imprints have been completed across all our product categories. Social and environmental considerations are now integrated into the innovation and development plans of our major brands.

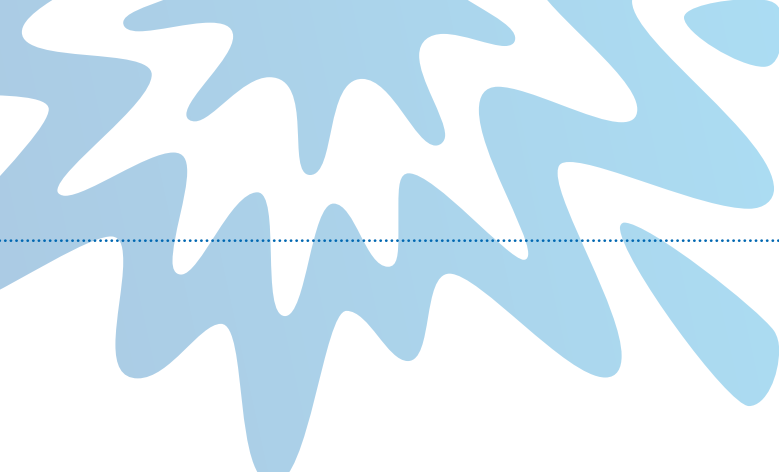
At the same time, we are also evolving our approach to corporate branding. We are starting to consider how we make Unilever's corporate commitments and activities more visible and relevant to our consumers.

## Our Brand Imprint process

**Impacts** by brands / products  
**Influences** on brands / products







## Engaging consumers

Our research shows consumers not only want to be reassured that the products they buy are ethically and sustainably produced; they also want to choose brands that are good for them and good for others. However, they also told us they feel powerless to make a difference: the scale of the challenges is too great and their individual actions are too small.

We believe we are well placed to help people understand how their brand choices and small actions, when added to those of others, can make a big difference across the world.

For example, Unilever's detergent brands are used in 125 billion washes a year. That is the equivalent of 14 million washes every hour. Every time a Unilever consumer does the laundry at a lower temperature or with a full load, the reductions in energy, CO<sub>2</sub> and costs are cumulatively very large.

With consumer use accounting for around 70% of our greenhouse gas footprint, engaging consumers through initiatives such as the Cleaner Planet Plan (see page 23) will be key to achieving our vision.

## Assessing impacts across the value chain

In 2008 we developed a set of metrics for our four priority environmental impact areas across our value chain:

- greenhouse gas (GHG) emissions
- water
- waste
- sustainable sourcing.

These metrics are designed to measure the impacts of our products when used by consumers, such as grams of greenhouse gas per single usage occasion. During 2009

around 1,500 products were assessed to allow us to understand their water, waste and GHG impacts in 14 of our largest markets.

In 2009 we also started to develop a set of metrics covering social impacts. For those of our brands with social missions, the metrics seek to measure the benefits they bring to society. In 2010 Lifebuoy will be the first brand to pilot the new metrics, helping track the impact of Lifebuoy programmes on handwashing behaviours over a five-year period.

The development of these metrics will allow us to track performance across our portfolio, enabling us to show consumers how their small, individual actions can add up to a big difference.

## Working with others

Many sustainability issues can only be addressed through a collaborative, multi-stakeholder approach. If we are to fulfil our vision, we must work in partnership.

Partners bring expertise on specific issues as well as the networks to deliver practical initiatives on the ground. We complement this with our experience, marketing expertise and commercial muscle.

Some of our partnerships are formal relationships with well-known global organisations. Others are informal alliances with others in industry, NGOs, governments and UN agencies. One example is the work we are doing to promote sustainable palm oil through a coalition of businesses and NGOs including Greenpeace, Oxfam and WWF.



### Global partnerships

Our principal global partnerships are with:

**UN World Food Programme**  
to feed hungry children and improve their nutrition

**World Heart Federation**  
to promote heart health

**Global Alliance for Improved Nutrition** to co-create new approaches in food fortification to address malnutrition

**FDI World Dental Federation**  
to improve oral health

**Public-Private Partnership for Handwashing with Soap**  
to save children's lives by promoting handwashing with soap



World Food Programme



WORLD HEART FEDERATION®



gain  
Global Alliance for Improved Nutrition



### UN Global Compact

We are also signatories to the United Nations Global Compact and are committed to living out the Compact's ten principles in our everyday business operations.

Our own Code of Business Principles has long reflected the Compact's goals. We provide an annual update in our Global Compact Communication on Progress, explaining how we are implementing the principles across our business.



## Material issues

Sustainability is now central to our business strategy. Sustainable sourcing of key agricultural raw materials and designing products for a resource-constrained world are critical to our continued business growth and success. We are embedding the management of sustainability issues within core business functions such as supply management, category management and marketing.

Our activities and reporting focus on our most significant or 'material' issues. We define materiality by:

- the degree to which an issue is aligned with our business, brand portfolio and geography
- the extent of Unilever's influence on the issue
- the potential impact on our operations, sourcing or consumers
- the importance of an issue to our key stakeholders.

This enables us to develop appropriate strategies and policies based on our tracking of current and emerging trends.

## Governance and management

### Independent oversight

A Board committee of Non-Executive Directors – the Corporate Responsibility and Reputation Committee – is charged with ensuring that we conduct our business responsibly. It ensures that our Code of Business Principles and Business Partner Code remain fit for purpose and are properly applied.

The Board's Audit Committee considers the application of the Code of Business Principles as part of its remit to review risk management.

### Governance of our codes

The Corporate Responsibility and Reputation Committee is responsible for the oversight of both codes.

### Executive management

The Unilever Executive, led by our Chief Executive Officer, is responsible for implementation of the codes, supported by the Corporate Code Committee and our global code compliance organisation.

The Executive is supported in matters of sustainability by our Corporate Responsibility, Issues, Sustainability and Partnerships (CRISP) leadership team.

### External insights

Our strategy benefits from the insights of the Unilever Sustainable Development Group (USDG) – five external specialists in corporate responsibility and sustainability who guide and critique the development of our strategy.

To ensure alignment between these groups, both our CRISP team and the USDG are chaired by a member of the Unilever Executive.

### Specialist input

Specialist teams within Unilever support this work, such as our Environmental Impact Team, our Safety and Environmental Assurance Centre, the Global Health Partnerships Group and the Sustainable Agriculture Steering Group. These teams also obtain external input, for example through the Sustainable Agriculture Advisory Board.

## Health and well-being

Nutrition

Hygiene and well-being

## Sustainable living

Business growth

Sustainable sourcing

Refrigerants

Climate change

Water

Manufacturing waste

Packaging

## Economic impacts

Business performance

Smallholder farmers

# Progress on our commitments



## Our commitment

Conduct regular reviews of our portfolio of food products via our Nutrition Enhancement Programme

Guide consumers to meet the World Health Organization's recommended daily intake of 5 g of salt per day by reducing salt levels in our products. Our ambition is to reach 6 g per day by 2010 and 5 g by 2015

Display percentage of Guideline Daily Amounts (GDA) for five key nutrients on pack for products sold in Europe as part of CIAA voluntary initiative

Reach 100 million people 2009-2020 through 'Heart Age' online tool

Deliver school meals to 100,000 children in 2009 via our partnership with the UN World Food Programme

Change the hygiene behaviour of 1 billion people 2009-2015 through Lifebuoy and its partner programmes

Align partnership activities with FDI World Dental Federation to focus on day and night brushing campaign

Reach 5 million young people 2005-2010 with self-esteem materials through Dove's Self-Esteem Fund

## Progress in 2009

Our food portfolio remains under regular review. 44% of our products are in line with internationally accepted guidelines for saturated and trans fat, sugar and salt

76% of our portfolio already meets our 2010 benchmarks to help consumers reduce to 6 g per day

Achieved for over 90% of eligible products; implementation plans are in place for the remainder

Around 1.5 million people took the Heart Age test

Delivered nearly 17 million school meals to 80,000 children

Lifebuoy reached millions of people in 23 countries via Global Handwashing Day 2009. Extended roll-out of hygiene education programmes in Indonesia, Pakistan, Sri Lanka and Vietnam

Launched joint Brush Day and Night campaign with the FDI World Dental Federation

Reached 1.3 million people with educational programmes, bringing the total to 4.8 million

## Our commitment

Reduce our overall environmental impact while doubling the size of our business

Source all tea for Lipton and PG Tips tea bags in Western Europe from Rainforest Alliance Certified™ farms by 2010. Purchase all tea for our Lipton tea bags from certified sustainable sources by 2015

Purchase all palm oil from certified sustainable sources by 2015

Source 100% cage-free eggs for:

- Hellmann's, Amora and Calvé products sold in Western Europe by 2012
- Hellmann's Light mayonnaise in N America
- Ben & Jerry's ice cream in Europe by 2004 and the US by 2010

Assess potential of Fairtrade sourcing for Ben & Jerry's ice cream ingredients

Purchase new point-of-sale ice cream cabinets that use climate-friendly HC refrigerants, wherever technically and legally feasible

Reduce CO<sub>2</sub> from energy in our manufacturing by 25% by 2012 (measured per tonne of production against a 2004 baseline)

Continue to reduce water use in our manufacturing operations per tonne of production

Continue to reduce total waste in our manufacturing operations per tonne of production

Eliminate PVC from our packaging, where viable, by 2010. Identify technologies to allow elimination of all PVC by end of 2012

## Progress in 2009

Assessed the greenhouse gas, water and waste impacts of 1,500 products

Around 80% of Lipton Yellow Label and PG Tips tea sold in Western Europe comes from Rainforest Alliance Certified™ farms

Globally, around 15% of our tea is sourced from Rainforest Alliance Certified™ farms

Purchased 185,000 tonnes of certified sustainable palm oil via GreenPalm certificates, accounting for 15% of our total purchases

- Western Europe target achieved by end 2009, ahead of schedule
- Sourcing started in 2009 in preparation for product roll-out in 2010
- Achieved target for Europe in 2004. On track to meet US target by end of 2010

In early 2010, Ben & Jerry's committed that, where Fairtrade options exist, all ingredients will be Fairtrade-certified in Europe by end of 2011 and worldwide by 2013

Around 430,000 HC refrigerant cabinets purchased since 2004

Over 1995-2009, achieved a 41%\* reduction in CO<sub>2</sub> from energy from manufacturing. On track to achieve 2012 target

Over 1995-2009, achieved a 65%\* reduction in water use

Over 1995-2009, achieved a 73%\* reduction in total waste

On track to achieve 2010 target. Working with suppliers to identify novel technology solutions

## Our commitment

Long-term ambition to be in the top third of a reference group of 21 consumer goods companies for total shareholder return on a 3-year basis

Increase the penetration and consumption of our categories by consumers at all income levels in developing and emerging markets

Explore opportunities to increase sourcing from smallholder farmers to ensure security of supply

## Progress in 2009

Reached target of top third: 5th out of 21

Reached 49% of sales from these markets

- 10,500 farmers now involved in allanblackia project in Africa
- 38,000 smallholder farmers have achieved Rainforest Alliance certification in Kenya over 2007-2009

\*2009 data is preliminary – see Footnote, page 35



Knorr is one of our leading food brands with savoury products such as soups, bouillons and cooking products on sale in 80 countries. Unilever is the category leader in spreads with brands such as Flora, Becel, Rama and Blue Band.



# Health and well-being



**Obesity, heart disease, diarrhoea and respiratory infections together represent a large proportion of the global disease burden. We can make a difference through our products and our behaviour change campaigns.**

Despite advances in science and increasing prosperity in many emerging markets, millions of people still lack access to basic sanitation, nutrition and healthcare. The UN Food and Agriculture Organization estimates that more than 1 billion people around the world are undernourished. And 1 billion people lack access to safe water.

Changes in lifestyle and diet mean that chronic illnesses make up a large part of the disease burden. Estimates based on World Health Organization data show that while 10 million deaths a year are due to under-nutrition, over 15 million are due to over-nutrition. More than a billion people will soon be obese. Heart disease and diabetes are a growing problem worldwide.

Yet these diseases are largely preventable with a healthy diet and active lifestyle. Basic sanitation and good hygiene practices

can also make a big difference, but depend on people understanding the need to adopt simple habits such as washing hands with soap.

It may seem obvious and easy, so why is changing an everyday habit one of the most difficult things to do? Even when people know that something is good for their health, it takes more than just information to develop a life-long practice.

We have been studying consumer behaviour for many years. We have a good understanding of the challenges people face in their daily lives to stay healthy and active. We also understand what motivates individuals to try new things and have pioneered novel methodologies for evaluating behaviour change.

# Nutrition

Through our products and partnerships we aim to make a difference to the quality of people's diets, helping to tackle both over- and under-nutrition.



Around 230 chefs in Foodsolutions, our foodservice business unit, provide advice on nutrition, cooking techniques, menus and recipes to other chefs in more than 65 countries.



**lamplighter**

## Lamplighter

We are working to improve the health and well-being of our employees.

The Lamplighter programme enables employees to assess, track and improve important aspects of their health such as blood pressure, fitness, mental resilience and diet. This in turn improves the health of Unilever as a business, with fitter, more engaged employees.

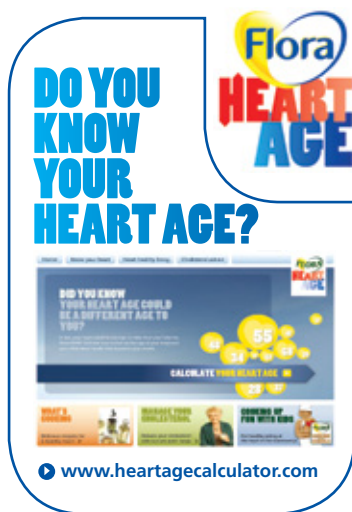
## As lifestyles change, there is continuing concern about the effect of diet on general health and well-being.

What role can businesses and brands play?

Governments and policy-makers expect food companies to improve the nutritional quality of their products and to be more transparent and responsible in their marketing and communications. At the same time, consumers are interested in the nutritional make-up of their food and where it comes from.

Companies that ignore these trends can face lost sales and market share, increased legislation and risk to their reputation.

By taking the initiative, we believe we can make a difference to people's health and achieve business growth.



### Encouraging behaviour change

Targeted marketing and advertising campaigns can promote behaviour change, encouraging consumers to adopt healthy habits.

In 2009 Unilever and the World Heart Federation launched Heart Age, a powerful new online tool that uses diet and lifestyle facts such as weight, cholesterol, blood pressure and smoking to estimate heart health.

A heart age higher than a person's actual age can be a powerful spur to action and the tool offers users a free three-month diet and lifestyle plan.

This project combines scientific research with our marketing expertise and consumer insights to make an impact on one of the world's most prevalent diseases – cardiovascular disease.

More than 1.5 million people have taken the Heart Age test since its launch. Flora/Becel aims for 100 million people to take the test by 2020.

### Our approach

Our approach is founded on:

- improving the nutritional quality of all our products
- developing new products and expanding consumer choice
- providing clear information.

We also seek to use advertising to encourage our consumers to adopt healthy habits, while recognising the need to take a responsible approach, especially in marketing to children.

### Reformulating our products

Through our Nutrition Enhancement Programme we have reviewed the nutritional quality of our portfolio of 30,000 products, equivalent to around 22,000 formulations, to make reductions in saturated and trans fat, sugar and salt. Over the past five years, this work has allowed us to make reductions in all these nutrients across the portfolio. Examples include:

- in Brazil, our soy-based drink brand AdeS was reformulated to contain 36% less added sugar
- Hellmann's/Calvé/Amora Light mayonnaises contain half the calories of the regular versions
- in Germany, calories in Rama soft margarine were reduced by more than 10%.

In 2005, just over a third of our products were in line with internationally accepted guidelines for saturated and trans fat, sugar and salt. By the end of 2009, around 44% met these guidelines.

We will continue to explore further improvements. But we recognise that having implemented the biggest and easiest changes, future reductions will be more difficult and in some cases are dependent on new technologies becoming available.

### Salt reduction

It is estimated that reducing salt by as little 1 g per day can reduce strokes by 5% and heart attacks by 3%. The World Health Organization recommends a daily intake of 5 g.

In 2009 we set product benchmarks to achieve a dietary intake of 6 g salt per day by the end of 2010, with the ambition to further reduce to 5 g salt per day by the end of 2015. Against our mid-2009 baseline, 76% of our portfolio met our 2010 benchmarks.

We have made good progress, with salt content reduced by:

- 10-15% in powdered soups in Europe and South America since 2005
- 25% in Knorr Sidekicks side dishes in Canada
- 25% across our Knorr recipe kits in South Africa.

In making these changes, we cannot lose sight of consumer taste preferences. Blind tasting shows that consumers often prefer well-salted products to those with reduced levels. If we do not take consumers with us, they may switch to competitor products with a higher salt content. Gradual reductions may be one solution. In Israel, for example, we have successfully reduced sodium content in our products by 5-10% year on year since 2004.

### Developing new products

Part of our innovation efforts focus on products that make a positive contribution to people's diets such as helping to reduce cholesterol or increasing the intake of important nutrients like calcium. Our R&D pipeline increasingly seeks specific nutritional or health benefits. For example, Hellmann's Light and Extra Light mayonnaises use patented citrus fibre technology to give them a smooth and creamy taste with 60-90% less oil.





## Improving consumer information

We provide clear, simple labelling on our products to help consumers make choices for a nutritionally balanced diet.

Our nutrition labelling policy applies to all our products and commits us to provide information on:

- eight key nutrients on our packs
- nutrition on a per portion or per 100 g/ml basis
- calorie content on the front of packs.

Regulations and norms on nutrition labelling vary between countries. In Europe, as part of a voluntary CIAA (Confederation of Food and Drink Industries of the European Union) initiative, we already exceed requirements by committing to show guideline daily amounts (GDA) percentages for five key nutrients on pack. By the end of 2009, more than 90% of our eligible products had achieved this. Implementation plans are in place for the remainder.

## Responsible marketing

We take a responsible approach to marketing and advertising. Our Food and Beverage Marketing Principles guide our communication to consumers. They prohibit any advertising to children under the age of six and restrict advertising to children between the ages of six and 12 to products that meet strict nutritional criteria. The principles apply across all our markets and we are making progress in implementing them.

We have participated in industry-wide pledges on marketing to children in the EU, Canada, Mexico, Australia, Brazil, Russia, Thailand and the US. These pledges are in line with our own commitments.

Accurate health claims on products are essential to building consumer trust. Our process for reviewing and making claims ensures that they are based on rigorous scientific evidence.

In 2009 the European Union formally approved two of Unilever's claims. The first was that plant sterols, the active ingredient in Flora/Becel pro-active products, are proven

## Project Laser Beam

In 2009 we co-founded Project Laser Beam, an international public-private partnership involving the UN World Food Programme. The partnership aims to accelerate the eradication of child hunger and malnutrition. It will begin by focusing its work in Bangladesh and Indonesia to develop a sustainable, scalable and replicable model to tackle child hunger.



Copyright: WFP/ Shehzad Noorani

to lower blood cholesterol, and that high cholesterol is a risk factor in the development of coronary heart disease. Also approved was the claim that essential fatty acids are needed for children's normal growth and development, enabling products such as Rama and Blue Band to reinforce this health message. However, we did not gain approval for our claim that black tea helps to focus attention. As the EU health claims process is new, we are still learning the best way to provide claims evidence and plan to re-submit strengthened data.

## Tackling under-nutrition

The UN Food and Agriculture Organization estimates that more than 1 billion people around the world are undernourished. Some of our brands can play a role in tackling under-nutrition, particularly micronutrient deficiencies, through food fortification. For example, Rama/Blue Band spreads are fortified with vitamins A and D and Maizena cornflour with vitamins A and B as well as zinc and iron. Annapurna iodised salt helps to prevent iodine deficiency-related diseases.

Our aim is to offer these kinds of products at an affordable price to bring them within the reach of as many people as possible. However, our current impact is small. Producing and distributing low-cost products and getting an economically sustainable margin is difficult. We have yet to find a way of doing this at scale. Part of the solution is to work in partnership.



## Working with others

Vitamin and mineral deficiencies in the diet can have serious health consequences, especially for the young.

In 2009 we supported the launch of the Amsterdam Initiative against Malnutrition (AIM) – a partnership involving the Dutch government, academics and companies in the Netherlands and the Global Alliance for Improved Nutrition (GAIN). Its goal is to eliminate malnutrition for 100 million people in Africa by 2015 through improving food fortification.

Unilever extended its partnership with the UN World Food Programme (WFP) for a further year in 2009 to improve the health and nutrition of school children in developing countries.

The partnership contributed €2.6 million to WFP through events such as World Food Day and End Hunger: Walk the World as well as 11 cause-related campaigns by brands such as Rama and Blue Band. As a result, WFP delivered nearly 17 million meals to 80,000 school children in seven countries.

# Hygiene and well-being

Products such as soap and toothpaste can help prevent disease and improve health and well-being. But this relies on people changing their everyday habits.



Lifebuoy was launched in the UK in 1894 by one of Unilever's founders, William Hesketh Lever. Today it is on sale in around 35 countries across Asia and Africa.



**Handwashing with soap could save more lives than any single vaccine or medical intervention**

[www.lifebuoy.com](http://www.lifebuoy.com)

**Poor sanitation and the lack of good hygiene practices are still the root causes of millions of preventable deaths. Every year, diarrhoea and acute respiratory infections claim the lives of over 3.5 million children under five.**

Tooth decay is the world's most common disease and often leads to more serious health conditions as well as affecting the self-esteem and confidence of the individual.

Everyday products such as soap and toothpaste can help prevent disease, but this depends on people using them in the right way at the right time. Studies show that people often know they should brush twice a day or wash their hands with soap after going to the toilet. Yet they have not translated this knowledge into a new habit.

Governments and health agencies are grappling with the issue. We have been working in partnership to help develop effective interventions and share our understanding of consumer behaviour change.



## Our approach

Our approach is to:

- make effective products that improve health and well-being
- change habits through behaviour change programmes
- work with partners to develop joint campaigns and achieve broader reach.

## The importance of handwashing

Studies show that washing hands with soap is one of the most effective and inexpensive ways to prevent diseases: it can cut deaths from diarrhoea by almost half and from acute respiratory infections by a quarter. Our Lifebuoy soap brand leads our handwashing campaigns. Its vision is to change the hygiene behaviour of 1 billion people by 2015 through the active promotion of handwashing with soap.

### Global Handwashing Day

Launched in 2008, Global Handwashing Day is an annual event backed by the Public-Private Partnership for Handwashing with Soap, of which Unilever is a founding partner. In 2009, over 80 countries celebrated Global Handwashing Day. Lifebuoy co-ordinated efforts with over 50 organisations in 23 countries, including governments and NGOs, to raise awareness of the importance of handwashing with soap. Millions of school children took part in awareness-raising activities and were encouraged to make handwashing pledges.

### Promoting good hygiene

Lifebuoy has been running the Swasthya Chetna programme in India since 2002, raising awareness of the importance of handwashing with soap through live demonstrations and workshops. Similar hygiene promotion activities run in Bangladesh, Sri Lanka, Pakistan, Indonesia, Vietnam and South Africa. Along with Swasthya Chetna, these campaigns have reached more than 133 million people to date. In 2009 the Lifebuoy brand was voted one of India's most trusted brands in a national consumer poll.

## Assessing our impact

To assess whether using soap at the right times could reduce the incidence of sickness in families, Lifebuoy conducted a clinical trial in India over 2007-2008 involving 2,000 families. Half the families were supplied with soap along with regular handwashing education. The other half continued with their normal hygiene practice, acting as a control group.

The trial revealed that, among those that had received hygiene education, the use of soap increased by as much as ten times and led to a 25% reduction in the number of incidences of diarrhoea among children aged five. They also had significantly fewer days off school than children in the control group.

Unilever continues to work with UNICEF to find effective methods to encourage handwashing with soap among care-givers for young children in poor communities in developing countries.

## Improving oral health

Poor oral hygiene is a worldwide problem. More than 1 billion people do not use fluoride toothpaste. We estimate that more than 3 billion people do not brush twice a day. Encouraging the habit of brushing twice a day remains one of our main objectives. The benefits are proven: scientific research has shown that twice daily toothbrushing with fluoride toothpaste can reduce tooth decay by up to 50% in children compared with only brushing once. There is a clear opportunity for business growth from higher sales of our brands, which include Signal, Pepsodent, Close Up, Mentadent, Aim and Zhong Hua.

### Brush Day and Night

To date, our partnership with the FDI World Dental Federation has supported over 40 oral care initiatives in 37 countries. In 2009 we renewed our partnership with the FDI for another three years. To mark the occasion we jointly launched the Brush Day and Night campaign.



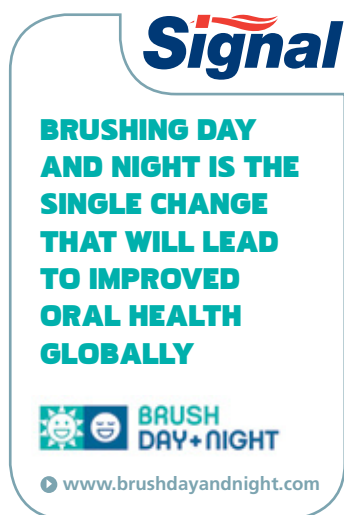
## Capacity-building through In Safe Hands

Lifebuoy and the Unilever Marketing Academy have designed a programme to provide marketing support for public sector professionals responsible for developing national handwashing campaigns.

The In Safe Hands programme is one of the most significant private sector contributions to the Public-Private Partnership for Handwashing with Soap (PPPHW), providing an opportunity to significantly increase the effectiveness of behaviour change campaigns.

In Safe Hands has reached over 300 professionals in five countries. In Uganda and Tanzania, a campaign called Hands to be Proud Of is being rolled out. In Kenya a national government taskforce including partners such as UNICEF, PLAN International and CARE International has been established and a communication campaign is being developed. In Indonesia, the PPPHW has requested Unilever's support in devising an effective communication campaign.





The Brush Day and Night message focuses on the single change that the FDI experts and dental professionals agree will improve oral health globally.

The campaign is built around the insight that parents often find it difficult to get children to brush their teeth. Rather than being a chore, brushing teeth together at night can become an opportunity for passing on good habits through shared moments. The Brush Day and Night television campaign shows the amusing times that a father and son share when brushing their teeth together at night. The campaign has been supported by a website where people can share their own videos and experiences.

The campaign is already established in France, Italy, Greece, Indonesia and Morocco and will be extended to further countries in 2010.

### Assessing our impact

To support our oral care campaigns, we conducted research into brushing habits in a number of markets using 'smart toothbrushes' which contain a sensor that logs the frequency of use. Results have shown that at least 20% of families involved in the study started to brush twice a day following our hygiene education campaign, thereby proving its effectiveness.

### Safe drinking water

In India Unilever sells a unique water purifier, Pureit, that provides water 'as safe as boiled' without needing electricity or pressurised tap water. Pureit eliminates the water-borne germs that cause diseases, and is a more sustainable and affordable alternative for safe drinking water than boiled or bottled water.

In 2009 we expanded sales to all 28 states in India, extending safe drinking water from 5 million people in 2008 to more than 15 million people in 3 million households.

In addition, Hindustan Unilever and UNICEF are working together to bring safe drinking water to schools and day-care centres in low-income communities in southern India. We are seeking sustainable and scalable ways of expanding safe water education and offering products in both urban and rural communities.

In 2009 Pureit received external recognition in the UK government-backed innovation awards (the 'iawards'), winning the consumer product category for an innovation which supports society and positively impacts the lives of consumers.

### Enhancing self-esteem and well-being

Our products can help people look forward to a more confident future. Low self-esteem is a common issue, especially among young girls, and can increase the risk of problems such as eating disorders.

The Dove Self-Esteem Fund set a five-year goal to reach 5 million young people by 2010 through workshops, activities, online tools and other resources. So far the Fund has reached 4.8 million young people and has supported partners in 26 countries through programmes totalling €9 million.

Guided by an external advisory board, the Vaseline Skin Fund aims to provide access to knowledge, advice and support for 3 million people suffering from skin conditions over 2008-2012. The Fund works with not-for-profit and educational organisations to support people living with conditions such as eczema and ectodermal dysplasia. It also funds training for skincare professionals and supports patient advocacy organisations such as the Coalition of Skin Diseases in the US.

In 2007, our own tea farm in Kericho, Kenya was the first to meet the standards required for Rainforest Alliance certification. By 2009, around 38,000 Kenyan smallholder farms had also achieved certification.



Copyright: Aaron Huey

# Sustainable living

**The planet faces enormous environmental pressures. Our aim is to make our own activities more sustainable and encourage our consumers, suppliers and others to do the same.**

If we are to avoid catastrophic climate change, scientists believe that a commitment to limiting global temperature increase to less than 2°C is critical.

The risks of not achieving this are well documented. Water shortages and more severe droughts will lead to loss of ecologically and agriculturally valuable soils and reduced crop yields. Infectious diseases are expected to be more widespread.

Our work in recent years has allowed us to gain a better understanding of the impact that our business has on climate change, water scarcity and resource depletion. Our carbon, water and packaging footprints show that the greatest impacts associated with our products often occur during consumer use.

Yet consumers tell us that they feel their actions cannot make a big difference in the face of these huge environmental challenges. Our ambition is to show our consumers that their individual actions, multiplied by the scale of our business, can together achieve real impacts. Our aim is to inspire people to take small, everyday actions that can add up to a big difference for the world.

To help us achieve this goal, we have conducted a lifecycle analysis of our environmental impacts against a set of four metrics covering greenhouse gases, water, waste and sustainable sourcing. The baseline data this gives us will help to prioritise which products and categories to focus on over the coming years.

# Sustainable agriculture

Sustainable sourcing is a strategic imperative from both a brand and a business perspective. Our long-term aim is to source all our key agricultural raw materials sustainably.

## Our aim

Unilever's long-term aim is to buy all its key agricultural raw materials from sustainable sources, so that:

- Farmers and farm workers can obtain an income they can live on and improve their living conditions
- Soil fertility is maintained and improved
- Water availability and quality are protected and enhanced
- Nature and biodiversity are protected and enhanced.



In Brazil we have been working with soy farmers since 2001. In India we are working with the government to promote increased yields for the suppliers of gherkins for our Amora and Maille brands.

**Food security and supply are under threat as agricultural productivity is affected by changing weather patterns, water scarcity and unsustainable farming practices.**

Pressure is increasing from governments and campaigning organisations for greater transparency on where food comes from and how it has been grown. Businesses are expected to play a role in addressing supply-chain issues such as working conditions, fair incomes for growers and animal welfare.

Measured by volume, around half the raw materials we buy come from agriculture and forestry. Security of supply is a core business issue.

Sustainable sourcing not only helps us manage a key business risk, it also presents an opportunity for growth, allowing our brands to differentiate themselves to the growing number of consumers who choose products based on their sustainability credentials.

**Lipton**



► [www.liptonforthefuture.com](http://www.liptonforthefuture.com)



## Our share of world volume

% 2009 (estimate)

 black tea	12%	 tomatoes (for processing)	6%	 onions and garlic (for processing)	5%	 palm oil	3%
 rapeseed oil	2%	 sunflower oil	2%	 soy	1%		

## Our approach

We have been working on our Sustainable Agriculture Programme for nearly 15 years. However, with the pressing social and environmental concerns about agriculture, sustainable sourcing has become a much more strategic issue for our business and brands.

As part of our work we have developed generic Good Agricultural Practice Guidelines for key crops. These cover 11 indicators, including water, energy, pesticide use, biodiversity, social capital and animal welfare.

We started using these Guidelines (now known as the Unilever Sustainable Agriculture Code) in 2002 for five crops and work closely with our contract growers and third-party suppliers to implement them. Our success has been greatest where we have the most influence: on our own farms and with growers for whom we are the primary customer.

## Sustainable tea

Unilever purchases around 12% of the world's black tea supply. Much of this is for Lipton, the world's leading tea brand.

In 2007 we committed to source all of our Lipton and PG Tips tea bags from Rainforest Alliance Certified™ farms by 2015.

By the end of 2009, about 80% of Lipton Yellow Label and PG Tips tea bags sold in Western Europe were sourced from Rainforest Alliance Certified™ farms. We also launched Rainforest Alliance Certified™ tea in the US, Japan and Australia. The launch in Australia was followed by a 12% growth in sales. Globally around 15% of our tea now comes from certified farms, representing good progress towards our 2015 goal.

By the end of 2009, 69 tea factories and estates had been certified and in Kenya alone, around 38,000 smallholder farms have achieved certification.

## Sustainable palm oil

We are one of the largest buyers of palm oil, using around 3% of the world's volume.

More than 80% of palm oil is grown in Indonesia and Malaysia and the rapid expansion of the industry has accelerated deforestation. An area the size of Greece is cleared every year. Deforestation accounts for some 20% of all greenhouse gases – making Indonesia the third-highest emitter after the US and China.

### Our commitment

We have long been convinced of the need to break the link between palm oil and climate change. We were founding members of the Roundtable on Sustainable Palm Oil (RSPO) in 2004. In 2008 we supported a moratorium on deforestation for palm oil in South-East Asia and made a commitment to purchase all our palm oil from certified sustainable sources by 2015.

In 2009 we purchased GreenPalm certificates covering 185,000 tonnes of palm oil, accounting for around 15% of our total needs. We plan to double this to 30% in 2010 and double that again to reach 60% in 2011. GreenPalm certificates support the production of sustainable palm oil certified to the standards of the RSPO.

### Auditing our own suppliers

In April 2008 Greenpeace issued a report accusing our suppliers of "fuelling climate change" by clearing forests and draining peat lands.

To check the validity of Greenpeace's claims, we commissioned an independent study to verify the allegations. The audit concluded that the Greenpeace report was broadly accurate. We shared the findings with our suppliers and urged them to address the shortcomings.

Following further allegations from Greenpeace in December 2009 in relation to one particular supplier, we decided

to suspend future purchases of palm oil from that company until they can provide verifiable proof that none of their plantations is contributing to the destruction of high conservation value forests or expanding onto peat lands.

While we still believe that it is best to engage constructively with suppliers to help drive change in the industry, we are ready to take tough action when necessary.

### Driving industry action

To complement the efforts of the RSPO, we have also encouraged industry-wide discussion to address these issues.

To achieve the scale of impact required, we need to encourage others to make public commitments and help drive market demand. This in turn will reassure growers that they will get a return on their investment in sustainability certification.

In 2008, we established a global coalition of companies and NGOs to combat deforestation. Nearly two-thirds of the company members have now set public targets for purchasing certified sustainable supplies.



### Progress on palm oil

In 2009 WWF published the 2009 Palm Oil Buyers' Scorecard – an assessment of the palm oil purchasing practices of major European companies.

Unilever was rated among the top five and was commended for showing real progress on commitments to buy and use sustainable palm oil.

## Sustainable agriculture

### Other crops and ingredients

#### Responsible soy

Soy is linked to deforestation and is used in products such as ice cream and soy-based drinks. Unilever is a founding member of the Round Table on Responsible Soy. In 2009 the Round Table accepted Principles and Criteria for the sustainable cultivation of soy.

#### Sustainable rapeseed oil

During 2009, in partnership with food and agriculture company Cargill, we set up a pilot study to assess the sustainability of farming practices at 30 farms in Germany, the world's largest producer of rapeseed. This study is the first step in a programme which hopes to establish the conditions and criteria for sustainable winter oilseed rape by 2012.

#### Cage-free eggs

Our Hellmann's, Amora and Calvé brands in Western Europe met their commitment to source 100% cage-free eggs by the end of 2009, well ahead of their 2012 target. Commitments for Hellmann's Light mayonnaise in North America were set in 2009, for product roll-out starting in 2010.

Ben & Jerry's ice cream has used only cage-free eggs in Europe since 2004. We are on schedule in our four-year transition to 100% cage-free eggs in the US and expect to meet our target by the end of 2010.

### Working with smallholders

Achieving sustainability in our supply base is a complex and long-term process. Working with suppliers to change established farming techniques can be challenging.

In India, together with the Indian government, we are jointly funding eight drip irrigation trials with gherkin suppliers to help reduce water use and increase yields and profits. So far two trials have been a success, resulting in a yield increase of 84%, increased profits of 245% and a 70% reduction in water use. However, in two trials the crops failed due to incorrect implementation of the drip-irrigation. We are assessing how farmers can be helped to avoid similar errors. More crop trials are planned for 2010.

### Fairtrade ice cream ingredients

In February 2010 Ben & Jerry's committed that, where Fairtrade options exist, all ingredients will be Fairtrade-certified in Europe by the end of 2011 and worldwide by 2013.

This involves converting around 120 different types of chunk and swirl to Fairtrade ingredients (such as cocoa, banana, vanilla, fruit and nuts) and working with Fairtrade co-operatives covering 27,000 farmers.

Fairtrade standards encourage production that is environmentally responsible and socially and economically fair. As well as a guaranteed minimum price, farmers are paid a premium for investment in social, environmental or economic development projects that are decided upon by the producers.



**"Tackling poverty and supporting sustainable agriculture through trade may not be easy but it is always worth it. Ben & Jerry's has demonstrated real leadership in laying out this long-term commitment to Fairtrade."**

ROB CAMERON  
CHIEF EXECUTIVE, FAIRTRADE LABELLING  
ORGANIZATIONS INTERNATIONAL

### Creating a better future for farmers

For many crops and in many countries Unilever works with smallholder farmers to improve sustainable practices and boost local incomes and productivity.

As the largest private buyer of Kenyan smallholder tea, Lipton set up a public-private partnership project in 2006 with the Kenya Tea Development Agency (KTDA) and other partners to train smallholder farmers in sustainable tea cultivation. The initial plan targeted 120 farmers to be trained through farmer field schools. In the event, due to its success, 720 farmers were trained.

The training has resulted in improvements in yield and profitability and has helped 38,000 participants achieve Rainforest Alliance certification. This will help boost their incomes and will also help us in achieving our target to certify our tea. The KTDA aims to roll out the training to its remaining 56 factories and 500,000 farmers by 2013.



#### Biodiversity

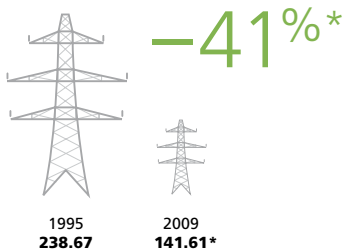
Protecting biodiversity is central to our Sustainable Agriculture Programme. We seek to ensure that our agricultural activities have minimal adverse effects on the number and variety of species found in a particular area or region. Diversity is essential for maintaining the health of the ecosystems on which we all depend.

In 2009 Unilever was the only company recognised as best practice by the Natural Value Initiative's Ecosystem Services Benchmark, a tool developed with six institutional investors to help asset managers identify companies who are actively managing the risks and opportunities related to biodiversity and ecosystems. We scored 78% compared with a sector average of 48%.

# Climate change

The impacts of climate change are already becoming evident. Developing countries are most at risk. The consequences for our business include threats to our agricultural supply chain, rising energy costs and greater water scarcity.

CO<sub>2</sub> from energy 1995–2009  
(kg/tonne of production)



Our laundry products are on sale in over 80 countries. Surf is one of our leading brands, achieving sales growth of 12.5% in 2009.



**We believe that the cost of addressing climate change now is likely to be far less than allowing the problem to get worse.**

We have been working to reduce our greenhouse gas emissions for many years. Following the UN's Copenhagen conference on climate change, we are keen to see binding targets emerge from the negotiations.

We believe that clear global reduction targets provide a level playing field for business and the certainty required to encourage investment in long-term solutions to the climate challenge.

To this end we are participating in business coalitions to stress the need for urgent action. We signed the Copenhagen Communiqué

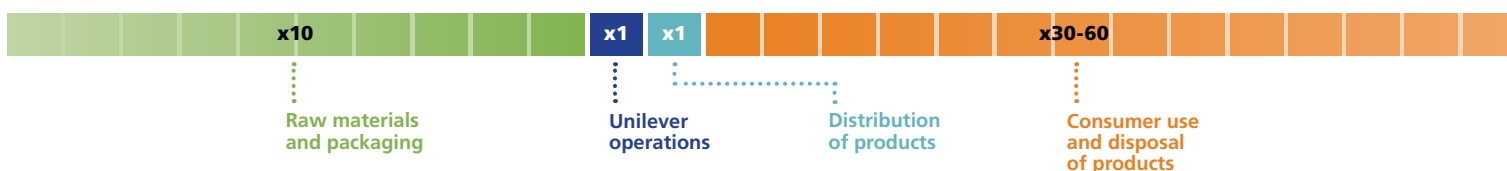
drafted by the Prince of Wales's Corporate Leaders Group and participated in the Copenhagen Summit and the preceding World Business Summit.

We also contributed to a number of business initiatives such as those from the World Business Council for Sustainable Development, the World Economic Forum and the European Round Table.

## Climate change

### Our carbon footprint

(estimate)



### Our approach

Our growth plans commit us to reducing our total environmental impact, including greenhouse gases, as we work to double the size of our business. Our approach is based on identifying the biggest opportunities for emissions reductions along our value chain. As part of this we aim to:

- address our wider impacts by working with our customers and suppliers
- reduce CO<sub>2</sub> emissions from energy in our manufacturing operations
- improve energy efficiency and increase the use of renewable energy in manufacturing
- encourage consumers to use our products with the minimum impact on the environment
- participate in industry coalitions to urge governments to act.

### Assessing our impact

In 2008 we began assessing the greenhouse gas impact of our products against our new metric. This measures the grams of greenhouse gas emissions associated with the lifecycle of the product, both in absolutes and per consumer use of the product.

The analysis highlighted which product categories are most carbon intensive, and so can yield the biggest opportunities for reductions.

### Supply-chain emissions

Energy use is one of the 11 indicators that make up our approach to sustainable agriculture (see page 19). We estimate that energy use in our supply chains is ten times greater than in our manufacturing.

### Reducing greenhouse gases from manufacturing

We have set a target to reduce CO<sub>2</sub> from energy in our manufacturing operations by 25% by 2012 (measured per tonne of production against a baseline of 2004). We are on track to meet this target.

We have achieved a reduction of 41%\* in CO<sub>2</sub> from energy per tonne of production since 1995 (equivalent to a 46%\* reduction in absolute terms).

In 2009 we reduced our CO<sub>2</sub> by 3%\* per tonne of production compared to 2008, equivalent to a 5.5%\* reduction in absolute terms (see Footnote, page 35).

Much of our progress has been achieved by good manufacturing practice at our factories, which we continue to promote through an environmental roadmap that includes an awareness-raising programme called Simple Solutions.

However, further reductions will increasingly be achieved by more large-scale capital expenditure such as combined heat and power (CHP) installations and biomass boilers. At our Wall's and Magnum ice cream factory in Gloucester, UK, we will reduce CO<sub>2</sub> from energy by over 3,000 tonnes a year through the installation of a CHP plant. The 2.4 megawatt plant is primarily fuelled by natural

gas, with heat in the form of hot water and steam produced as a by-product. This heat is reused in the manufacturing process.

At our detergent factory in Hefei, China, straw waste previously burned by local farmers is now collected and used as a second-generation biofuel. This improves air quality, reduces CO<sub>2</sub> emissions and provides farmers with extra income.

### Non-manufacturing impacts

#### Information technology

We are improving our IT infrastructure to increase the energy-efficiency of data centres and implementing power management strategies. We are creating new procurement standards for our supply chain, using more energy-efficient equipment and ensuring that our partners recycle and reuse obsolete equipment.

We are also minimising the impact of business travel by installing Telepresence video-conferencing facilities. We have Telepresence rooms in 13 countries and plan to add another 39 countries in 2010. These facilities have helped us reduce our emissions by an estimated 4,230 tonnes since September 2007, and saved an estimated €12 million in travel costs.

#### Distribution

Globally, we estimate our transport and distribution systems emit a similar proportion of CO<sub>2</sub> to our operations.

In Europe, in 2008 we launched an initiative called UltraLogistik to manage our transport system. UltraLogistik finds the most efficient ways to move raw materials and packaging to our factories and then transport finished goods to around 300 warehouses across





**When it comes to laundry and the environment, small actions all add up**



[www.cleanerplanetplan.com](http://www.cleanerplanetplan.com)

Europe. In 2010 around 30% of this freight will move by 'off road networks' such as rail, sea and inland waterways, generating savings of 9,000 tonnes of CO<sub>2</sub> emissions – equivalent to a truck driving round the world 240 times (9.5 million km). We are studying the potential to roll out this model to other regions.

### Refrigerants

We are the largest ice cream business in the world and rely on around 2 million point-of-sale cabinets.

In 2004 we were founder members of a multi-stakeholder collaboration known as Refrigerants Naturally! The initiative involves several companies in the food and drink business, and is endorsed by Greenpeace and the United Nations Environment Programme (UNEP). It aims to promote a rapid shift away from hydrofluorocarbons (HFCs) towards natural refrigerants such as ammonia, carbon dioxide and hydrocarbons (HC) which have a much lower global warming potential. To date we have switched around 430,000 cabinets to HC refrigerants. HC cabinets are also about 10% more energy efficient.

In its recent report 'HFCs: a Growing Threat to the Climate', Greenpeace commended the progress we have made in introducing HC cabinets. We are the first company to pilot this technology in the United States, where regulatory barriers currently prevent the use of hydrocarbon refrigerants.

## Consumer impacts

We can reduce the emissions associated with consumer use of our brands in three ways: in the design and in the manufacture of our products and by encouraging consumers to change their everyday habits.

### Cleaner Planet Plan

Our laundry products include well-known brands such as Omo, Persil and Surf. Our Cleaner Planet Plan (CPP) aims to reduce the impact of laundry on the environment by designing innovative products, manufacturing them efficiently and motivating consumers to improve their laundry habits through washing clothes with lower energy and water inputs.

Unilever launched the first-ever three-times concentrated liquid detergent in North America in 2006. In a single year, this new technology enabled us to save 9 million litres of water in manufacturing and over 325,000 m<sup>2</sup> of corrugated cardboard packaging.

Since their launch in Europe in 2007, our small & mighty concentrated liquids have saved 2 million kg of CO<sub>2</sub>, 77 million litres of water and plastic equivalent to 500 million plastic carrier bags.

We also reduce the environmental impacts associated with consumer use of our products through correct dosing, low lather technologies and easy-rinse formulations.

Beyond our own product innovations, Cleaner Planet Plan will enable our brand teams to communicate with consumers directly on ways in which they can adopt better laundry habits to reduce their environmental impact.

### Changing consumer behaviour

During 2009 we contributed to a study by the University of Manchester's Sustainable Consumption Institute. The study, commissioned by Tesco, showed that in the UK three-quarters of emissions are directly or indirectly influenced by consumers.

In a joint report with Coca-Cola targeted at managers in consumer goods companies, we shared our experiences in mapping impacts across the value chain and in empowering consumers to change their behaviours.



### Deforestation

Deforestation is responsible for approximately 20% of world greenhouse gas emissions and has an adverse impact on ecosystems and biodiversity.

Unsustainable patterns of cultivation of some of our raw materials such as palm oil and soy have the potential to exacerbate the destruction of remaining tropical rainforests.

In 2008 we agreed to support a moratorium on further deforestation in South-East Asia. At the November 2009 meeting of the Roundtable on Sustainable Palm Oil we supported the inclusion of greenhouse gas emissions associated with palm oil production in the RSPO Principles & Criteria.

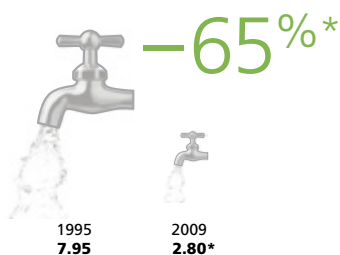
We are also engaging with governments to stress the importance of implementing national energy policies that take into account the full greenhouse gas emission implications of land use change.

We were one of 35 companies that responded to the first Forest Footprint Disclosure Project. This initiative was created in 2009 to help investors identify how companies' activities and supply chains contribute to deforestation. It links this 'forest footprint' to company value. The Project is endorsed by 34 asset managers with collective funds under management of \$3.5 trillion.

# Water

Water scarcity is a growing concern around the world. Our products rely on this precious resource: from the water needed to grow raw materials to the water needed to use our products. We need to improve water efficiency at each stage of the product lifecycle.

**Water use 1995–2009**  
(m<sup>3</sup>/tonne of production)



Comfort One Rinse fabric conditioner uses less water to rinse detergent from laundry. It has been launched in Vietnam, Indonesia and Brazil, with plans to reach more countries in 2010.



**Over 1 billion people worldwide do not have access to safe drinking water. Climate change and rising populations are putting increased pressure on existing supplies.**

Since water is required at all stages of a product's lifecycle, we recognise our responsibility to help conserve supplies. Water is essential for:

- growing agricultural ingredients
- processes such as cleaning, cooling and heating during manufacture
- consumer use of our products, for example in personal washing, laundry and the preparation of some food products.

Water scarcity affects each region and locality to different degrees. So the social, environmental and political aspects of water management differ greatly between countries and even within countries and regions.

## Our water footprint

(estimate)



## Our approach

If we are to grow our business sustainably, we need to reduce the total amount of water used across our value chain, especially in regions where water availability is already under pressure.

To help us achieve this we agreed a water strategy in 2009 to reduce both our direct and indirect water footprint across our portfolio. The strategy focuses on four areas:

- working with farmers and other suppliers to reduce the water used to grow crops
- reducing water use in our manufacturing operations
- designing products that require less water when used by the consumer
- helping our consumers understand the changes they can make to save water.

## Assessing our impact

Since 2008 we have been assessing the water impact of our products. We measure the water in the product as well as the water required for its use by the consumer.

This analysis has helped us to see which of our product categories are more water-intensive than others, and therefore yield the biggest opportunities for reductions. For example, our laundry category has a large footprint because of our high global share of the laundry market and the quantities of water required to wash clothes.

We cannot currently accurately measure the water used in the growing of agricultural raw materials and we are working with others to develop a robust methodology (see page 26).

## Water in agriculture

We estimate that as much as half our water impact is accounted for by agriculture, so good water management is included as one of 11 key sustainability indicators we use when assessing suppliers.

When we deal directly with farmers, we require them to implement our Good Agricultural Practice Guidelines. These lay out standards for irrigation and catchment-level water conservation.

We share our expertise on soil management and water-collection techniques with our suppliers. Trenches, dams and catchments can help farmers use water efficiently and can also help improve crop yields.

Where possible, we implement more sophisticated irrigation systems. In Brazil, irrigation management has led to a 30% cut in water use, and a 20% increase in tomato crop yield. In India, a set of drip irrigation trial projects for gherkins reduced water use by 70%.

## Water in manufacturing

We have been consistently reducing water use in manufacturing. Since 1995, we have reduced the quantity of water per tonne of production by 65%\* (equivalent to a reduction of 68%\* in absolute terms).

In 2009 we reduced our water consumption by 5.6%\* m<sup>3</sup>/tonne of production compared to 2008, a reduction of 8.1%\* in absolute terms (see Footnote, page 35).

During 2009 we used a tool developed by the World Business Council for Sustainable Development to identify levels of water stress at each of our manufacturing sites. This, along with our existing knowledge about how much water each site uses, has allowed us to refocus our efforts on water reduction where it matters most. Water scarcity is also a key consideration when planning a new site or changing the production mix, especially of water-intensive products in water-scarce areas.

In India, our operations harvest rainwater for reuse in non-manufacturing processes or returning to groundwater systems.

### Innovative products

Using innovative technology, we are creating products that require less water in use. In laundry, more water is used in the rinsing than in the cleaning process. To tackle this our Comfort One Rinse fabric conditioner has been formulated so that much less water is required per wash to rinse the detergent from clothes. Consumer feedback confirms that the product saves water and often money. It also reduces the effort and time needed to do laundry in countries where washing by hand is common.

### Water use by consumers

Every year, almost a third of households worldwide use Unilever laundry products to do their washing – around 125 billion washes. This adds up to a large water footprint, but also a big opportunity to make a difference.

For many years, as part of our membership of the International Association for Soaps, Detergents and Maintenance Products (AISE), we have encouraged consumers in Europe to save water and energy by adopting more sustainable laundry habits – using the lowest possible temperature, doing a full load when machine washing and avoiding the pre-wash cycle.

Our laundry brands' Cleaner Planet Plan is based on the use of efficient, innovative products and the promotion of better laundry habits (see page 23).

As part of the Plan, Omo worked in partnership with WWF to run an education campaign in Turkey, a country where water consumption for laundry is 30% higher than the global average. The campaign encouraged consumers to wash fuller loads and avoid pre-washing.

#### Understanding consumers

Understanding consumer behaviour is key to success. We use a variety of tools and techniques to enhance our knowledge, such as the use of loggers which we are trialling in washing machines. The loggers help us assess the energy and water impacts of laundry by tracking how long the machine runs, how

### Reusing greywater

Unilever, the Royal Society of Chemistry in the UK and the University of KwaZulu-Natal in South Africa have teamed up to investigate the possible uses of 'greywater' – water that has been used for washing dishes or laundry.

Greywater is a potential source of water and nutrients which could aid plant growth, but it also poses a challenge due to its salt content. The project is evaluating the suitability of greywater for growing vegetables in South Africa. Initial results are encouraging and show that laundry greywater does not inhibit plant growth.

**"The reuse of water has the potential to make a big difference to water-stressed communities. Sound science is essential in helping us understand how we can make this work."**

PROFESSOR RODNEY TOWNSEND,  
DIRECTOR OF STRATEGIC PROJECTS,  
ROYAL SOCIETY OF CHEMISTRY



fast it spins and the temperature and amount of water used. This information will enable us to design more effective communication campaigns as well as plan product design.

### Working with others

To increase our expertise in measuring water impacts, we co-founded the Water Footprint Network (WFN) in December 2008 with organisations from the private sector, the International Finance Corporation, WBCSD, WWF and UNESCO.

The Network aims to develop a measurement framework that assesses the total water used across the lifecycle of a product and the impact of that water use. Unilever is conducting two pilot studies, on tea and margarine, to help to develop this methodology.

Early results show that over 99% of the water footprint of a 500 g tub of Rama margarine is from agricultural ingredients, notably the irrigation of sunflowers. The figures are similar for tea.

Our aim is to include agricultural water in our assessment of water impacts. Much work remains to be done, and we will continue to work with the WFN to help refine its methodology.

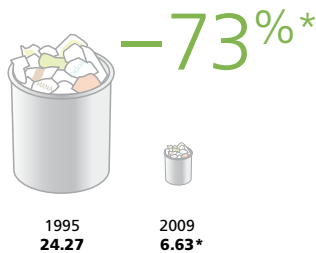
We also continue our involvement in the CEO Water Mandate, a UN-sponsored network founded to explore ways to reduce the pressure on the world's water supplies.



# Packaging

Packaging protects our products and allows us to transport them safely. We take a lifecycle approach to managing the environmental impacts to ensure the most suitable and sustainable packaging is used.

**Total waste 1995–2009**  
(kg/tonne of production)



In 2009 our Hazeline shampoo refill pouch in China won the Walmart Gold Award for Sustainable Packaging. The pouch generates only a third of the waste of a normal pump bottle, encourages consumers to reuse their shampoo bottles and offers them cost savings too.



www.persil.com

**The role of packaging is to protect our products from damage and contamination while also conveying safety and product information. Good packaging design also helps consumers to use products efficiently.**

Pressure from individuals, governments and campaigning organisations has led to an expectation that manufacturers and retailers reduce product packaging and its associated waste. Consumers are also increasingly choosing to purchase products with less packaging.

At the same time, to stand out in a competitive retail environment, products need attractive, well-presented packaging that communicates brand identity and product benefits.

We need to be able to reconcile these conflicting pressures.

Sometimes the best packaging solutions are not the obvious ones. Reduction and light-weighting, for example, do not always yield the most effective solution from a whole lifecycle perspective.

Products contain embedded energy and water. Packaging serves to conserve these by reducing spoilage and wastage. More intensive packaging can keep a product safe from damage, so can actually reduce its overall impact.

## Packaging

### Our packaging footprint

% of total 2.4 million tonnes 2009 (estimate)

Paper	Plastic	Glass	Metal	Mixed	Other
42	27	15	7	5	4

**Knorr**  
Minimising  
packaging impacts  
in South America



#### Stock Pot (Mexico)

Recycled materials

We switched to recycled carton paper for packaging



#### Puré de Papas (Chile)

Lighter laminate

We reduced the weight of pouches by 13% by switching to a thinner laminate



#### Pomarola (Brazil)

Fewer cans

We replaced cans weighing 53.1 g with pouches weighing only 7.5 g, saving nearly 4,000 tonnes of packaging a year

#### Project Aral (Argentina)

Transport efficiencies

We will reduce transport journeys by 13% by increasing the numbers of soup packs from 360 to 432 per pallet

### Our approach

Our approach to sustainable packaging involves:

- considering the whole product, not just the packaging
- adopting leading-edge design techniques and choosing materials to minimise impacts
- working with others, through advocacy and partnerships, to strengthen the recycling and recovery infrastructure.

This approach is underpinned by our five principles: remove, reduce, reuse, renew and recycle.

The environmental impacts of different materials vary significantly, so we consider the impacts at each stage of the lifecycle.

### Assessing our impact

Since 2008 we have been assessing the waste footprint of our products against a new metric. This measures the grams of leftover product. It also assesses any packaging that has not been reused, recovered or recycled. We measure this in both absolute and per consumer use terms.

This analysis has helped us to see which categories of products generate more waste than others and which could therefore yield the biggest opportunities for reductions.

We have also implemented a process to consider sustainable packaging earlier in the design phase of a product. Under this new process, packaging materials are benchmarked against other available options and must show improvements over time.

### Enhancing design

In packaging design, we select the appropriate packaging materials to meet the functional requirements of the product. We then optimise the design in terms of sustainability. This process is applied at each stage, taking into consideration the needs of the consumer, product presentation and transportation.

Recycling rates, practices and facilities differ around the world, as do the policies of municipalities. We aim to design packaging solutions that are suitable for local waste management systems. We have simplified the number and combinations of materials we use to make our packaging easier to process and recycle.

Some recent packaging innovations that achieve reductions in environmental impact include the following:

- packaging composition affects its ability to be recycled. Our Suave Body Wash bottles now use HDPE which is recycled at 26-29% in the US instead of polypropylene which is recycled at only 9%
- in Kenya, Uganda and Tanzania we sell Omo and Sunlight detergents in 15-30 g sachets. A new 'stick pack' reduces plastic packaging by 37% and allows consumers to measure out the right dose
- in Western Europe, we introduced a 100% recyclable cardboard box for our Sun Green Power dishwasher detergent as well as reducing the cardboard packaging by 20%.



## Promoting recycling in Mexico

Unilever has been working in Mexico with a group of companies including Coca-Cola and Walmart on a project called Grupo Transforma. Through a travelling exhibition (pictured) called La Neta del Planeta (The Truth of the Planet) the project aims to raise awareness of the need to protect the environment.

Grupo Transforma has also set up waste collection sites at Walmart stores to encourage recycling among consumers and to increase the use of recycled raw materials in manufacturing.



## Working with others

Implementing sustainable packaging is a complex task.

As part of the Consumer Goods Forum, Unilever and Tesco are sponsoring a project to develop an industry-wide set of sustainable packaging principles and metrics. Once the metrics are finalised, pilot studies involving member companies will start in 2010.

Each of our businesses also looks for opportunities to work in partnership with retailers and NGOs to improve local recycling infrastructure.

Unilever is the largest anti-perspirant and deodorant manufacturer in the world. Due to very low recycling rates in the UK, we are supporting ALUPRO (the aluminium packaging recycling organisation) and BAMA (the British Aerosol Manufacturers' Association) to encourage all local authorities to collect empty aerosols.

In Brazil, Omo, Rexona, Knorr and AdeS continue to work in partnership with retailer Pão de Açúcar to encourage the recycling and recovery of packaging waste. There are now 110 recycling stations across eight states, and around 560 job opportunities have been created through 33 waste collection co-operatives.

In 2009 around 7,100 tonnes of packaging waste were collected, bringing the total to over 32,000 tonnes since the initiative's start in 2001.

## Minimising impacts

### PVC

Our goal is to remove all PVC from our packaging by the end of 2012. Achieving this depends on new technology becoming available, as there are still some uses where no suitable alternatives exist.

Where viable alternatives do exist we have committed to replacing all PVC by the end of 2010. We are making good progress towards meeting this target.

Where there are currently no suitable alternatives, such as the use of PVC as a seal in food product lids to prevent contamination, we are working with suppliers to identify and implement novel technology solutions.

### Paper and board sourcing

Unilever is a significant buyer of wood fibre-based material. This is purchased from a large number of suppliers and is mainly used for paper and board packaging.

During 2009 we worked with Rainforest Alliance to review the sustainable sourcing practices of our key suppliers and to understand our sourcing challenges and opportunities. We also engaged with key stakeholders and organisations promoting sustainable forest management. This work is informing the development of a sustainable paper and board sourcing policy. Our ultimate aim is to source all our paper and board

packaging material either from recycled sources or from sustainably managed forests.

### Litter in the developing world

We sell many millions of products in single-use sachets in developing and emerging markets. This makes our brands affordable to people on low incomes. However, the communities in which they live often lack disposal facilities, meaning that these sachets create litter and environmental degradation.

We have set up a taskforce to find ways that not only help dispose of these sachets more sustainably, but also recover some value from the raw materials.

During 2009 we conducted a study in Asia to test new technology options. This identified pyrolysis as a promising opportunity. Pyrolysis turns sachet waste into fuel, recovering around 60% of the embedded energy in the sachet. We will pilot this and similar energy recovery technologies in four countries in 2010 to assess their technical and commercial feasibility.

### Reducing waste from manufacturing

We measure the total waste from manufacturing processes as part of our eco-efficiency programme. Total waste sent for disposal has decreased by 73%\* since 1995. In 2009, we reduced total waste by 16.2%\* compared to 2008, equivalent to 18.4%\* in absolute terms (see Footnote, page 35).



Unilever Vietnam works with the Vietnam Women's Union to provide poor women in rural areas with credit, training and bicycles so they can become sellers of our products, such as small sachets of detergent or shampoo. In 2009, around 300 women were recruited from the Mekong Delta.



# Supporting economic development



**Our business brings economic benefits to all our stakeholders: consumers, employees, investors, governments, suppliers, distributors and local communities. In developing markets, we have a particular opportunity to contribute to economic development.**

Unilever's role in developing and emerging markets is sometimes challenged by campaigning groups who claim that multinationals simply extract wealth from poorer countries for the benefit of shareholders in developed nations.

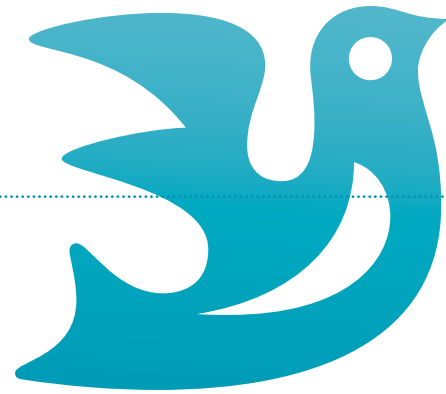
We dispute this. Our evidence suggests that business plays a vital role, generating wealth and jobs around the world, transferring technology and training and developing people.

We believe Unilever's deep roots in developing and emerging markets mean we can make a valuable contribution to economic development in these countries.

Through studies in Indonesia, South Africa and most recently Vietnam, we now have a better understanding of our economic footprint.

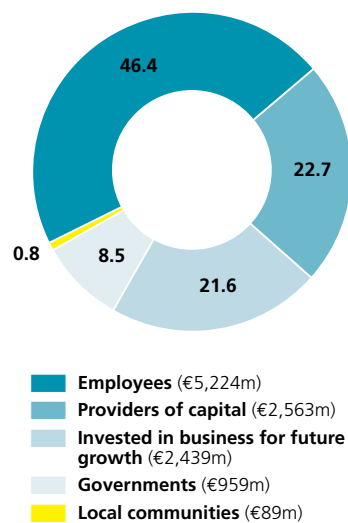
We have found that one of the most effective ways to make a difference is by ensuring our products are more affordable and more accessible for consumers. At the same time we have a large supply and distribution chain which employs many thousands of people. Finding new ways of working with such business partners can help us grow our business and make a sustainable contribution to economic development.





## Unilever Group distribution of value added 2009

% of total €11,274m



## Creating economic value

Despite the worst recession in decades our business has been resilient and we have made good progress. We sell everyday products such as toothpaste and soap, which people continue to use even in difficult times.

Growth was broad-based across markets and categories in 2009. By the end of the year we were growing volume share in two-thirds of our business, compared with only one-third a year earlier. We have taken action to ensure that our prices stay competitive and, where appropriate, we have adjusted prices to reflect easing commodity costs.

We generated an operating profit of €5,020 million and sales of €39,823 million in 2009.

Out of this sales income (turnover), we spent over €28.5 billion with suppliers of goods and services while our own operations created €11.3 billion in value added. Our employees gained the largest share, earning €5.2 billion of the total. The providers of capital who finance our operations gained the second-largest share from dividends paid, with €959 million going to governments in corporation tax.

## Reaching the 'base of the pyramid'

Today, 5.9 billion people live in developing and emerging markets – countries such as Brazil, India and Indonesia where Unilever has a wide presence. We already reach many more consumers than our competitors in these markets and are well positioned to serve

the needs of the billion plus people who we estimate will 'move up the pyramid' as their living standards improve.

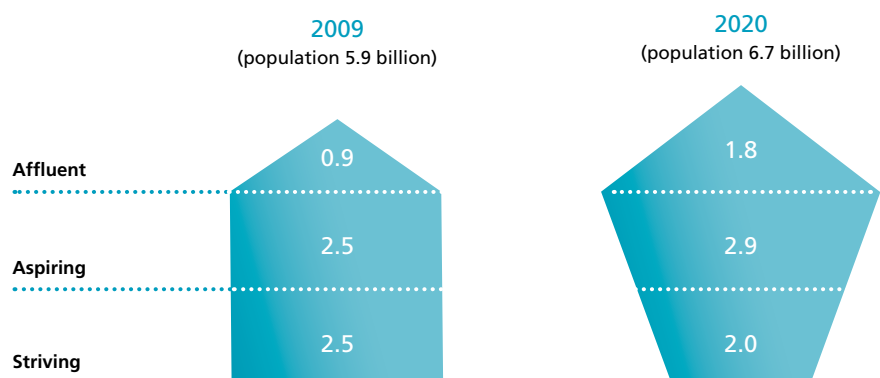
In 2009 we strengthened our leading positions in these markets, which accounted for around half our sales. We continue to invest heavily behind the fast-growing markets including China and Russia. Our Asia, Africa and Central & Eastern Europe region achieved strong growth and margin improvement in a challenging and volatile environment. Our Americas region recorded a competitive performance with continuing volume momentum across the business.

To reach consumers in developing countries we offer many products at low cost per unit. This enables people on uncertain incomes to purchase our products for times when it is especially important to feel and look good. For example, a sachet of Sunsilk shampoo in Vietnam costs just 500 Vietnamese dong, the equivalent of just 2 euro cents.

Consumers on limited incomes cannot afford to compromise on quality and they value the consistency that branded products offer. We offer a range of products at different price points, each offering different consumer benefits through varying combinations of packaging format and product formulation.

## The developing and emerging market opportunity

Population (billions) in developing & emerging markets, based on Unilever's estimates of income at purchasing power parity exchange rates



## Supporting economic development

### Economic development in our supply chain

World food production will have to increase by 50% by 2030 to meet growing demand. The most productive agricultural areas are already used, so the focus needs to be on increasing productivity elsewhere, especially in developing and emerging economies.

According to the International Fund for Agricultural Development, support for smallholders will be crucial to future food security. Scaling up small-scale farming is also seen by the World Bank as the most effective way to reduce poverty.

Unilever is well placed to contribute. We already source agricultural raw materials from many thousands of smallholder farmers and work with them to improve their practices.



#### Our contribution to the MDGs

The Millennium Development Goals outline eight goals for governments to reach by 2015 on a range of issues from halving world poverty to reducing child mortality.

We believe that through the scale and breadth of our business we can make a difference to many aspects of health and development.

Our main contribution is through the wealth and jobs we create in our business and in our value chain. In addition many of the partnerships and programmes we are pursuing will have an impact on these goals. For example our Lifebuoy brand aims to encourage 1 billion people to improve their hygiene practices by washing their hands with soap.

### Soy beans in Indonesia

In Indonesia we have worked with farmers to develop a high-quality, sustainable supply of black soy beans for Bango soy sauce.

In 2000 we started working with a local university to engage with local farmers, providing technical assistance and financing to help them improve productivity and boost incomes. The initiative has grown from just 12 farmers in 2001 to reach 7,000 farmers cultivating 700 hectares by 2009.



#### Allanblackia cultivation in Africa

Allanblackia trees grow largely in the wild in tropical African rainforests and have traditionally been harvested on a subsistence basis. Allanblackia seeds produce an oil that is ideal for use in our spreads.

Unilever is a co-founder of the Novella Partnership, a programme founded in 2002 to scale up production of allanblackia oil in Ghana, Tanzania and Nigeria while reducing poverty, promoting sustainable enterprise and conserving biodiversity. The project aims to boost local incomes and give farmers access to global supply chains, while allowing Unilever to source this oil in an environmentally sustainable way.

Unilever and organisations such as the World Agroforestry Centre (ICRAF), the World Conservation Union (IUCN) and others continue to provide input and have invested over €12 million in the partnership. In 2009, management of the project was handed over to a local group of companies in Africa to strengthen decision-making, local ownership and implementation.

Around 10,500 people are taking part, as farmers, collectors or processors of seeds. More than half of these are women. Since the start of the project, over €350,000 of direct income has been generated for local communities.

The project aims to scale up production to reach 10,000 tonnes a year by 2020. However, achieving this depends on finding

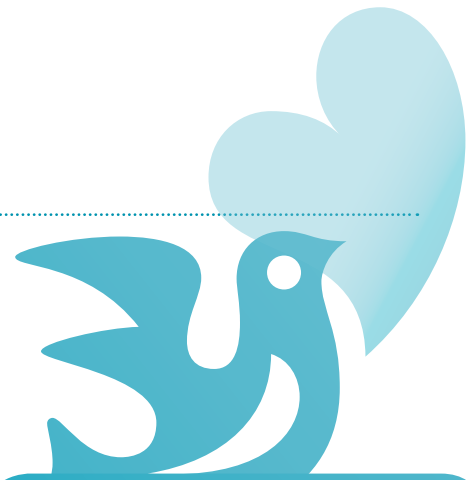
additional funding and new supply chain partners who have expertise in setting up farms and are willing to commit to a public-private partnership model. Initial discussions have indicated that this is quite a challenge as it requires a long-term commitment to invest in a new cash crop where trees take five years to fruit.

Recognising this reality, the ambitions of the partnership have been adjusted from its previous goal of 200,000 farmers and 25 million trees by 2017 to focus on recruiting 40,000 farmers and planting 8 million trees by 2020. In 2010, 300,000 trees will be planted and we will purchase over 200 tonnes of oil to be used for the first time in our European spreads.

#### Paprika partnership in South Africa

Another example is a public-private partnership in South Africa where we are working with local development and government agencies and academic institutions. The programme centres on the sustainable production of paprika in Keiskammahoek in the Eastern Cape and is already employing over 200 men and women from this impoverished part of the country.

The programme is helping local people develop essential farming and business skills while earning a sustainable income from their crop. Unilever benefits from a ready supply of paprika for brands such as Robertson Spice.



The aim is to scale up the project from 62 hectares to 300 hectares, benefiting more people in a region where the unemployment rate is 87%.

The initiative builds on the insights gained from the study we conducted with INSEAD on Unilever's economic footprint in South Africa.

### Temporary and contract workers

In 2008 and 2009 the International Union of Foodworkers (IUF) lodged two complaints with the OECD about our use and treatment of temporary and contract labour at two factories in Pakistan.

It is common practice to use temporary labour in Pakistan. However in the factories concerned this had evolved to the point where the ratio of permanent to outsourced workers was skewed too far in favour of outsourced workers. We acknowledged that this was an issue for workers and their union representatives and recognised the need to address it. The complaints have now been resolved and Unilever Pakistan has increased the number of permanent workers at the sites.

This dispute has stimulated us to think more broadly about the use of third-party contract labour in our factories. As a result, we are developing a more detailed set of guidelines and training on human and labour rights for our managers. We are also extending the scope of audits under our Business Partner Code to the third-party service providers who supply temporary and contract staff for our factories.

### Innovative routes to market

Our products reach consumers through a diverse network of retailers. Around a fifth of our sales are channelled through ten major retail customers, such as Walmart, Carrefour and Tesco.

In developing and emerging markets we also rely heavily on distributors, wholesalers, small independent outlets and kiosks. In these markets, we have found that we can serve more consumers and increase our market penetration through innovative distribution channels.

## Understanding our impacts – Unilever in Vietnam

In 2009, a study on our business in Vietnam was published, looking at the impact of our direct operations in the country as well as our value chain and voluntary contributions. It was conducted by the Central Institute for Economic Management (CIEM) – a local think-tank.

The report found that in 2007 Unilever Vietnam's total sales represented 1% of the country's GDP. From 1995 to 2007, Unilever invested €94 million in Vietnam on research and development, upgrading technology and improving product quality.

Unilever's investment in human capital is important in a country with abundant unskilled labour but relatively few highly skilled or trained workers. In 2007, the year on which the study was based, the company spent the equivalent of 12.5% of its wage bill on training and recruitment.

The company employs 1,200 people directly and has a growing network of local businesses in its value chain including around 200 distributors with over 400,000 retail outlets nationwide. Unilever Vietnam generates up to 8,000 indirect jobs through its value chain.



In 2007 around 60% of the company's raw materials and 100% of its packaging were sourced locally. At the same time, the company's exports have been growing rapidly, helping the country's balance of payments and balance of trade.

**"Unilever has proven you can successfully incorporate a social agenda into a company's business agenda, helping to contribute positively to the socio-economic development of the country."**

PHAM LAN HUONG  
RESEARCH TEAM LEADER, CIEM

Shakti in India is one such initiative. It is a micro-enterprise programme that creates opportunities for women to sell Unilever products door to door in rural areas. By the end of 2009, over 45,000 entrepreneurs were selling products to 3 million consumers in 100,000 villages.

Aparajita is a similar initiative running in Bangladesh, in partnership with CARE International. In 2009 3,000 women sold Unilever products to 1.8 million households through sales hubs set up by CARE. In 2010, we aim to increase this to 10,000 women covering a total of 6 million households. Similar initiatives also run in Sri Lanka, the Philippines and Vietnam.



# External commentary

Our external advisers – the Unilever Sustainable Development Group – share their views on our progress.

**The Unilever Sustainable Development Group comprises external experts who provide advice and guidance on the development of our strategy.**

**The Group's collective expertise covers environmental, social and economic issues in both developed and developing countries. It meets twice a year to discuss sustainability issues. We share the insights from these meetings with our Board's Corporate Responsibility and Reputation Committee and our senior leadership.**

**Where do the responsibilities of any company – in the environment, health and well-being, climate change, economic development and so on – start and finish?**



It is tempting for a Board of Directors to keep things as tight as possible, so that they are held to account only for those issues over which their company has direct responsibility: sourcing raw materials, manufacturing, transport, packaging and so forth. Message to consumers: 'We make it and sell it, but the rest is up to you'.

Tempting – but highly problematic from a sustainability point of view! Time after time, this Overview highlights the balance between Unilever's direct impacts and the much bigger impacts from the consumer's use of Unilever products.

This is a huge issue: with a mind-boggling 125 billion washes a year involving its laundry brands, Unilever cannot possibly manage its total footprint without working with consumers to reduce their 'impact share'. That's what the Cleaner Planet Plan is all about.

When I first started working with Unilever 14 years ago, they had just developed a rather crude assessment tool called 'The Overall Business Impact Analysis'. The progress since then has been astonishing. The baseline metrics that are now in place still have some gaps, but the knowledge available to Unilever's managers today is in a completely different league. Very few companies have as yet got their act together in this kind of way – but increasingly, that is what customers, shareholders and regulators are now demanding. Show us your workings!

To double the size of a company like Unilever – with no net increase in environmental impact – is an extraordinary commitment. But a very necessary one. Scientists tell us that this kind of ambition level is the very least that will be required, on a global scale, to avoid further damage to the life-support systems on which we depend.

In that context, such leadership really matters.

**JONATHAN PORRITT IS FOUNDER  
DIRECTOR OF FORUM FOR THE  
FUTURE, UK**

**How can a large multinational company operating in a range of developing countries deliver social and economic value?**



Few have addressed this question in as great depth as Unilever. The case studies from Indonesia, South Africa and Vietnam have much to teach us. Unilever South Africa employs directly or indirectly almost 1% of the country's workforce. Unilever Vietnam contributes 1% of the gross domestic product (GDP) of the country.

Beyond the obvious points of the economic contribution of the company in terms of employment and tax payments, the studies and Unilever's experiences show us that a company can exert greater socio-economic benefit by re-examining its business model and providing a hand-up to marginal communities. As its Shakti and allanblackia initiatives demonstrate, neither of these has emerged due to altruism alone – they reflect a healthy combination of a sense of social responsibility and enlightened self-interest.

Unilever has recognised that its future is dependent on the health and well-being of the people it serves. This goes beyond just a 'licence to operate'. No company would have survived as long as Unilever has – and prospered – if the primary economic relationship had been exploitative.

The modern world, however, has high expectations of multinationals. Not only is a whiff of exploitation corrosive to a company's reputation, it can quickly lead to campaigns at headquarters, as Unilever discovered following allegations of labour irregularities in Pakistan.

Perhaps a broader lesson from these analyses is the interdependence between the conduct of multinationals, the design of national policy frameworks and the response of consumers and stakeholders.

The studies teach us that we should not expect sustained social change without the engagement of all key stakeholders. It puts us all back in the frame.

**MALINI MEHRA IS FOUNDER AND  
CEO OF THE CENTRE FOR SOCIAL  
MARKETS, INDIA**

**Unilever's new vision demonstrates that it clearly understands the constraints posed by dwindling water availability.**



The company should be recognised for all the actions it is taking to reduce water use in its own manufacturing as well as through the value chain. But to help with water conservation, especially in the emerging economies like China and India that are expected to create much of its planned growth, Unilever needs to further leverage its buying power.

Unlike the rich developed countries, emerging economies often face water stress caused by a combination of water scarcity and pollution. With massive manufacturing to meet rising local demand and the demand of the western world, the discharge of industrial wastewater and urban sewage as well as farming run-off is destroying limited clean water resources.

Unilever can encourage local suppliers to improve their environmental performance through its responsible sourcing. As it has done in sourcing tea and palm oil, I encourage Unilever to collaborate with local partners to clean up the supply chain. I am highly satisfied that Unilever tapped into our IPEA pollution monitoring database in 2009 to review its suppliers' water pollution records. As a result, Unilever prompted one of its major Chinese sourcing partners to make its first public disclosure of the corrective actions put in place for 17 tomato suppliers.

Such actions have the potential to check what I call the global 'race to the bottom' that can be caused by globalised sourcing. I suggest Unilever co-ordinates with Walmart, which is also a regular user of our pollution database, to extend responsible sourcing further down through the value chain. This would be a huge help to the conservation of water resources in emerging economies.

**MA JUN IS FOUNDER DIRECTOR OF THE INSTITUTE OF PUBLIC AND ENVIRONMENTAL AFFAIRS (IPEA), CHINA**

**It is a great pleasure to see Unilever's new CEO not only reconfirming the company's long-standing commitment to sustainability but also extending it with a sweeping vision that offers a real opportunity for leadership.**



To "double the size of the business while reducing the company's environmental impact" presents an ambitious goal – especially as the scope of focus covers the entire value chain, not just Unilever's own internal footprint. As a consumer goods company, Unilever cannot meet its target without engaging its suppliers and consumers who generate so much of this impact. As Unilever steps up to this challenge, it has a strong base to build upon with a record of initiatives from the Marine Stewardship Council to its Sustainable Agriculture Programme and its more recent supply-chain carbon management efforts.

Success, however, will require that every Unilever manager, and ultimately every employee, plays a part. But the reward – for reasserting the company's tradition of building its brands and business on a strong foundation of core values and playing a recognised leadership role in every market in which it operates – promises to be substantial. Today, delivering value in the marketplace increasingly turns on the capacity to fold sustainability thinking into core business strategy.

**DAN ESTY IS HILLHOUSE PROFESSOR OF ENVIRONMENTAL LAW, YALE UNIVERSITY, US**

## Assurance

As part of our annual reporting process, Deloitte LLP independently assures ten environmental and occupational safety performance indicators. These are reported in our online Sustainable Development Report 2009.

For Deloitte's limited assurance report, which sets out the scope of the work performed on this data, and their conclusion, see:

**[www.unilever.com/sustainability](http://www.unilever.com/sustainability)**

**Deloitte.**

### Footnote

\* Data marked \* throughout this Overview is preliminary. It is part of the indicators cited above.

In late 2008 we sold two high-volume sites which reduced our overall tonnage by over 500,000 tonnes. This means that for 2009 our absolute reductions are larger than our relative (per tonne) reductions for CO<sub>2</sub>, water and total waste.

# Our Sustainable Development Report

As well as much more detail on the topics covered in this Overview, our online Sustainable Development Report provides comprehensive coverage of many other topics.

## Employees



Employees are essential in helping us deliver our growth ambitions, and promoting and protecting their health and safety is a priority. We expect all employees to live up to the standards of our Code of Business Principles and take seriously any breaches.

- Code of Business Principles
- Health, safety and well-being
- Human and labour rights
- Diversity



## Consumers



Lots of small actions can add up to a big difference. Empowering consumers to change everyday habits will help us achieve our sustainability goals. We listen to our consumers and respond to the issues that matter to them.

- Our brands
- Product safety and responsible marketing
- Alternative approaches to animal testing
- Reaching low-income consumers



## Customers



Our products reach shoppers through a diverse network of customers – from multinational retailers, wholesalers and distributors to small independent shops.

- Working with retailers
- Promoting sustainability via the Consumer Goods Forum
- Supporting micro-enterprise



## Suppliers



Our Business Partner Code sets out the standards we expect of our suppliers. Sustainable agricultural sourcing is a core part of our procurement strategy and it is essential that we work with our suppliers to enable us to deliver our commitments.

- Business Partner Code
- Sustainable Agriculture Code
- Promoting responsible sourcing via PROGRESS



## Communities



We seek to make positive contributions to the communities where we operate, engaging the talents and resources of our people and partners to ensure the success of our projects.

- Community investment
- Partnerships
- Employee engagement



[www.unilever.com/sustainability](http://www.unilever.com/sustainability)



# Awards and recognition

**Food industry leader** in the Dow Jones Sustainability World Indexes for the **11th year running**



Retained **SAM Sector Leader** and **SAM Gold Class** Sustainability distinctions from Sustainable Asset Management

Included in the **FTSE4Good Index Series** and attained a **top environmental score of 5**, leading to inclusion in the FTSE4Good Environmental Leaders Europe 40 Index



Member of the Carbon Disclosure Project's Leadership Index, scoring **76%** in its 2009 survey



**Ranked 7th** in the **Global 100 Most Sustainable Corporations in the World**, a list compiled by Corporate Knights magazine

Retained **Platinum standard** in the UK's Business in the Community Corporate Responsibility Index 2009



**Scored 78%** and recognised as **'best practice'** by the Natural Value Initiative's Ecosystem Services Benchmark, a tool to help investors assess biodiversity and ecosystem impacts



Placed in the **top 5** of the 2009 **Palm Oil Buyers' Scorecard**, an assessment conducted by WWF



Writing  
**Corporate Citizenship**

Design and production  
**Red Letter Design**

Printing  
**Scanplus**  
(ISO 14001: 2004)

Paper  
**Greencoat 80 Velvet** contains 80% recycled fibre and has been independently certified according to the rules of the Forest Stewardship Council (FSC).

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For further information on our  
social, economic and environmental  
performance, please visit our online  
Sustainable Development Report 2009

**[www.unilever.com](http://www.unilever.com)**