

# Unilever’s Basis of Preparation 2013 for those Unilever Sustainable Living Plan (USLP) and Environmental and Occupational Safety (EOS) performance indicators selected for independent assurance

## 1. Introduction

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

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

Our USLP and EOS targets and the performance results achieved are described in full in the online Unilever Sustainable Living Report for 2013. A selection of targets and the performance results achieved are also described in the 2013 Annual Report and Accounts.

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

## 2. Scope

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

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

Operations and sites where we do not have management control and operations categorised as joint ventures or investments are excluded from the scope of all performance indicators, unless otherwise indicated. We also do not include environmental data from third-party companies that manufacture or pack our products except in the case of the Greenhouse Gas pillar commitment.

Disposals during the year have been excluded from our reporting.

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

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

### 2.1. USLP performance indicators

USLP indicator	Performance measured	2013 reported performance result
<b>Health &amp; Hygiene:</b> <ul style="list-style-type: none"><li>• Reduce diarrhoeal and respiratory disease through handwashing.</li></ul>	<ul style="list-style-type: none"><li>• Number of people reached by Lifebuoy handwashing programmes since 2010.</li></ul>	<ul style="list-style-type: none"><li>• 183 million people reached since 2010.</li></ul>
<b>Health &amp; Hygiene:</b> <ul style="list-style-type: none"><li>• Provide safe drinking water.</li></ul>	<ul style="list-style-type: none"><li>• Number of people who have gained access to safe drinking water from Pureit since its launch in 2005.</li></ul>	<ul style="list-style-type: none"><li>• 55 million people have gained access to safe drinking water from Pureit since its launch in 2005.</li></ul>

USLP indicator	Performance measured	2013 reported performance result
<b>Nutrition (pillar commitment):</b> <ul style="list-style-type: none"> <li>Helping people to achieve healthier diets.</li> </ul>	<ul style="list-style-type: none"> <li>The percentage of sales volume of Unilever food and refreshment products meeting the criteria for highest nutritional standards based on globally recognised dietary guidelines, at the end of September 2013.</li> </ul>	<ul style="list-style-type: none"> <li>31% of our portfolio by volume met criteria for highest nutritional standards based on globally recognised dietary guidelines.</li> </ul>
<b>Greenhouse gases (GHG) (pillar commitment):</b> <ul style="list-style-type: none"> <li>Halve the greenhouse gas impact of our products across the lifecycle by 2020.</li> </ul>	<ul style="list-style-type: none"> <li>The percentage change in the Unilever greenhouse gas footprint (raw materials, manufacturing, transportation, consumer use, disposal) per consumer use against the 2010 baseline, for the year ended 30 June 2013.</li> </ul>	<ul style="list-style-type: none"> <li>5% increase in the greenhouse gas impact of our products across the lifecycle.</li> </ul>
<b>Greenhouse gases (GHG):</b> <ul style="list-style-type: none"> <li>Reduce GHG emissions from washing clothes.</li> </ul>	<ul style="list-style-type: none"> <li>The % reduction in greenhouse gas emissions (in the raw materials, manufacture and transport stages) from the reformulation of our laundry powders between the 2010 baseline (1 January 2010 to 31 December 2010) and the 2011 footprint (1 July 2011 to 30 June 2012).</li> </ul>	<ul style="list-style-type: none"> <li>7% reduction in greenhouse gas emissions from reformulation.</li> </ul>
<b>Water:</b> <ul style="list-style-type: none"> <li>Reduce water use in the laundry process.</li> </ul>	<ul style="list-style-type: none"> <li>The number of households buying Unilever's One Rinse fabric conditioner products from 1 October 2012 to 30 September 2013.</li> </ul>	<ul style="list-style-type: none"> <li>31 million households.</li> </ul>
<b>Sustainable sourcing:</b> <ul style="list-style-type: none"> <li>Sustainable palm oil.</li> </ul>	<ul style="list-style-type: none"> <li>The percentage of palm oil from sustainable sources by the end of December 2013: <ul style="list-style-type: none"> <li>via GreenPalm certificates; and</li> <li>palm oil purchased from certified, traceable sources (through a segregated supply).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>100% of palm oil from sustainable sources by end 2013: <ul style="list-style-type: none"> <li>96% via GreenPalm certificates; and</li> <li>4% of palm oil purchased from certified, traceable sources (through a segregated supply) by end 2013.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>Sustainable soy.</li> </ul>	<ul style="list-style-type: none"> <li>The percentage of soy oil and soy beans sustainably sourced in the form of RTRS (Round Table on Responsible Soy) certificates and direct sourcing from RTRS suppliers by the end of December 2013.</li> </ul>	<ul style="list-style-type: none"> <li>21% sourced in the form of RTRS certificates and direct sourcing from RTRS suppliers.</li> </ul>
<ul style="list-style-type: none"> <li>Sustainable tea.</li> </ul>	<ul style="list-style-type: none"> <li>The percentage of our Lipton tea bag blends which contained a proportion of Rainforest Alliance (RA) Certified™ tea by the end of December 2013.</li> <li>The overall percentage of tea purchased for all our brands sourced from RA Certified™ farms by the end of December 2013.</li> </ul>	<ul style="list-style-type: none"> <li>83% Lipton tea bag blends containing a proportion of RA Certified tea.</li> <li>Overall, 53% tea sourced from RA Certified farms.</li> </ul>
<b>Better livelihoods:</b> <ul style="list-style-type: none"> <li>Supporting small-scale distributors.</li> </ul>	<ul style="list-style-type: none"> <li>The number of female entrepreneurs ('Shakti ammas') selling products to households in India at the end of December 2013.</li> </ul>	<ul style="list-style-type: none"> <li>65,000 female entrepreneurs.</li> </ul>

## 2.2. EOS performance indicators

EOS indicator	Performance measured	2013 reported performance result
<b>Water:</b> <ul style="list-style-type: none"> <li>Reduce water use in manufacturing.</li> </ul>	<ul style="list-style-type: none"> <li>Change in the volume of water in m<sup>3</sup> abstracted in 2013 (1 October 2012 to 30 September 2013) compared to 2008 (1 January 2008 to 31 December 2008)*.</li> <li>Water abstracted in m<sup>3</sup> per tonne of production.</li> <li>Emissions of chemical oxygen demand (COD) in kg per tonne of production.</li> </ul>	<ul style="list-style-type: none"> <li>14 million fewer m<sup>3</sup> of water abstracted in 2013 than in 2008 (a reduction of 29% per tonne of production).</li> <li>2.12 m<sup>3</sup>/tonne.</li> <li>1.26kg/tonne.</li> </ul>
<b>Energy and greenhouse gas emissions:</b>	<ul style="list-style-type: none"> <li>Change in the tonnes of CO<sub>2</sub> from energy use in 2013 (1 October 2012 to 30 September 2013) compared to</li> </ul>	<ul style="list-style-type: none"> <li>833,000 fewer tonnes of CO<sub>2</sub> from energy use in 2013 than</li> </ul>

EOS indicator	Performance measured	2013 reported performance result
<ul style="list-style-type: none"> <li>Reduce GHG from manufacturing.</li> </ul>	2008 (1 January 2008 to 31 December 2008)*. <ul style="list-style-type: none"> <li>Energy use in gigajoules per tonne of production.</li> <li>CO<sub>2</sub> emissions from energy use in tonnes.</li> <li>CO<sub>2</sub> emissions from energy use in kg per tonne of production.</li> </ul>	in 2008 (a reduction of 32% per tonne of production). <ul style="list-style-type: none"> <li>1.52 GJ/tonne.</li> <li>1,953,147 tonnes.</li> <li>98.85kg/tonne.</li> </ul>
<b>Waste:</b> <ul style="list-style-type: none"> <li>Reduce waste from manufacturing.</li> </ul>	<ul style="list-style-type: none"> <li>Change in the tonnes of total waste sent for disposal in 2013 (1 October 2012 to 30 September 2013) compared to 2008 (1 January 2008 to 31 December 2008)*.</li> <li>The percentage of our manufacturing sites achieving zero non-hazardous waste to landfill by 30 September 2013.</li> <li>Hazardous waste in kg per tonne of production.</li> <li>Non-hazardous waste in kg per tonne of production.</li> </ul>	<ul style="list-style-type: none"> <li>97,000 fewer tonnes of total waste sent for disposal in 2013 than in 2008. This represents a 66% reduction per tonne of production.</li> <li>54% (140) of our manufacturing sites achieved zero non-hazardous waste to landfill by 30 September 2013.</li> <li>0.1kg/tonne.</li> <li>2.62kg/tonne.</li> </ul>
<b>Occupational safety:</b> <ul style="list-style-type: none"> <li>Reduce workplace injuries and accidents.</li> </ul>	<ul style="list-style-type: none"> <li>Number of fatal accidents in 2013 (1 October 2012 to 30 September 2013).</li> <li>Accident rate: Total Recordable Frequency Rate (TRFR) per 1,000,000 man-hours in 2013 (1 October 2012 to 30 September 2013).</li> </ul>	<ul style="list-style-type: none"> <li>3 fatalities.</li> <li>1.03 accidents per 1 million man-hours worked.</li> </ul>

\* The baseline 12 month reporting period is considered to be comparable to the revised 12 month reporting period for 2013.

### 3. Data sources

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

#### 3.1. USLP performance indicators

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

#### 3.2. EOS performance indicators

Every year we collect data from each of our manufacturing sites on key measures of environmental performance. This is collated and analysed using a web-based Environmental Performance Reporting tool (EPR). Since 2008 our CO<sub>2</sub> emissions data reporting has been aligned to the internationally accepted Greenhouse Gas Protocol\*\*.

By end of September 2013, 247 manufacturing sites in 70 countries reported environmental performance data. In some cases multiple factories occupy one manufacturing site and these report separately in our EPR system.

For the two occupational safety indicators, we collect data from all our manufacturing sites and non-manufacturing sites, e.g. head offices, research laboratories and marketing/sales organisations via our Occupational Safety (OS) tool. By the end of September 2013, 498 sites reported occupational safety performance indicators.

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

#### 4. USLP performance data preparation

Sections 4.1 – 4.10 detail the basis of preparation for each USLP indicator.

##### 4.1 Health & Hygiene – Reduce diarrhoeal and respiratory disease through handwashing

**Performance measure:** The number of people reached by Lifebuoy handwashing programmes since 2010 (this covers the period 1 January 2010 to 31 December 2013).

The Lifebuoy behaviour change handwashing programmes are designed to reach children through schools, to reach mothers through health clinics and women’s groups, and to reach people in remote areas via rural outreach programmes such as ‘Khushion Ki Doli’ (KKD) in India. KKD is a multi-brand marketing initiative which reaches out to consumers in media dark villages to promote messages from a variety of Unilever home and personal care brands including Lifebuoy. Lifebuoy features in this programme via a brand film which illustrates Lifebuoy’s role in germ protection and Lifebuoy’s glow germ demonstration.

##### **Definition**

Reach is the total number of people influenced to change their handwashing habits as a result of Lifebuoy’s handwashing programmes.

Direct contact is defined as an individual who has attended a handwashing programme consisting of interactive elements such as educational videos or comic book stories as well as demonstrations regarding handwashing and hygiene.

##### **Organisational reporting boundary**

The countries ‘in scope’ of this performance measure in 2013 are: Bangladesh, Brazil, Egypt, Ghana, India, Indonesia, Kenya, Malaysia, Nigeria, Pakistan, South Africa, Sudan, Uganda and Vietnam.

##### **Performance data preparation and assumptions**

Each individual attending one of the intervention programmes (a direct contact) is logged and consolidated into the total number of direct contacts per programme in each ‘in scope’ country.

Total reach is calculated as:

The total number of direct contacts per handwashing programme (excluding KKD outreach programme) multiplied by the average number of individuals in a household applicable in each of the ‘in scope’ countries. The household multiplier is only applied when the specific programme has met at least 3 of the 5 non-negotiables. We have identified 5 non negotiables as being key features of a successful Lifebuoy behaviour change intervention. They are informed by behaviour change best practice, and are grounded in a deep understanding of the target and their soap-use behaviour. The 5 non-negotiables are: 1) programme drives sustained practice of handwashing with soap (“HWWS”) for 21 days, 2) mother-child interaction, 3) glow germ demo, 4) reward, 5) pledge. Based on evidence from previous research, we have established that each individual will take back to their household the learning from attending the intervention programme.

In the case of multi-brand rural intervention programmes, such as KKD in India, we count the total number of direct contacts attending i.e. we do not apply the household multiplier to these programmes. We are currently enhancing these programmes by embedding stronger behaviour change principles and will test them in due course to understand whether they successfully influence handwashing behaviour at household level.

For the calculation of reach in Bangladesh, it is considered appropriate to include all students in the schools as direct contacts as those children who were absent during the 21 day course get hand outs or are taken through the course for the days they have missed. This approach is undertaken specifically in Bangladesh where school absenteeism rates are high.

The average number of individuals in a household in each ‘in scope’ country is based on national census data or recognised survey data.

Where different handwashing programmes are run in the same regions, contact with more than one family member of a single household could result. Where this occurs, we exclude direct contacts reached according to the following policy:

- Direct contacts of a programme run in the same area as another programme which meets the behaviour change non-negotiables to a lesser degree will be excluded.
- Where two programmes are run in the same area and both meet behaviour change non-negotiables to the same degree, the programme with lower reach (by direct contact) is excluded.

#### **4.2 Health & Hygiene – Provide safe drinking water**

**Performance measure:** The number of people who have gained access to safe drinking water from Pureit since its launch in 2005 (this covers the period 1 January 2005 to 31 December 2013).

##### **Definition**

People gaining access to safe drinking water is the number of individuals having access to a Pureit device. Pureit is an in-home water purifier device that operates without the need for electricity or pressurised tap water.

##### **Organisational reporting boundary**

The countries 'in scope' of this performance measure are: Brazil, Bangladesh, China, Ghana, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, the Philippines and Sri Lanka.

##### **Performance data preparation and assumptions**

The numbers of Pureit devices sold are obtained from the relevant Unilever sales management systems in each 'in scope' country. It is assumed that all Pureit devices distributed in each 'in scope' country are used by individual households in that country.

The number of people gaining access to safe drinking water is calculated as:

The total number of Pureit devices sold multiplied by the average number of individuals in a household applicable to each of the 'in scope' countries.

The following assumptions are made and considered reasonable:

- A single Pureit device will be used by a single household.
- A Pureit appliance has an endless product life.
- No repeat purchases are made by the same household.
- A zero failure rate is assumed as all returns to Unilever are repaired and returned to individuals.

The average number of individuals in a household in each 'in scope' country is based on national census data or recognised survey data.

The number of people who have gained access to safe drinking water from Pureit has been rounded down to the nearest 5 million.

### 4.3 Nutrition (pillar commitment) – Helping people to achieve healthier diets

**Performance measure:** The percentage of sales volume of Unilever’s food and refreshment products meeting the criteria for highest nutritional standards, based on globally recognised dietary guidelines, at the end of September 2013 (this covers the period 1 October 2012 to 30 September 2013).

#### Definition

Unilever’s food and refreshment products portfolio consists of all the individual food and refreshment SKUs (stock-keeping units) including food service marketed by Unilever worldwide, as well as the products marketed by the Pepsi–Lipton joint venture.

The highest nutrition standards refer to product levels of salt, saturated fat, trans fats, added sugar and kilocalories that are aligned with international dietary guidelines and are therefore the strictest within Unilever’s Nutrition Enhancement Programme. We evaluate the content of these nutrients in our food and beverage products on the basis of the nutritional specifications. These specifications are the basis for nutrient levels disclosure on our product packaging or websites. The nutritional specifications are determined in line with globally and/or locally accepted food regulator methodologies.

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

The standards used are shown below\*\*\*:

PRODUCT GROUP	ENERGY	SODIUM	SATURATED FAT	SUGARS	TRANS FAT from Partially Hydrogenated Vegetable Oils
Spreads and Cooking Products	NA	470 mg/100g 600mg/100g salted spreads countries <sup>1</sup> or 1.3 mg/kcal	33% tot fat	NA	≤1g/100g
Emulsion-based sauces	NA	750 mg/100g mustards 2000mg/100g spritzers: 1250mg/100g	33 %tot fat	15 %en total sugars	≤1g/100g
Water-based sauces	NA	750 mg/100g	NA	15 %en total sugars	≤1g/100g
Dairy cream alternatives	NA	1.3 mg/kcal	33 %tot fat	NA	≤1g/100g
Cream cheese	NA	675 mg/100g	15g/100g	NA	≤1g/100g
Main dishes	2 kcal/g or 700 kcal/serve	1.6 mg/kcal	10 %en	15 %en total sugars	≤1g/100g
Side dishes	2 kcal/g or 400 kcal/serve	250 mg/100g	10%en	15 %en from total sugars	≤1g/100g
Processed meat and fish	2 kcal/g or 400 kcal/serve	800mg/100g	25 %tot fat	NA	≤1g/100g
Meal sauces	NA	340 mg/100g	2g/100g	NA	≤1g/100g
Bread and breakfast cereals	NA	375mg/100g	NA	20g added sugars/100g	≤1g/100g
Filled sandwiches/rolls	2 kcal/g or 400 kcal/serve	1.4mg/kcal	10 %en	15 %en total sugars	≤1g/100g
Seasonings	NA	265mg/100g	NA	NA	≤1g/100g
Soups	NA	265mg/100g	2g/100g	NA	≤1g/100g
Ice cream & Water Ices	110 kcal/serve	NA	3g/serve (1.5g/serve if ≤ 60kcal/ serve)	20g added sugars/100g	≤1g/100g
Savoury snacks	110kcal/serve	300mg/100g	13 %en	NA	≤1g/100g
Sweet snacks	110kcal/serve	300mg/100g	3g/serve	20g/100g	≤1g/100g
Beverages	NA	NA	NA	RTD tea: 5g total sugar/100mL; Other: 5g added sugar/100g	≤1g/100g
All other products	NA	100mg/100g or 1.3mg/kcal	1g/100g or 25 %tot fat or 10 %en	3 g added sugars/100g or 15 %en total sugars	≤1g/100g

1. Salted spread countries = UK & Ireland, Sweden, USA, Canada, Trinidad, Tobago, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay, South and Central Africa

We report the percentage of sales volume (in tonnes) meeting these standards.

#### Organisational reporting boundary

All food and refreshment products including food service sold by Unilever globally in all countries are ‘in scope’ of this performance measure, as well as the ready-to-drink tea portfolio sold under the PepsiCo–Lipton Joint Ventures.

#### Performance data preparation and assumptions

The nutritional data for all food and refreshment products including food service are taken from Unilever’s product specification management systems. Ready-to-drink tea portfolio data is taken from PepsiCo–Lipton Joint Ventures data management systems.

\*\*\* The difference in measuring compliance with highest nutritional standards from prior years is that previously all products needed to meet nutrient criteria for every nutrient (sodium, saturated fat, sugars and trans fats). The revised approach is that products now need to meet only the product-focused nutrient criteria as specified in the table above.

#### **4.4 Greenhouse gases (GHG) (pillar commitment) – Halve the greenhouse gas impact of our products across the lifecycle by 2020**

##### **Performance measure**

The percentage change in the Unilever greenhouse gas footprint (raw materials, manufacturing, transportation, consumer use, disposal) per consumer use between the periods measured from 1 January 2010 to 31 December 2010 (“2010 baseline”) and the period measured from 1 July 2012 to 30 June 2013 (“2012 footprint”).

##### **Definitions**

- The greenhouse gas emissions include: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydro fluorocarbons and perfluorocarbons (F-gases) and sulphur hexafluoride (SF<sub>6</sub>).
- A consumer use is the consumed amount per individual portion, single use or serving of a Unilever product (or service) by one person. It is based on the amount of product sold to the consumer, and either the recommended dose/use or habits data.
- Greenhouse gas emissions are measured across the lifecycle and include the following phases of a product (or service): ingredients, packaging, manufacturing, transport which includes (warehousing and retail), consumer use and disposal.

##### **Organisational reporting boundary**

The greenhouse gas emissions are measured for representative products (representing a group of products with similar relevant characteristics) in 14 countries: Brazil, China, France, Germany, India, Indonesia, Italy, Mexico, Netherlands, Russia, South Africa, Turkey, UK and USA.

##### **Performance data preparation and assumptions**

Reporting this performance measure requires a detailed analysis of the greenhouse gas impacts of thousands of products spread across 14 countries. The calculation aims to account for at least 70% of our sales volume. The results are calculated at a corporate footprint level on a per consumer use basis. The GHG impact is calculated for a representative sample of products, based on a clustering of products. The representative product assessment is then extrapolated at a category and country level to account for the unclustered products in each of the 14 countries.

For each representative product, a number of internal and external data sources are used to describe the various life cycle activities and inputs (e.g. specification of product, energy for site of manufacture, consumer use data). These data sources are combined with GHG emissions factors obtained primarily from external databases, for example raw material emissions data is from external sources and is industry averages. A small number of internal expert studies are also used where necessary. Sourcing and ingredient information is analysed and combined with manufacturing impacts and data on consumer habits (which often varies by country). The consumer use based on either consumer habit studies or pack recommendations and the greenhouse gas emission data are obtained from external databases or internal expert studies.

The footprint is subject to internal review to identify and correct material anomalies before it is reported. It is recognised that there continue to be some differences in the underlying data that when taken as a whole do not materially impact the overall footprint.

Changes as a result of better scientific understanding (e.g. land use change, consumer habits) are taken into account in the current year but these are not applied to our 2010 baseline.

#### **4.5 Greenhouse gases (GHG) - Reduce GHG emissions from washing clothes.**

##### **Performance measure**

The percentage reduction in average greenhouse gas emissions per consumer use of the total laundry portfolio due to reformulation of laundry powders measured over the periods of 1 January 2010 to 31 December 2010 (“2010 baseline”) and 1 July 2011 to 30 June 2012 (“2011 footprint”).

The target for this indicator was set using a baseline of 1 January 2008 to 31 December 2008 and this was achieved in 2012. In 2013, the baseline changed from 2008 to 2010 to align with the measurement period of the Unilever greenhouse gas footprint described in 4.4. The updated result is shown on page 2.

##### **Definitions**

- Reformulation is the significant change in the ingredients used to manufacture the product.
- Laundry fabric cleaning powder products are detergents used to wash normal soiled clothes with recommended dosage under standard conditions.
- For the definition on greenhouse gas emissions and consumer use, refer to 4.4 “Halve the greenhouse gas impact of our products across the lifecycle by 2020”.

##### **Organisational reporting boundary**

The laundry products portfolio relates to products sold in our top 11 countries as measured by volume. These 11 countries are a subset of the 14 countries used in 4.4 “Halve the greenhouse gas impact of our products across the lifecycle by 2020” as Unilever has no laundry business in USA, Russia or Mexico.

##### **Performance data preparation and assumptions**

Laundry data is extracted from the Unilever 2011 greenhouse gas footprint and 2010 baseline as described in 4.4. The following material adjustments are applied to remove any changes in GHG that are not related to the reformulation:

- Greenhouse gas values of raw materials – 2010 data is recalculated using the 2011 greenhouse gas footprint calculation template.
- Greenhouse gas values in the consumer use phase – consumer habits and country energy grid data used for the 2010 period have also been used in the 2011 calculation.
- Sales volume – data for the 2010 period have also been used for the 2011 calculation to compare a like-for-like product mix.

In line with the Unilever greenhouse gas footprint, the calculation is based on normal soiled clothes and recommended product dosage under standard conditions.

The greenhouse gas footprint is subject to internal review to identify and correct material anomalies before it is reported. It is recognised that there continue to be some differences in the underlying data that when taken as a whole do not materially impact the overall footprint.

#### **4.6 Water – Reduce water use in the laundry process**

**Performance measure:** The number of households buying Unilever’s One Rinse fabric conditioner products from 1 October 2012 to 30 September 2013.

##### ***Definition***

Product penetration is defined as the number of households which have, at some point through the reporting year, purchased any variant of One Rinse fabric conditioner.

Household refers to a group of individuals, primarily close family members, living together in a single dwelling. To qualify, the household only needs to have bought a One Rinse fabric conditioner once in the 52-week time period. This metric does not account for a household buying a multiple number of times or multiple bottles.

One Rinse fabric conditioner products are a group of products with the same core specification (formulation) – Comfort One Rinse (known as “Molto” in Indonesia) and Surf One Rinse.

##### ***Organisational reporting boundary***

The countries ‘in scope’ for this performance measure are: Brazil, Indonesia, the Philippines, Thailand, Vietnam and India. Both urban and rural households are now included for all countries except India which just covers urban.

##### ***Performance data preparation and assumptions***

Third-party research companies determine the One Rinse conditioner products’ penetration in each of the ‘in scope’ countries.

The third-party research companies organise consumer household panels in each of the ‘in scope’ countries to determine the amount of product purchased as a percentage compared to other brands within the fabric conditioner market (Unilever and non-Unilever).

The consumer household panels in each of the ‘in scope’ countries are made up of individuals representing a household.

The product penetration percentage is multiplied by the number of households in each ‘in scope’ country. Household data is sourced by a third-party research company in each country and this data can come from local government departments, national census data or recognised survey data.

#### **4.7 Sustainable sourcing – Sustainable palm oil**

**Performance measure:** The percentage of palm oil purchased from sustainable sources by the end of 2013 (this covers the period from 1 January 2013 to 31 December 2013). This is expressed as a percentage of the total actual purchases of palm oil in 2013.

##### **Definition**

Palm oil is defined as crude palm oil, palm oil mixtures/fractions and palm-based derivatives. These are used in home care, personal care and food products.

Sustainably sourced palm oil is defined as:

- a) Purchases of GreenPalm certificates (both palm oil and palm kernel oil certificates) in lieu of segregated supply. For further details of GreenPalm certificates see <http://www.greenpalm.org/en/what-is-greenpalm/how-it-works>; and
- b) Purchases of physically certified RSPO palm oil that can be traced back to a certified mill, i.e. to a producer who has been certified as complying with the Roundtable on Sustainable Palm Oil's (RSPO) Principles and Criteria – 'segregated supply' or 'mass balance supply'.

##### **Organisational reporting boundary**

Palm oil purchased (in its various forms) by all Unilever operations, excluding any palm oil purchased by third parties that manufacture products for Unilever.

##### **Performance data preparation and assumptions**

The segregated supply volumes are identified based on the certified volumes provided by the relevant suppliers. All segregated palm oil purchases are consolidated from the relevant Unilever purchasing systems.

Palm oil fractions (e.g. palm kernel oil, palm stearine, palm olein) contained in a specific commodity purchase are consolidated from the relevant Unilever purchasing systems. The proportion of palm oil within the volume of ingredients purchased is based on details obtained from Unilever's product specification systems.

Purchases of oleo chemical derivatives are obtained from the relevant Unilever purchasing systems. Due to the interchangeability of underlying feedstocks to produce the same oleo chemical derivative, allocation factors are applied to determine the volume of palm oil contained in such derivatives.

The allocation factors are based on active levels and feedstock content assumptions based on two years of historical data collected from suppliers, and specific conversion rates as stipulated by the RSPO for oleo chemical derivatives. Both are used consistently across Unilever. Review of the allocation factors for oleochemicals is conducted at least every two years or if major changes in supplier have occurred. Changes to the calculation of the volumes are made in the first quarter of the year.

The total volume of palm oil purchased by Unilever in metric tonnes is consolidated from the above sources.

GreenPalm certificates are purchased and logged in the GreenPalm trading platform. Each GreenPalm certificate equates to one tonne of sustainable palm oil.

The percentage of palm oil purchased from sustainable sources is the total volume sourced as GreenPalm certificates and segregated supply as a proportion of the total volume of palm oil purchased by Unilever in metric tonnes.

#### **4.8 Sustainable sourcing – Sustainable soy**

**Performance measure:** The percentage of soy (oil and beans) purchased from sustainable sources by the end of 2013 (this covers the period 1 January 2013 to 31 December 2013). This is expressed as a percentage of the total actual purchases of soy (oils and beans) in 2013.

##### **Definition**

Soy is an important ingredient for several Unilever food products. Soy includes both soy oils and all soy beans (conventionally grown, organic and genetically modified) measured in metric tonnes as purchased by Unilever.

Sustainable sourcing of certified soy (oils or beans) is defined as:

1. Round Table on Responsible Soy (RTRS) certificates purchased in lieu of physical supply of soy oil sourced from Latin America (LATAM) only; and
2. Direct purchases of RTRS certified beans, from RTRS certified farms.

The RTRS standard for responsible soy production is designed to be used for all scales of soy production and all the countries where soy is produced. It includes requirements to halt conversion of areas with a high conservation value, to promote best management practices, to ensure fair working conditions and to respect land tenure claims. Certified RTRS soy is that which can be traced back to a certified mill, i.e. to a producer who has been certified as complying with the RTRS principles and criteria.

##### **Organisational reporting boundary**

Soy oil and beans purchased by all Unilever operations, excluding any purchased by third parties that manufacture products for Unilever. This material group however does not include any other soy based products, which are not part of the top ten USLP agricultural raw materials e.g. lecithins.

##### **Performance data preparation and assumptions**

The Unilever Procurement function records and tracks the amount of raw material (in this case soy) sourced sustainably by:

- Recording purchased certificate redemptions in the public domain via the RTRS website.
- Validating the certificate redemptions with the invoices to Unilever from RTRS certificate suppliers in the relevant Unilever purchasing systems. Each certificate equates to one tonne of sustainable soy.
- Validating certified suppliers who supply Unilever directly to the relevant Unilever purchasing systems.

Soy (oil and bean) derivatives contained in a specific commodity purchase are consolidated from the relevant Unilever purchasing systems. The proportion of soy within the volume of ingredients purchased is based on details obtained from Unilever's product specification systems.

The total annual volume of soy purchased by Unilever in metric tonnes is consolidated from the relevant Unilever purchasing systems.

The percentage of soy purchased from sustainable sources is the total volume sourced by Unilever from certified sustainable sources as a proportion of the total annual volume of soy purchased by Unilever in metric tonnes.

#### **4.9 Sustainable sourcing – Sustainable tea**

##### **Performance measure**

1. The percentage of tea purchased from sustainable sources by the end of 2013 (this covers the period 1 January 2013 to 31 December 2013). This is expressed as a percentage of the total actual purchases of tea in 2013.
2. The percentage of our Lipton tea bag blends which contained a proportion of Rainforest Alliance Certified™ sources by the end of 2013.

##### **Definition**

Sustainable sources refer to fully Rainforest Alliance ('RA') Certified™ gardens, or discrete purchases of RA certified tea, if the garden is only part-certified.

Rainforest Alliance is an internationally recognised standard. Others available are UTZ Certified and Fairtrade. RA farms meet the standards of the Sustainable Agriculture Network, an independent organisation, which develops, manages and owns the Sustainable Agriculture Standard.

The percentage of tea purchased from sustainable sources is the total volume sourced from sustainable sources (as defined above) as a proportion of the total annual volume of tea purchased by Unilever in metric tonnes.

The percentage of Lipton tea bag blends containing a proportion of tea from RA certified sources is the number of Lipton tea bag blends containing greater than 5% tea from RA certified sources and expressed as a proportion of the total number of Lipton tea bag blends.

##### **Organisational reporting boundary**

Tea purchased by all Unilever operations, excluding any purchased by third parties that manufacture products for Unilever.

##### **Performance data preparation and assumptions**

The Unilever Procurement function records and tracks the amount of raw material (in this case tea) sourced sustainably by:

- Recording purchases of sustainable sourced tea raw materials.
- Validating them against the approved sustainable suppliers in the relevant Unilever purchasing systems.
- Validating certified suppliers who supply Unilever directly to the relevant Unilever purchasing systems.

The total annual volume of tea purchased by Unilever in metric tonnes is consolidated from the relevant Unilever purchasing systems.

For our Lipton tea bag blend target, each raw material (tea) is coded describing several properties of the material itself, e.g. one of them is RA describing whether the material is from a RA certified source or not. Tea blends are considered as containing a proportion of RA certified tea if they contain greater than 5% RA certified sources. The use of tea in blends packed in Lipton tea bags is tracked on a manual basis. It is reviewed and validated by the Category Procurement Operations Manager - Tea.

#### **4.10 Better livelihoods – Supporting small-scale distributors**

**Performance measure:** The number of female entrepreneurs ('Shakti ammas') selling products to households in India at the end of 2013 (this is as at 31 December 2013).

##### **Definition**

'Shakti ammas' are women identified in rural villages in India who sell Unilever products. 'Shakti ammas' are required to purchase Unilever products from one of Unilever's main distributors. 'Shakti ammas' are not employed by Unilever. A 'Shaktimaan' is a male Shakti, generally from the same family. The metric currently does not report on the number of 'Shaktimaan'.

A 'Shakti amma' is considered to be active if the individual regularly purchases Unilever products from the main distributor. An active 'Shakti amma' is someone who has completed one full sales cycle in the last three months, i.e. purchase from, and full payment for goods to, the distributor and a further purchase of goods.

##### **Organisational reporting boundary**

The 'Shakti ammas' do not include male entrepreneurs. The initiative currently operates only in India.

##### **Performance data preparation and assumptions**

'Shakti ammas' are allocated a unique identification number in Unilever's sales management system. This system is used by the main distributors who sell products to the 'Shakti ammas'.

Details of purchases by each 'Shakti amma', including date and value, are collected via the distributors and registered in the sales management system. The system also flags those individuals that are no longer active, i.e. those that have not purchased products within the preceding three months.

The number of active 'Shakti ammas' is extracted from the sales management system.

The reported number of 'Shakti ammas' is rounded down to the nearest thousand.

## 5. Environmental and Occupational Safety performance data preparation

Sections 5.1 – 5.8 detail the basis of preparation for each EOS indicator.

### **5.1 Water – Quantity of water (in cubic metres) abstracted by manufacturing sites (part of USLP)**

**Performance measure:** The amount of water abstracted in cubic metres by manufacturing sites in 2013 (this covers the period 1 October 2012 to 30 September 2013). The quantity of water abstracted in cubic metres during the reporting year compared to the quantity of water abstracted in cubic metres in the baseline year (2008).

#### **Definition**

Water abstracted is defined as water imported by Unilever manufacturing sites from municipal supplies, bore hole, river, sea, etc. Each factory records water abstracted as either potable water (drinking water quality) or non-potable water (non-drinking water quality). Total water abstracted is the sum of potable and non-potable, measured in cubic metres.

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

#### **Organisational reporting boundary**

Water abstracted by manufacturing sites does not include rainwater captured and treated on the manufacturing site. Water contained in raw materials is not included. However, water abstracted for use as an ingredient in products is included. Water abstracted by third parties that manufacture or package products for Unilever is excluded.

#### **Performance data preparation and assumptions**

Measuring water abstracted by Unilever manufacturing sites when it enters the factory boundary is more specific than 'use' of water resources which can have multiple meanings. All imported water as recorded on meter reads/invoices is captured by each manufacturing site in the EPR system. All data is recorded in cubic metres.

The EPR system summarises and aggregates the data into standard reports by manufacturing site and at regional and global levels.

## **5.2 Emissions of chemical oxygen demand (COD) in kg per tonne of production**

**Performance measure:** Chemical oxygen demand (COD) in kg in 2013 (this covers the period 1 October 2012 to 30 September 2013).

### **Definition**

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

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

### **Organisational reporting boundary**

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

### **Performance data preparation and assumptions**

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

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

### 5.3 and 5.4 Greenhouse gases –

- **CO<sub>2</sub> emissions from energy use in kg per tonne of production and change in the tonnes of CO<sub>2</sub> from energy use in the year ended 30 September 2013 compared to the 2008 baseline (part of USLP); and**
- **Total energy consumption in GJ per tonne of production**

**Performance measure:** Tonnes of CO<sub>2</sub> emissions from energy used in manufacturing in 2013 (this covers the period 1 October 2012 to 30 September 2013). Absolute emissions during the reporting year compared to absolute emissions in the baseline year (2008).

#### **Definition**

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

CO<sub>2</sub> emissions from energy used in manufacturing sites is calculated from energy sources in gigajoules multiplied by the carbon emission factor for each energy type (in kg CO<sub>2</sub> per GJ).

Absolute CO<sub>2</sub> emissions during the reporting year is the sum of CO<sub>2</sub> emissions for each energy source.

We calculate CO<sub>2</sub> emissions per tonne of production, based on absolute CO<sub>2</sub> emissions divided by the sum of production volume in tonnes reported by each manufacturing site.

#### **Organisational reporting boundary**

The energy sources that result in CO<sub>2</sub> emissions include electricity, coal, natural gas, heavy fuel oil, light fuel oil and steam used in manufacturing sites.

CO<sub>2</sub> emissions from the following uses/sources at our manufacturing sites are excluded:

- diesel/LPG used in forklifts, fire trucks and testing power generators;
- third parties that manufacture or package products for Unilever;
- biogenic fuels (biomass, wood pellets, etc.); and
- renewable electricity purchased from verifiable certification schemes.

Our GHG data does not include minor emissions sources that are beyond our boundary of financial control and that are not material. For example, emissions of CO<sub>2</sub> from energy used in our offices and warehouses are excluded, although we continue to drive improvements in these areas.

We do not measure levels of three other major GHGs because our emissions are negligible. These are: nitrous oxide (produced mainly in nitric oxide manufacture), perfluorocarbons (mainly associated with aluminium and magnesium production) and sulphur hexafluoride (used in some electrical equipment). GHG emissions associated with fugitive losses of HFC refrigerants are not included within the scope of CO<sub>2</sub> emissions from energy used in manufacturing. These are not material compared to emissions from energy used.

#### **Performance data preparation and assumptions**

Primary energy use data is taken from meter reads/invoices and captured for each manufacturing site in the EPR system. The EPR system contains factors to convert common units of energy (e.g. cubic metres of gas or tonnes of oil) to a standard unit of energy (GJ).

Carbon emission factors are used to convert energy used in manufacturing to emissions of CO<sub>2</sub>. Carbon emission factors for fuels are provided by the Intergovernmental Panel on Climate Change (IPCC). Carbon emission factors for electricity reflect the country or sub-region where each manufacturing site is located and are provided by the International Energy Agency (IEA) and local regulatory authorities, for example the United States Environmental Protection Agency (US EPA). Consistent with the USLP metric, this is based on CO<sub>2</sub> emissions as opposed to GHG emissions.

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

### **5.5 and 5.6 Waste –**

- **Hazardous; and**
- **Non-hazardous waste in kg per tonne of production and change in tonnes of total waste in the year ended 30 September 2013 compared to the 2008 baseline (part of USLP)**

**Performance measure:** The amount of hazardous and non-hazardous waste sent for disposal in kg per tonne of production in 2013 (this covers the period 1 October 2012 to 30 September 2013). The change in the tonnes of total waste sent for disposal in the year ended 30 September 2013 compared to the baseline year (2008).

#### **Definition**

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

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

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

#### **Organisational reporting boundary**

The metric does not include:

- liquid effluent wastes that are discharged from a site typically via pipeline or road tanker – where the chemical oxygen demand (COD) is measured. (These liquid effluent wastes are recorded and reported separately internally);
- waste from building/demolition projects that are not directly related to production; and
- waste disposed by third parties that manufacture or package products for Unilever.

#### **Performance data preparation and assumptions**

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

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

### **5.7 Occupational safety – Reduce workplace injuries and accidents (fatalities)**

**Performance measure:** The number of occupational injury or work-related ill-health (WRIH) events which results from exposure to an occupational health and safety hazard(s), in the course of employment which results in death in 2013 (this covers the period 1 October 2012 to 30 September 2013).

#### **Definition and organisational reporting boundary**

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

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

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

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

#### **Performance data preparation and assumptions**

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

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

## **5.8 Occupational safety – Reduce workplace injuries and accidents (Accident rate: Total Recordable Frequency Rate)**

**Performance measure:** The number of occupational accidents per one million hours worked (this covers the period 1 October 2012 to 30 September 2013).

### ***Definition and organisational reporting boundary***

Accidents are measured as a Total Recordable Frequency Rate (“TRFR”) per 1,000,000 (one million) man-hours. TRFR is defined as all workplace accidents, excluding only those that require simple first-aid treatment.

The TRFR calculation is the sum of all lost-time accidents (LTA) plus restricted work cases (RWC) plus medical treatment cases (MTC) expressed as a rate per one million hours worked.

TRFR is the preferred reporting indicator for accidents at work.

### ***Performance data preparation and assumptions***

Recordable accidents include recordable occupational injuries occurring to Unilever employees and lost-time accidents occurring to contractors working on behalf of, but directly supervised by, Unilever. Man-hours worked includes the total number of paid hours worked by all Unilever site employees. Injuries which occur while travelling on business must be included in the organisation’s (site’s) safety statistics, unless the injured person is travelling between their home and their normal place of work. Information on man-hours worked is either obtained directly from personnel in our Human Resources (HR) function or calculated via employee numbers, absences and overtime information provided by HR.

In line with industry best practice, we include in our definition of an ‘employee’, temporary staff and contractors who work under our direct supervision.