

UNILEVER SUSTAINABLE LIVING PLAN



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SMALLHOLDER DEVELOPMENT



INCREASING DEMAND AND RESOURCE SCARCITY



EMERGING CONSUMER NEEDS



SUSTAINABILITY



what does it mean?

a **sustainable** business is a
growing and profitable business
that delivers **positive social, economical**
and **environmental** outcomes



BUSINESS CASE FOR SUSTAINABILITY



- fuels innovation & growth, with huge potential in developing & emerging markets
- builds consumer preference - consumers won't compromise
- ensures you win with customers and shareholders
- reduces waste - reduce, reuse, recycle

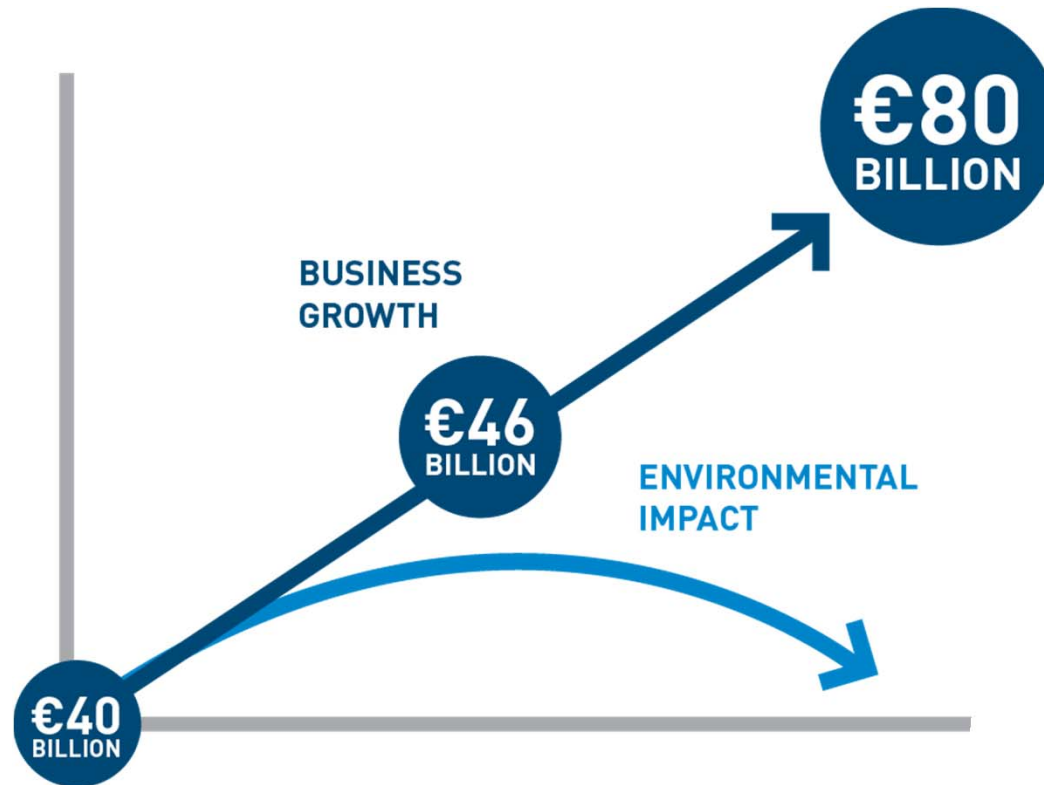




VALUE CHAIN VIDEO



OUR VISION



THREE BIG GOALS BY 2020



HELP
1 BILLION
PEOPLE IMPROVE
THEIR HEALTH
& WELL-BEING

HALVE
ENVIRONMENTAL
FOOTPRINT OF
OUR PRODUCTS

SOURCE
100%
OF AGRICULTURAL
RAW MATERIALS
SUSTAINABLY

60 TIME BASED COMMITMENTS



OUR AUDACIOUS PLAN

IMPROVING HEALTH AND WELL-BEING

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

HEALTH AND HYGIENE

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

NUTRITION

We will continually work to improve the taste and nutritional quality of all our products. By 2020 we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.



REDUCING ENVIRONMENTAL IMPACT

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

GREENHOUSE GASES

Halve the greenhouse gas impact of our products across the lifecycle by 2020.*

WATER

Halve the water associated with the consumer use of our products by 2020.* †

WASTE

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



SUSTAINABLE SOURCING

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

BETTER LIVELIHOODS

By 2020 we will link more than 500,000 smallholder farmers and small-scale distributors into our supply chain.



UNILEVER SUSTAINABLE LIVING PLAN

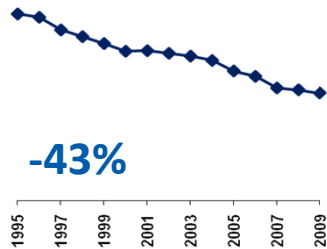
Small Actions. Big Difference.



OUR DIRECT IMPACTS ARE SMALL



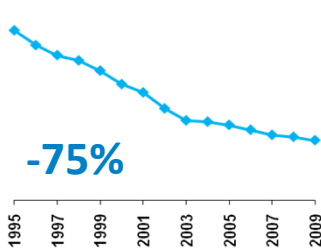
GREENHOUSE GASES



-43%

CO₂ from energy use
(kg/tonne production)

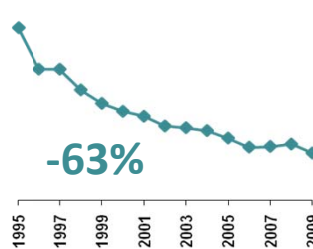
WATER



-75%

Water use
(m³/tonne production)

WASTE



-63%

Waste
(kg/tonne production)

**OUR DIRECT
IMPACTS ARE
SMALL - ONLY 3%**

RAW MATERIALS

26%



MANUFACTURE

3%



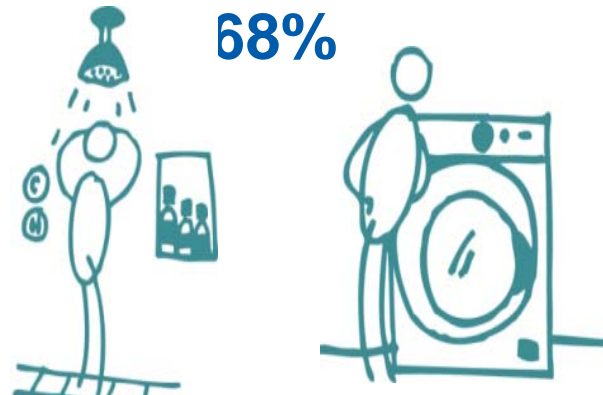
DISTRIBUTION / RETAIL

2%



CONSUMER USE

68%



DISPOSAL

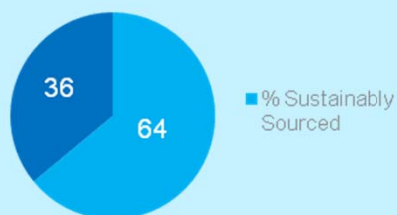
1%



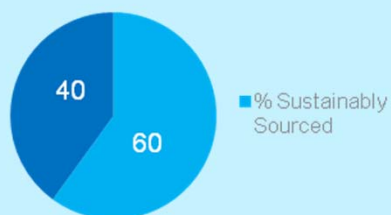
WHERE ARE WE ON SUSTAINABLE SOURCING?



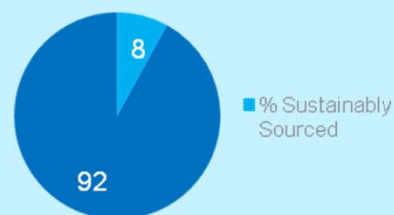
Palm Oil



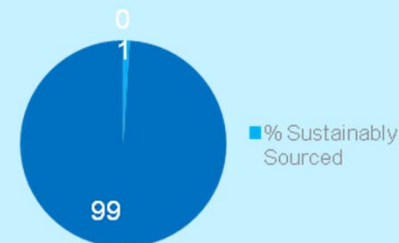
Paper & Board



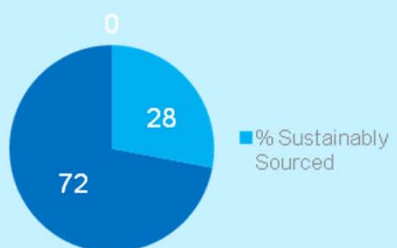
Soy



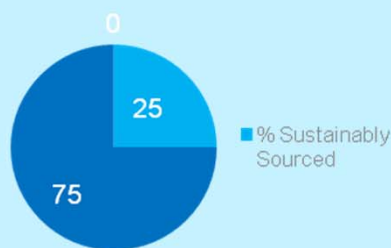
Sugar



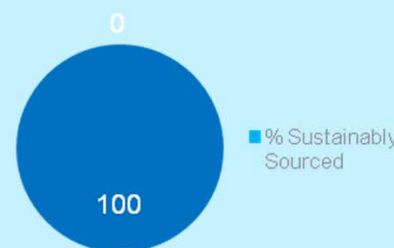
Tea



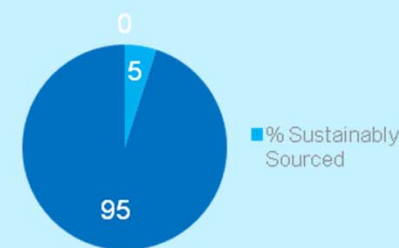
Fruit & Vegetables



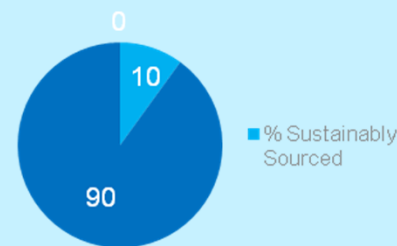
Sunflower



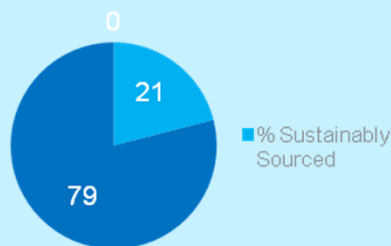
Rapeseed



Dairy



Cocoa



Our top 10 agricultural raw materials account for two-thirds of our volumes for renewables

On Track - Reached 24% Sustainable Sourced Volumes in 2011

The background features a large, dark purple, irregular polygonal shape that dominates the center. This shape is surrounded by several smaller, angular shapes in various shades of pink and magenta, creating a modern, geometric aesthetic. The overall composition is clean and professional.

SUSTAINABLE SOURCING IMPLEMENTATION PLAN

SUSTAINABLE SOURCING



GLOBALG.A.P.



Certification

Unilever
Sustainable Agriculture Code



Verification

OUR TRACK RECORD



founding:

RSPO

Roundtable on Sustainable Palm Oil



working in partnership with:



Water Footprint
NETWORK



**World Food
Programme**



CARBON DISCLOSURE PROJECT



**WORLD HEART
FEDERATION®**



unicef 



MAKING A REAL IMPACT



OUR SUSTAINABLE AGRICULTURE CODE



CHAPTERS OF THE SAC



Continuous improvement



Waste



Agrochemicals and fuels



Energy and Greenhouse gases



Soils



Social and human capital



Water



Value chain and local economy



Biodiversity



Animal welfare



Training

www.unilever.com/aboutus/supplier/sustainableprocurement/sustainableagriculturecode/

THE PIN WHEEL PROCESS



OUR EFFORTS RECOGNISED BY OTHERS



**TOMORROW'S
VALUE™ RATING**



Committed to the Environment



FTSE4Good

ENDS
carbon



The background features a large, dark green, irregular polygonal shape on the left. To its right, there are several smaller, overlapping geometric shapes in various shades of green and yellow, creating a modern, abstract composition.

EXPERIENCES IN SUSTAINABLE SOURCING

KNORR'S PARTNERSHIP FUND



FUND CRITERIA

We understand sustainable sourcing is a journey of continuous improvement and not always an easy one.



Projects must:

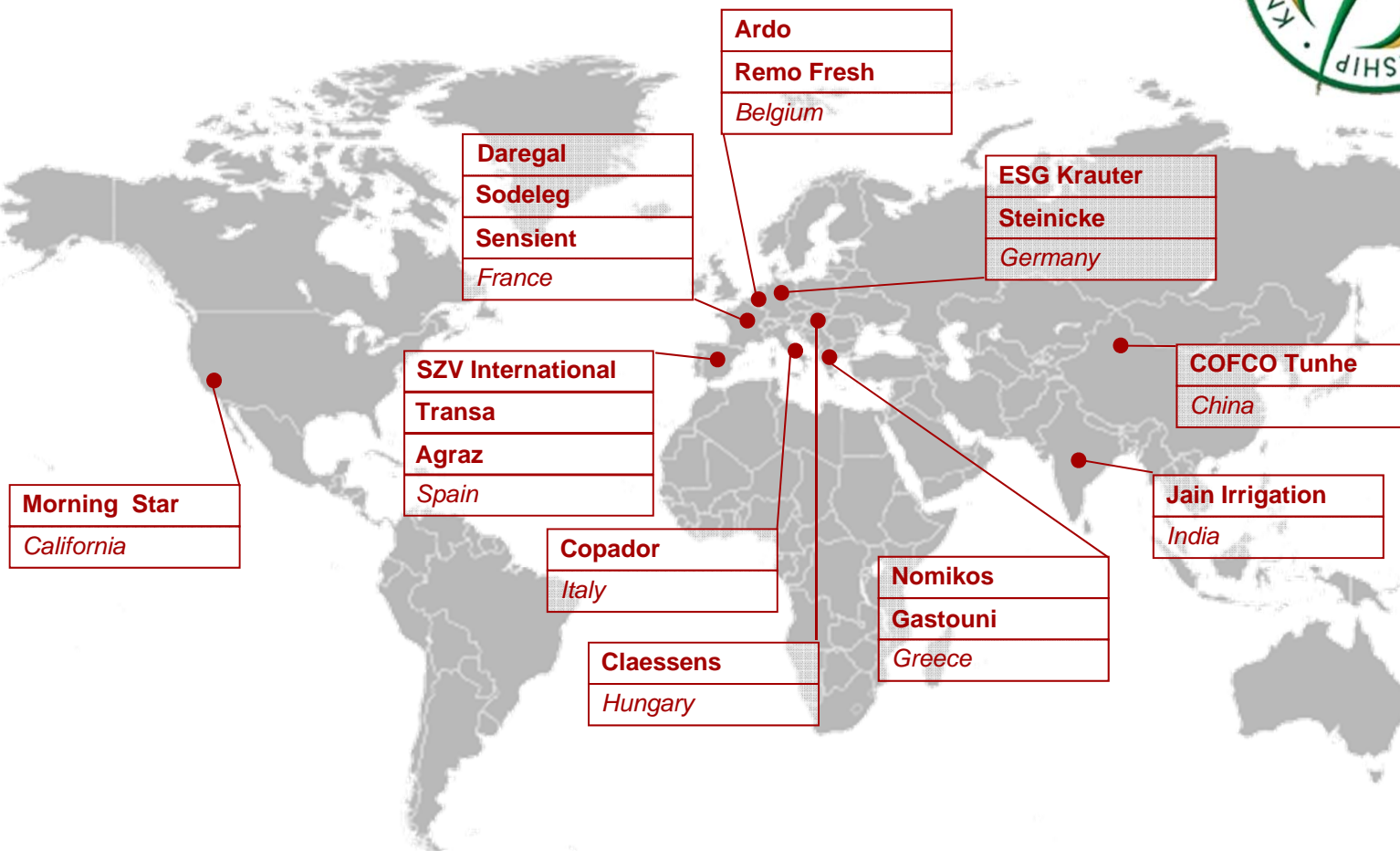
- Bring new knowledge to the industry.
- Bring suppliers together in a region to tackle a specific issue.
- Be carried out in cooperation with credible universities/NGOs.
- Deliver a positive return on investment for all stakeholders.
- Be relevant to consumers and provide tangible stories.

They should be focused on the following areas:

- New knowledge
- Biodiversity
- Water protection
- Reduction of toxic pesticides usage
- Others to meet the SAC



More than 30 Sustainable Agriculture projects already approved



THE CHALLENGE AHEAD



OUR COMMITMENT TO SMALLHOLDER FARMERS



By 2020 we will link more than 500,000 smallholder farmers and small-scale distributors into our supply chain.

We will help to improve their agricultural practices and thus enable them to supply into global markets at competitive prices. By doing so we expect to improve the quality of their livelihoods.

- Better livelihoods means improve agriculture practices
- Target is deliberately open: we can choose what counts against target

We need to provide evidence that the livelihoods of 500,000 SHF have improved as a result of becoming linked to the Unilever supply network

WHAT IS A SMALLHOLDER FARMER?

Typically smallholders:

- Farm less than 2 ha (but this is crop specific, can be 10 ha or more in tea or palm oil)
- Run family farms where the family largely relies on agriculture for its livelihood and most of the family's diet is produced on the farm
- Are price takers when selling their crop, with little market power as individual player

Opportunity and challenges with smallholders:

- Smallholders make up 85% of the world's farmers and farm e.g. 60% of the land in Africa
- Many smallholders don't have access to advice, varieties, inputs and finance. Providing these can often double their yields within a few seasons
- Many smallholders depend on insecure or volatile markets, making them highly vulnerable to food insecurity. Unilever can provide secure markets
- Many smallholders farm land with uncertain or contested land titles



3 FACTORS FOR LONG TERM SUCCESS WORKING WITH SMALLHOLDER FARMERS



- **A STRONG BUSINESS CASE:** Smallholder ventures with clear economic merit are much more likely to succeed
- **The RIGHT OPERATING MODEL:** working with the right partners who know how to engage with smallholders
- **EVIDENCE of IMPROVEMENT:** to sustain our effort we need to understand whether the training and support we provide is having a positive effect on livelihoods.

In 2012, we will be selecting future projects with smallholders which meet all these of these criteria



TEA & COCOA ORIGIN SOURCING



- Consumers increasingly want to know the origins of where the ingredients are coming from
- Creates an opportunity for marketers to launch new projects linked to origin sourcing from smallholder farmers
- Able to tell the stories of the impact to smallholder farmers and rural communities



CREATING A SUSTAINABLE FUTURE

