

# UNILEVER SUSTAINABLE LIVING PLAN: CHINA



After a long history dating back to 1923, Unilever re-entered the China market in 1986. Today, Unilever China has grown into a € 1 billion business which is enjoying rapid growth and has become one of the top priority countries for Unilever.

The Chinese government announced its 'harmonious society' strategy in 2006. Part of the definition of harmonious society is sustainable development in both social and economic terms so that sustainability has

been put high on China's development agenda. Unilever China will play a significant role in helping to deliver the global Unilever Sustainable Living Plan targets. Working with our local partners in China, we will use the opportunity of the USLP to deepen and extend our actions at a local level to ensure the many programs and initiatives we work on create a better future for the local communities we are part of.

## REDUCING ENVIRONMENTAL IMPACT

Unilever China will develop new ways of doing business that will allow us to grow our company while contributing to the global target of halving the water, waste and greenhouse gas impacts of our products per consumer use and sustainably sourcing 100% of our agricultural raw materials by 2020.

## GREENHOUSE GASES

### Reduce GHG from our manufacturing

Through good manufacturing practice and capital investment, we are contributing to the China Government's target to reduce carbon emissions by at least 40% by 2020 (vs. 2005 baseline).

- Solar energy utilization: In May 2010, with 500KRMB investment, our Jinshan factory started to pilot the use of solar energy to heat water. The switch to solar power will reduce GHG emissions by 4.4% and non-renewable energy use by 5%. The feasibility of rolling out solar power to other sites is currently being reviewed. We plan to invest in solar energy in more factories from 2011.
- Biomass burner system: Our Hefei factory is the first Unilever factory to install & put into production a Biomass burner. It will not only reduce CO<sup>2</sup> by 15,000 tonnes per year and seasonal air pollution from straw burning reduction but will also stimulate technical innovation and cost savings. The residual burned slag can also be re-used in construction materials.

### Reduce GHG from transport

Project Backhaul was started in 2008 to improve distribution efficiency and significantly reduce GHG emissions from distribution. The success of the project pilot resulted in Unilever China launching its Green Logistics Program in 2009 which saved the equivalent of 520 truck trips and 58 tonnes of CO<sub>2</sub> emissions per year. The Green Logistics Program's contribution to reducing GHG and increasing supply chain efficiency was recognised by Unilever being awarded the 2010 'Golden Award' for Efficient Consumer Response (ECR), China.



Paul Polman inspects biomass burner in Hefei

## REDUCING ENVIRONMENTAL IMPACT

## WATER

### Reduce water in our manufacturing process

A number of our factories have put in place innovative programs to recycle and reuse water. In our Beijing factory, from the start of 2010 we have re-used pasteurized cooling water. In our Hefei site from late 2010, we have further treated our effluent water to enable it to be reused as domestic water. From 2011, other sites will take specific steps to further reduce water use.

## WASTE

### Reduce packaging

- We have joined the Walmart Packaging Scorecard Project (WPS) launched in 2010 with the aim of measuring and reducing the environmental impact of suppliers' packaging. Unilever China has put in place an ambitious plan to achieve 100% compliance with the WPS scorecard within 3 years.
- Optimize packaging design: Since the start of 2010 we have been working to remove unnecessary transport packaging – removing unnecessary partitions in promotional outer cases, optimizing the inner space of outer cases and improving palletisation to maximise transport efficiency.

Overall, we will deliver 5% total packaging weight reduction from 2010 to 2012.

### Reduce waste from our manufacturing

Our manufacturing sites have a clear plan to reuse and reduce non-hazardous waste from 2010 to 2011. For instance, Taicang factory will reuse waste water treatment plant sludge for compost and Hefei factory will reuse liquids wastage to make industrial cleaning detergent from 2011.

### Reduce waste from our distribution

We will take the following steps from 2010 to 2012 to reduce waste from our warehouses and transport :

- Reduce damage through more container transportation
- Reusable wrapping belt to replace one-time wrapping film
- Start recycling project to increase the recycle rate for our outer packaging

## SUSTAINABLE SOURCING

### Sustainable Tea

Since the majority of the tea market in China is green tea, in 2006, we started the Yellow Mountain Project for sustainable green tea sourcing.

By encouraging more sustainable farming practises, we have increased yields and in turn increased participating local tea farmers' income by 80% comparing 2008 vs. 2006. In addition to working with tea farmers, we also work with tea processors.

By 2011 we aim to have 90% of tea residue re-used as organic fertilizer, and re-use 90% of the water used during tea processing.

In the future, we will extend our sustainable tea initiatives through joining the Rainforest Alliance™ certification scheme.

### Sustainable Ice Cream Wooden Sticks

Since the start of 2010 we have been working together with local suppliers to develop sustainable sourcing of our wooden ice cream sticks. From 2012, we will purchase all our wooden ice cream sticks from sustainable sources.



Every year we will touch the lives of more than 300,000 children and create the opportunity for a substantially better future for at least 10,000 children.

## BETTER LIVELIHOODS

### Hope School Programme

Since the economies of underdeveloped areas in central and western China often struggle to provide adequate conditions for local education, China started the Hope School Programmes in 1984 to help provide children in such poor and underdeveloped areas with educational opportunities.

Unilever China joined the Hope School Programme in 1996. So far we have helped to build 20 schools across China. Starting from September 2006, Unilever China organizes two Volunteer Teacher project tours every year, giving volunteer employees a week's paid leave to do volunteer teaching in Unilever Hope Schools. To ensure the quality of our teaching programme, each volunteer teacher receives professional training.

With the plan to rebuild the Yu Shu School in 2011 which was seriously damaged in the earthquake and build a new school in Haibei-Qinghai in 2011, we are continuing our work to create a better future for children.

### Taking care of "Left behind" children

In China, as a result of migrant workers moving to big cities to find employment, 30% of children in rural areas are not living with their parents.

In 2009, Unilever China worked with the All-China Women's Federation to help left-behind children across the whole country by sponsoring a research project to understand the situation of these children. The research identified communication as a main issue – with parents and children struggling to maintain ties due to long distances and lack of resources to communicate by phone or other technologies. The programme built a platform to help foster closer ties between parents and left-behind children by providing for example telephone cards and tips & advice on how to communicate at a distance.

With a wide coverage of ten provinces and five cities of China, the programme has directly benefited 600,000 rural families.



We will enable our people to make sustainable choices at home and at work.

## PEOPLE

### Improve employee health, nutrition and wellbeing

Guided by Unilever Global's effort, we started to roll out our Lamplighter employee wellbeing programme from July 2010 in Unilever China's Head Office.

As part of the programme, we aim to improve the health of our employees by motivating them to participate in body stretching classes offered daily at 3pm. We have rolled out five health & fitness classes including Karate, Fat-Reduction Exercise, Physiotherapy Exercise, Yoga and Fitness Dance. Classes are on offer every day of the working week. So far, 500 of our Head Office employees have joined the classes. We gently remind employees that small actions, such as taking the stairs, can add up to a big difference for their health and fitness.

We will launch an Intensive Program to tailor elements of our employee wellbeing program to the different needs of our employees and plan to roll out the program to other Unilever China offices from 2011.

### Reduce GHG emissions from Employee Travel

Unilever is the first company to choose eco-friendly vehicles in Shanghai. By switching to vehicles powered by bi-electric hybrid pure electricity, we can achieve the goal of zero pollution, zero noise, energy saving and air quality improvement for journeys using these vehicles compared to traditional

vehicles. So far Unilever China runs 6 hybrid shuttle buses every day. We plan to increase to 10 by the end of 2010. This encourages employees to use public transport rather than driving their own car to work. We are also encouraging employees to integrate flexible home working into their regular work patterns to reduce travel.

### Reduce energy consumption in our offices

We are committed to reducing energy use by 10% every year from 2010. Our LED light replacement programme will make an important contribution to achieving this target.

### Reduce water consumption in our office

We are committed to reducing water use in our offices by 5% every year from 2011 by reusing more rain water.

### More environmental awareness initiatives

We are committed to rolling out more environmental awareness initiatives between 2010 and 2012 to encourage employees to adopt more environmentally sustainable behaviours in the office and at home. We will plant additional trees to offset CO<sub>2</sub> emissions from our office sites and will encourage employees to segregate waste and save energy at our office sites.

### Partners of Unilever China Sustainability

To inform & help drive our sustainability agenda, we have established a local Sustainability Board comprising the following Unilever and external experts:

- Alan Jope, David Ingram, Keir Steinke and Zeng Xiwen from Unilever China management team
- Academia, CAS Fellow, Mr Li Jing Hai
- Unilever global advisor Chinese environmentalist, Mr Ma Jun
- CEO of COFCO, Patrick Yu
- Professor Xue Qiu Zhi from Fudan University

Our sustainability board meets twice a year and has the responsibility of driving the sustainability agenda in China through bringing in outside

expertise, setting the strategic direction for the Unilever China sustainability strategy and making trade-off decisions where required.

From 2010, we have started to work with the Institute of Public Environmental Affairs (IPE) which is the influential NGO focusing on water pollution in China. We will cooperate with IPE mainly on Supplier Environmental Audits and will complete the following steps to fulfil our environmental commitments by 2015:

- Contact every supplier on the issues list and ensure 50% suppliers implement corrective action by 2010;
- Contact every supplier on the issues list and ensure 70% suppliers implement corrective action by 2011;
- Contact every supplier on the issues list and ensure 80% suppliers implement corrective action by 2012.