



Unilever Basis of Preparation 2021

For sustainability metrics selected for independent assurance



Unilever

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1. Introduction

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

The selection of Compass and EOS performance measures for limited assurance is explained in the 'Independent Assurance' section of Planet & Society online.

Our Compass and EOS targets and the performance results achieved are described in full in the Annual Report & Accounts <https://www.unilever.com/investors/annual-report-and-accounts/> and in our Sustainability performance data <https://www.unilever.com/planet-and-society/sustainability-reporting-centre/sustainability-performance-data/>. 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, scope and data preparation for the performance measures listed below. The preparation of the Compass and EOS performance measures is detailed in Sections 4 and 5 respectively. Unless otherwise indicated, 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 categorised as joint ventures or investments are excluded from the scope of all performance measures, unless otherwise indicated. The results of disposed businesses are included in the performance measures up to the date of disposal.

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

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

2.1 Compass performance measures

Compass Indicator	Performance measure	2021 reported performance result
Climate Action: Halve the GHG impact of our products across the lifecycle by 2030	<ul style="list-style-type: none"> The percentage change in the GHG impact of our products across the lifecycle per consumer use between the period measured from 1 January 2010 to 31 December 2010 ("2010 baseline") and the period measured from 1 July 2020 to 30 June 2021 ("2021 footprint"). 	<ul style="list-style-type: none"> 14% decrease in the GHG impact of our products across the lifecycle
Positive Nutrition: Helping people to achieve healthier diets	<ul style="list-style-type: none"> The percentage of Unilever's Food and Refreshment product sales by volume, that meet WHO-aligned nutritional standards, in the period 1 October 2020 to 30 September 2021. The percentage of Unilever's Food product sales by volume that meet Unilever's standards for salt, designed help consumers reduce their salt intake to no more than 5g per day as part of the WHO-aligned nutritional. 	<ul style="list-style-type: none"> 63% of our portfolio by volume met WHO-aligned nutritional standards 81% of portfolio by volume met Unilever's standards for salt

2.2 EOS performance measures

EOS Indicator	Performance measure	2021 reported performance result
Water: Reduce water use in manufacturing	<ul style="list-style-type: none"> Water abstracted in m³ per tonne of production. Change in the volume of water in cubic meters (m³) abstracted in 2021 (this covers the period 1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).* Percentage change in the water abstracted per tonne of production in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).* Emissions of chemical oxygen demand (COD) in kg per tonne of production. 	<ul style="list-style-type: none"> 1.57 m³/tonne 26.6 million fewer m³ of water abstracted in 2021 than in 2008 47% reduction in water abstracted per tonne of production in 2021 compared to 2008 0.92 kg/tonne
Energy and GHG emissions: Reduce GHG from manufacturing	<ul style="list-style-type: none"> CO₂ emissions from energy use in tonnes (market-based). CO₂ emissions from energy use in tonnes (location-based). CO₂ emissions from energy use in kg per tonne of production (market-based). Change in the tonnes of CO₂ from energy (market-based) in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008)*. Percentage change in CO₂ from energy use (market-based) per tonne of production in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008)*. Energy use in gigajoules per tonne of production. 	<ul style="list-style-type: none"> 651,491 tonnes (market-based) 1,620,007 tonnes (location-based) 34.06 kg/tonne 2,134,391 fewer tonnes of CO₂ from energy use in 2021 than in 2008 77% reduction in CO₂ from energy use (market-based) per tonne of production in 2021 compared to 2008 1.23 GJ/tonne

Waste: Reduce waste from manufacturing	<ul style="list-style-type: none"> • Hazardous waste in kg per tonne of production. • Non-hazardous waste in kg per tonne of production. • Total waste sent for disposal per tonne of production. • Change in the tonnes of total waste sent for disposal in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008)*. • Percentage change in the total waste sent for disposal per tonne of production in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008)*. 	<ul style="list-style-type: none"> • 0.23 kg/tonne • 0.07 kg/tonne • 0.31 kg/tonne • 145,210 fewer tonnes of total waste sent for disposal in 2021 than in 2008 • 96% reduction in total waste sent for disposal per tonne of production in 2021 compared to 2008
Occupational safety: Reduce workplace injuries and accidents	<ul style="list-style-type: none"> • Number of fatal accidents in 2021 (1 October 2020 to 30 September 2021). • The Accident Rate (Total Recordable Frequency Rate) (this covers the period 1 October 2020 to 30 September 2021). 	<ul style="list-style-type: none"> • 7 fatalities • 0.55 accidents per 1 million man-hours worked

* The baseline 12-month reporting period is comparable to the 12-month reporting period for 2021.

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 performance measures in the above tables, 2.1 and 2.2, are subject to external assurance unless specifically noted.

3.1. Compass performance measures

Our data reporting systems for Unilever Compass 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 measures

Every year we collect data on key measures of environmental performance. This is collated and analysed using a web-based Environmental Performance Reporting tool (EPR). Since 2008, we have reported our CO₂ emissions with reference to the GHG Protocol**.

For the reporting period 1 October 2020 to 30 September 2021, 250 manufacturing sites in 64 countries reported environmental performance data. In some cases, multiple factories occupy one manufacturing site.

For the two occupational safety performance measures, we collect data from our manufacturing sites and non-manufacturing sites via our Occupational Safety (OS) tool. For the reporting period 1 October 2020 to 30 September 2021, 250 sites reported occupational safety performance measures.

** The Greenhouse Gas Protocol Initiative is a multi-stakeholder partnership of businesses, NGOs, governments and others convened by the World Resources Institute (WRI), 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. Compass performance data preparation

Sections 4.1 – 4.3 detail the basis of preparation for each Compass performance measure.

4.1 Climate Action: Halve the greenhouse gas impact of our products across the lifecycle by 2030

Performance measure:

The percentage change in the GHG impact of our products across the lifecycle per consumer use between the period measured from 1 January 2010 to 31 December 2010 ("2010 baseline") and the period measured from 1 July 2020 to 30 June 2021 ("2021 footprint").

Definitions:

The GHG performance measure considers GHG emissions including Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons and Perfluorocarbons (F-gases), Sulphur hexafluoride (SF₆) and Nitrogen trifluoride (NF₃) resulting from our products.

The GHG performance measure is expressed on a 'per consumer use' basis. 'Per consumer use' refers to the consumed amount per individual portion, single use or serving of a Unilever product by one person. It is based on the amount of product sold to the consumer, and either the recommended dose/use or habits data.

Scope:

Our GHG performance measure calculates the GHG emissions related to our products:

- In 14 key countries: Brazil, China, France, Germany, India, Indonesia, Italy, Mexico, Netherlands, Russia, South Africa, Turkey, UK, and USA.
- For our 12 categories: Beverages, Deodorants, Dressings, Fabric Sensations, Fabric Solutions, Hair Care, Home & Hygiene, Ice Cream, Oral Care, Savoury, Skin Care, and Skin Cleansing.
- In nine phases of the life cycle: primary packaging, secondary packaging, ingredients, inbound transport, manufacturing, distribution, storage at retail (product refrigeration including point-of-sale cabinets), consumer use, and disposal.

Products excluded from the GHG performance measure are:

- Those for which the sales volumes and specification details of the products are not available in the relevant Unilever databases.
- Those where Unilever does not have direct influence over the footprint of the finished product, namely: products developed and manufactured through our joint venture operations, bulk items and export items that are sold to third parties as unfinished products.
- Those distributed to professional markets via Food Solutions, promotional items and complex packs, and tools and devices (including Pureit).
- Those which have exceptionally high sales volumes expressed in consumer uses and represent a negligible proportion of our absolute impact, thereby having the potential to distort the 'per consumer use' performance measure (namely Q Tips cotton swabs, Annapurna salt, and Vaseline lip balm).

Performance data preparation and assumptions:

Calculating this performance measure requires a detailed analysis of the GHG impacts of thousands of products spread across 14 key countries. The GHG impact is calculated for a representative sample of products, based on a clustering of similar products. Within the 14 key countries, the clustering aims to account for at least 80% of our sales volume. The GHG impacts of the representative products is summed in each country and extrapolated across the sales of unclustered products at a category and country level to calculate a country's GHG impact. The GHG impact for each country is then summed to calculate the total footprint. The 2021 footprint accounted for 62% of Unilever's sales volumes.

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). Consumer use (i.e. the consumed amount per individual portion, single use or serving of a Unilever product by one person) is determined based on either consumer habits studies or on-pack recommendations. In cases where relevant consumer habits studies are unavailable, internal expert opinion is also used where necessary. Consumer use data often varies by country. The data on the GHG emission impact of ingredients and packaging are obtained from external databases (based on industry averages) or internal expert studies. Information on the GHG impact of ingredients, packaging, and consumer use is analysed and combined with the GHG impact of manufacturing and distribution (based on internal data sources) to calculate our GHG performance measure.

We continuously review our GHG footprint estimations to ensure we are using the best available data and thus improve the accuracy of our GHG emissions reporting. In 2020, we concluded that the changes required in certain estimations were sufficiently material to require us to restate our baseline. The 2010 GHG baseline has accordingly been restated in 2020 by an increase of 14.4% from 44.5g CO₂e per consumer use to 50.9g CO₂e per consumer use.

4.2 Positive Nutrition: WHO-aligned nutritional standards

Performance measure:

The percentage of Unilever's Food and Refreshment product sales by volume, that meet WHO-aligned nutritional standards, in the period 1 October 2020 to 30 September 2021.

Definitions:

- **Sales by volume:** The total weight (excluding packaging), measured in tonnes, of Unilever Food and Refreshment products sold.
- **Unilever Food and Refreshment (F&R) products:** All food and refreshment products sold by Unilever's Foods and Refreshments division except sales through distributors' own brand (DOB) products, inclusive of:
 - o Unilever F&R products
 - o Pepsi Lipton joint-venture (JV) products
- **Distributors' own brand (DOB) products (private label products):** Products that are manufactured by Unilever for specific customers who put their own labels on the products.
- **Outliers:** Observations in nutritional data which, based on statistical analysis, significantly deviate from other nutritional values in the same product group and are assumed to be inaccurate.
- **WHO-aligned nutritional standards:** A set of technical criteria and threshold values, for nutrients such as sodium, saturated fatty acids (SAFA), trans fatty acids (TFA), sugar and calories established by Unilever nutrition experts and approved by the Executive Vice President R&D F&R. The technical criteria and threshold values are in line with WHO standards and other external global and regional standards that

align with WHO standards as determined by Unilever. The threshold values determine the amount of nutrients and calories that need to be present in an F&R product to be in line with WHO-aligned standards. A product that does not exceed any of the threshold values defined is considered to be compliant.

- **Unilever's sales system ("CoRe"):** A database of global sales volume, in tonnes per SKU for Unilever Products.
- **Pepsi Lipton sales system (HFM):** A database of sales volume data for Pepsi Lipton joint venture products in number of 8oz cases which is manually converted to tonnes.
- **Unilever's Product Specification Management system (PLM):** A database used by product formulators to record product composition information for Unilever F&R products and Pepsi Lipton products sold in Europe and Asia, Middle East and Africa regions. Based on the product composition data, PLM automatically calculates and stores nutrient levels for each SKU.
- **Pepsi Lipton Formulation Specification System (FSS):** A database used by product formulators to record product composition information for Pepsi Lipton products sold in North and Latin America. Based on the product composition data, FSS automatically calculates and stores nutrient levels for each SKU.
- **Unilever's Nutritional data system ("Ganesh"):** A database that aggregates Unilever F&R sales volume data from CoRe and product specification data from PLM and automatically determines the compliance of SKUs with WHO-aligned nutrition standards.
- **Pepsi Lipton Nutritional data system:** A database that aggregates Pepsi Lipton sales volume data from HFM and product specification from the FSS and PLM.

Scope:

The performance measure covers all Unilever Food and Refreshment (F&R) products except for sales from SKUs:

1. Having different product codes in different systems which means that the required nutritional data cannot be accessed.
2. Part of acquired businesses whose data is not integrated into Unilever's core systems. Sales from newly acquired companies are included within two years from acquisition date.
3. Outliers.

Products out of scope in 2021 represent 3.1% of the sales volume in the F&R portfolio.

Performance data preparation and assumptions:

Unilever F&R products

Data collection, analysis and calculation:

- Nutrient compliance data by SKU for Unilever F&R products is extracted from the Ganesh database.
- The total sales volume for all compliant SKU's is summed in Ganesh.

Pepsi Lipton JV products

Data collection, analysis and calculation:

- Nutrient compliance data by SKU for Pepsi Lipton JV products is manually extracted from the FSS and PLM databases. For the Suntory and Morinaga partnerships sales volume per SKU and product

- composition data, including nutrition, is obtained from the respective external partners. SKUs are tagged as “compliant” if they pass the defined threshold levels.
- This list of compliant SKUs from the FSS and PLM databases is merged with the Pepsi Lipton sales system (HFM), to form the Pepsi Lipton Nutritional Data System.
- The total sales volume is summed for all compliant SKUs.

Unilever and Pepsi Lipton product data consolidation Data consolidation

- The total volume of compliant Unilever F&R products and Pepsi Lipton products is summed to equal the total sales volume of compliant products.
- The percentage is manually calculated, using Unilever’s total volume of all F&R products.

The supporting documentation and calculation are uploaded into Unilever’s online secure reporting platform (ELMA) for review by the Director of Nutrition Standards and approval by the EVP R&D Foods and Refreshment.

Calculation:

The sales volume of F&R products that meet WHO-aligned nutritional standards, divided by the total sales volume of F&R products.

4.3 Positive Nutrition: Reduce Salt Intake

Performance measure:

The percentage of Unilever’s Food product sales by volume, that meet Unilever’s standards for salt, designed to help consumers reduce their salt intake to no more than 5g per day as part of the WHO-aligned nutritional standards, in the period 1st October 2020 to 30th September 2021.

Definitions:

- **Sales by volume:** The total weight (excluding packaging), measured in tonnes, of Unilever Foods products sold.
- **Unilever Food products:** All the food products sold by Unilever’s Food and Refreshment division except sales of beverages (including Pepsi Lipton), ice cream, distributors’ own brand (DOB) products and sales of salt as a product (via Annapurna and Captain Cook brands).
- **Distributors’ own brand (DOB) products (private label products):** Products that are manufactured by Unilever for specific customers who put their own labels on the products.
- **Outliers:** observations in nutritional data which, based on statistical analysis, significantly deviate from other nutritional values in the same product group and are assumed to be inaccurate.
- **Unilever’s standards for salt:** A set of threshold values for salt established by Unilever nutrition experts and approved by the Executive Vice President R&D F&R, designed to help consumers reduce their salt intake to no more than 5g per day, in line with WHO standards. A product that does not exceed any of the threshold values is considered to be compliant.

- **Salt:** Salt refers to sodium. This BOP uses the term Salt to align with our commitment.
- **Unilever’s sales system (“CoRe”):** A database of global sales volume, in tonnes per SKU for Unilever Products.
- **Unilever’s Product Specification Management system (PLM):** A database used by product formulators to record product composition information for Unilever Food products. Based on the product composition data, PLM automatically calculates and stores salt levels for each SKU.
- **Unilever’s Nutritional data system (“Ganesh”):** A database that aggregates Unilever Food sales volume data from CoRe and product specification data from PLM and automatically determines the compliance of SKU’s with Unilever standards for salt.

Scope:

The performance measure covers all Unilever Food products, except sales from SKUs:

1. Having different product codes in different systems which means that the required nutritional data cannot be accessed.
2. Part of acquired businesses whose data is not integrated into Unilever’s core systems. Sales from newly acquired companies are included within two years from acquisition date.
3. Outliers.

The products out of scope in 2021 represent 5.1% of Unilever Food sales volumes.

Performance data preparation and assumptions:

Data collection, analysis and calculation:

- Nutrient compliance data by SKU for Unilever Food products is extracted from the Ganesh database.
- The total sales volume for all compliant SKU’s is summed in Ganesh.

Data consolidation

- The percentage is manually calculated, using the total volume of all Unilever Food products.
- The supporting documentation and calculation are uploaded into Unilever’s online secure reporting platform (ELMA) for review by Director of Nutrition Standards and approval by EVP R&D Foods and Refreshment.

Calculation:

The sales volume of Food products that meet Unilever’s standards for salt, divided by the total sales volume of Foods products.

5. Environmental and Occupational Safety performance data preparation

Sections 5.1 – 5.6 detail the basis of preparation for each EOS performance measure.

5.1 Water: Quantity of water abstracted by manufacturing sites

Performance measures:

- Water abstracted in m³ per tonne of production.
- Change in the volume of water in cubic meters (m³) abstracted in 2021 (this covers the period 1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).
- Percentage change in the volume of water abstracted per tonne of production in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).

Definitions:

Each factory records water abstracted for use in manufacturing from various sources. These sources are classified as; municipal/piped sources, groundwater (direct abstraction by site), surface water (direct abstraction from river or lake), brackish/saline sources (direct abstraction from estuary or sea), water delivered to site by tanker, noncontact cooling water (any source).

Total water abstracted is the sum of these sources, measured in cubic metres.

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

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.

- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.
 - Not all sections / modules within the plant being able to perform to rated parameters.
 - Site not yet being depreciated.
 - Technology guarantee checks not yet performed.
 - Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

Water used at our manufacturing sites from the following sources are excluded from total water abstracted:

- Rainwater captured and treated on the manufacturing site; and
- Embedded water or water contained in raw materials.

Performance data preparation and assumptions:

Water abstraction data is taken from meter reads/invoices and 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 Water: Emissions of chemical oxygen demand (COD) by manufacturing sites

Performance measure:

Chemical oxygen demand (COD) in kg per tonne of production in 2021 (this covers the period 1 October 2020 to 30 September 2021).

Definitions:

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.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
- Site not been released for normal production for more than 72 consecutive hours.
- No quality norms being achieved over a similar time period while running at rated throughput.
- Not all sections / modules within the plant being able to perform to rated parameters.
- Site not yet being depreciated.
- Technology guarantee checks not yet performed.
- Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

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.

Reuse of COD on-site, for example through irrigation of land on the Unilever site, is excluded from reported COD.

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.

Where direct measurement of COD is not carried out, estimation methodologies are applied by applying a standard conversion factor to COD measurement with reference to BOD (Biological Oxygen Demand) measurements and COD:BOD ratios for sites with similar product output or by using an average COD concentration per tonne of production based on similar manufacturing sites or those obtained during production trials.

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 GHG: Greenhouse gas emissions and energy use by manufacturing sites

Performance measures:

- CO₂ emissions from energy use (market and location based) in tonnes in 2021 (this covers the period 1 October 2020 to 30 September 2021).

- CO₂ emissions from energy use in kg per tonne of production (market-based) in 2021 (this covers the period 1 October 2020 to 30 September 2021).
- Change in the tonnes of CO₂ emissions from energy use (market-based) in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).
- Percentage change in CO₂ from energy use (market-based) per tonne of production in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).
- Total energy use in GJ per tonne of production.

Goal setting and tracking is performed using market-based CO₂ emissions.

Definitions:

Each factory records energy used in manufacturing under various energy sources e.g. gas, oil (Scope 1 sources), purchased electricity and steam (Scope 2 sources) etc. Each energy use is converted to gigajoules (GJ), using standard conversion factors and calorific values.

CO₂ emissions from energy used in manufacturing sites is calculated from energy use in GJ multiplied by the carbon emission factor for each energy type (in kg CO₂ per GJ).

The carbon emission factors for scope 2 emissions are applied in terms of the two methods provided by the GHG Protocol:

1. Location-based: All electricity purchased is converted into CO₂ emissions using the average grid emissions factor for electricity in the country in which it is purchased. Renewable Energy Certificates ('RECs') are not applied to the total scope 2 emissions.
2. Market-based: All electricity purchased is converted to CO₂ using emissions factors from contractual instruments which Unilever has purchased or entered into. Renewable energy certificates ("RECS") are applied based on RE100 guidance which allows for REC's to be used against electricity consumed in the same country as where the REC's are purchased, or used within the same single market (only Europe and North America).

The total amount of CO₂ emissions is the sum of CO₂ emissions for each energy source. This is measured in tonnes.

CO₂ emissions per tonne of production is the total amount of CO₂ emissions divided by the sum of production volume in tonnes reported by each manufacturing site. This is measured in kg per tonnes of production.

Energy from diesel/LPG used in forklifts, fire trucks and testing power generators on our manufacturing sites is excluded. CO₂ emissions from use of biogenic fuels (biomass, wood pellets, etc.) is also excluded.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.

- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.
- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.
 - Not all sections / modules within the plant being able to perform to rated parameters.
 - Site not yet being depreciated.
 - Technology guarantee checks not yet performed.
 - Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

We measure the reduction in CO₂ which is one of the four main GHGs. We do not measure the three other main 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 CO₂ emissions from energy used in manufacturing. These are not material compared to emissions from energy used.

Performance data preparation and assumptions:

Energy use data is taken from meter reads/invoices and captured for each manufacturing site in the EPR (Environmental Performance Reporting) 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). The EPR system summarises and aggregates the energy data into standard reports by manufacturing site and at regional and global levels. The total GJ of all energy used is calculated as the sum of all energy used.

Carbon emission factors are used to convert energy used in manufacturing to CO₂ emissions. Carbon emission factors for scope 1 energy sources such as fuels are provided by the Intergovernmental Panel on Climate Change ('IPCC'). Carbon emission factors for scope 2 energy sources such as grid electricity, applied according to the location-based method, reflect the country where each manufacturing site is located and are provided by the International Energy Agency (IEA). Carbon emission factors for grid electricity calculated according to the 'market-based method' are determined by contractual instruments which Unilever has purchased or entered into such as RECs, guarantees of origin, power purchasing agreements and utility contracts.

Where supplier-specific emissions factors are not available a location-based factor is used.

The most recent IEA data set, which usually has a 3-year time lag, is applied to each reporting year e.g. national grid electricity emissions factors used in the calculation of factors having been derived from IPCC 2021 emissions comes from 2018 IEA data. .

Total production volume is obtained from the EPR system.

5.4 Waste: Total waste (hazardous and non-hazardous) disposed by manufacturing sites

Performance measure:

- The amount of total waste (hazardous and non-hazardous) sent for disposal in kg per tonne of production in 2021 (this covers the period 1 October 2020 to 30 September 2021).
- Change in the tonnes of total waste sent for disposal in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).
- Percentage change in total waste sent for disposal per tonne of production in 2021 (1 October 2020 to 30 September 2021) compared to 2008 (1 January 2008 to 31 December 2008).

Definitions:

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 by vehicle 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.

Scope:

Manufacturing sites included in the performance measures are those which meet all the following criteria:

- The site is owned or leased by Unilever.
- Unilever personnel are running/controlling the site.
- The site manufactures or packs Unilever products or materials used in Unilever products.
- Production lines on new sites are only included once fully commissioned, which occurs once there has been sign-off by technology providers and R&D sign-off.

A manufacturing site may have one or more factories. Reporting will be performed for individual factories on a manufacturing site when the above conditions are met for one or more of the factories on the site.

Manufacturing sites excluded from the performance measures are those that meet the following criteria:

- Sites which are owned by Unilever but are run by third party companies.
- Sites owned by third parties that produce (pack or make) our products.

- Sites that are under commissioning. Indicators for when a site is still under commissioning, includes:
 - Site not been released for normal production for more than 72 consecutive hours.
 - No quality norms being achieved over a similar time period while running at rated throughput.
 - Not all sections / modules within the plant being able to perform to rated parameters.
 - Site not yet being depreciated.
 - Technology guarantee checks not yet performed.
 - Sites where decommissioning has started.

Non-manufacturing sites are offices, research laboratories and marketing/sales organisations.

The metric does not include:

- Waste from building/demolition projects that are not directly related to production.
- Waste that is kept permanently on-site through recycling, for example, wastes that are mixed with concrete and used as building materials.
- Waste temporarily held on site until an economic batch quantity is available for transportation offsite.
- Waste from innovation and product trials carried out at manufacturing sites.
- Medical, sanitary or clinical waste.

Performance data preparation and assumptions:

Sites have access to primary waste data. This is typically from weighbridge 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.

5.5 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 2021 (this covers the period 1 October 2020 to 30 September 2021).

Definitions and scope:

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

- 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 performance measure 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.

Occupational safety metrics are recorded for all Unilever manufacturing and non-manufacturing sites (offices, research laboratories and marketing/sales organisation).

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.

5.6 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 2020 to 30 September 2021).

Definitions and scope:

- 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 Employee Class A fatalities plus 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 performance measure for accidents at work.

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

Occupational safety metrics are recorded for all Unilever manufacturing and non-manufacturing sites (offices, research laboratories and marketing/sales organisation).

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. 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.

Man-hours worked includes the total number of paid hours worked by all Unilever site employees. Information on manhours worked is obtained directly from personnel in our Human Resources (HR) function or estimated via employee numbers, average number of hours worked, absences and overtime information provided by HR if actual data is not readily available.