

Company Name: Unilever PLC (UL)  
Event: CECF 2018 CEO Investor Forum  
Date: February 26, 2018

<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

My last introduction for a speaker is Michelle Edkins here. Excellent. Thank you. Before I introduce you to speak, Michelle is from BlackRock and she is one of the champions of the Larry Fink, famous Larry Fink letter. She is also someone who I called up probably in the third day of this initiative then I said in fact we've got this crazy idea to do something really special, which we call the movement. And Michelle didn't hang up the phone, which was a plus and she was one of the first to join our advisory board and it's just been a stellar asset in every way on that.

And so with that Michelle Edkins from BlackRock.

<<Michelle Edkins, Managing Director, BlackRock>>

Thank you. So good afternoon everybody. I have the unenviable task of introducing a man who needs no introduction, not just to audiences focused on long-termism and sustainability, but now also to activism defense. And so, I will do my best. So when Paul Polman joined Unilever as CEO nine years ago, I remember he caused quite a stir in investment circles because he made very clear early on in his leadership role that he wasn't going to be running the company for short-term investors that short-term investors were welcomed to stay, but they weren't his focus.

And that's clearly had an impact because today 70% of Unilever's shareholders have been investors for more than seven years and not many companies can make that claim I would propose. He's long been a vocal advocate for business as a force for good, but he's also been very clear business has to do that deliberately. It doesn't happen by accident. At Unilever he embodied that very early in his role as CEO by introducing the sustainable living plan, whose aim – the aim of which was to grow the company while reducing its environmental footprint as well as increasing the positive social impact that the company could have.

Paul is a collaborator extraordinaire amongst the many initiatives that he has taken a leadership role in. I would call at his chairmanship of the World Business Council on Sustainable Development. His board role is with the UN Global Compact and focusing capital on the long-term, another really important initiative about focusing investment decision makers both on the investor side and the corporate side on taking decisions over a long timeframe. And he's a very strong advocate for, but also challenger of the sustainable development goals.

As many of you may know he announced late last year that he is – or that the firm is planning for his succession and when I think my task is an enviable I think that's only an even harder task. So I think we'd all have to hope that he stays actively involved in many of the initiatives that promote sustainability and long-termism in what I dealt will be truly a retirement. But maybe you'll have time to get more involved in the long distance running that in my view seems to be the perfect metaphor for his business track record.

Please welcome me in joining Paul Polman.

<<Paul Polman, Chief Executive Officer, Unilever>>

Thanks, Michelle, for that kind introduction. I appreciate it and thanks Daryl for putting this together. I feel a little bit looking at all the speakers you have today, which are a tremendous group of companies and certainly a highly respected in my book that I'm not really able to add too much value to you and you're probably dying to get to your cocktail. And on top of that I just flew in from Europe, so I'm dying to go to bed, but thanks Michelle for your kind words.

I couldn't think of when Michelle was speaking of the book of Dickens, 1859, the Tale of Two Cities, it's the best of times, it's the worst of times and that's where we are right now and that makes us all a little bit nervous. On the one hand, we have lifted an enormous amount of people out of poverty, billions and billions, China obviously being a big example of that, but many other places, but we've also discovered about ten years ago at the height of the financial crisis and yes it's about ten years ago that our economic system probably when it worked, everybody didn't – nobody asked questions, but we discovered in the financial crisis that the system probably wasn't sustainable, high levels of debt leaving too many people behind unsustainable consumption patterns.

And here we are in an environment that's a little bit tricky to be as CEO and in my opinion one of the reasons why most of them hook off after about four or five years. My wife terribly disappointed because I'm going well into my tense year and that was I am way overstating to be honest, but it's difficult to be a CEO because at this moment in time all these forces coming together, you heard Bloomberg talk about, we have to decarbonize the global economy, absolute must, climate change as a development issue, it's not something out there like foo-foo dust. It really effects the poorest of the poorest and soon it will effect as well the richest of the richest in this part of the world.

There I say for the people in California or in Florida, but we have to move our consumption pattern from a linear dig in the ground make something in of factories, dump it in the oceans or in the landfills into a more circular. We have to find a way of growing our economies that is more inclusive. We have to move the financial markets to the longer-term at the same time. And do all of that at a moment that frankly global governance is failing us. We've designed systems in 1944 with Bretton Woods, which happened to be 44 countries more or less. And that system has not really developed most companies you heard Medtronic a wonderful company, great leader Bill George by the

way which we worked with tremendously on his true north and I can really see it coming through in your challenge.

But what we haven't really seen is an involvement as companies have reinvented themselves 5, 10, 15, 20 times; the global governance system has stayed the same whilst the power fields have moved. Bretton Woods at that time when that was invented had 90% or 85% of the global economy in Europe and the U.S. and that's not the case now anymore, so we need to evolve. So it's not easy to be a CEO. It's not easy to run your companies these days, so I have great respect for all the wonderful ones that you've seen before. And what you also see and I feel like I'm creating a little bit to the conferred that if you take your ESG things into account, it increasingly makes more sense.

I mean I find it hard actually that I stand here and I certainly don't have to do that to you because you're the conferred. And I actually spent my time somewhere else where the sinners are still, but instead of having to ask always the question why do you do this, why don't we start asking all those why don't you do this and put more emphasis on putting pressure on companies to explain why don't you do this, why do you have the courage to destroy the ability to live on this wonderful planet for future generations, why do you treat people in a value chain the way you don't want to treat yourself or your own children, why do you use scarce resources which we don't have enough of, why do you take the – we refuse to take externalities into account into your business models and not take the responsibilities for the consequences, air pollution alone killing eight million people a year, it's a crime against humanity and many companies are committing probably the biggest crime intergenerational crime that we've more or less invented.

Why don't we ask these people to hold themselves up to that level of moral authority, no law or rule or regulation will ever deal with this if we don't lift up the leadership of people that run these great companies. And I think if there's one thing that runs through all of these presentations that you've heard today probably is that you have leaders there, courageous leaders or moral leadership, I just saw Ken Frazier going out, I mean he was the first one, but he wanted to stand up when this whole disaster happened in Charlottesville. He had the guts to do it, everybody else was still in all your presidential committees and frankly none of the American companies stood up, it's only when we started to support him and some others came in that that whole thing started to unravel, but these are the moral leaders your need to invest in. These are the companies you need to support because these companies don't only work for us; they work for the future for not only our generation, but many generations to come.

There are only three principles in life that basically work. Respect for everybody. We're just darn lucky to be here that's not the case for 90% of the world population. He born in a country where you don't make it past year to five because of some or another infectious disease, diarrhea, pneumonia can be simply solved as enforcement by the way or you didn't have a chance to go to school. It still is the case for 80% of the world population to get decent education, not talking to even about girls in all these statistics significantly more discriminated again as men or you belong to the group of 160 million every year that is stunted, not getting enough nutrition in the first thousand days of your life.

And I'm not even talking about the 2.5 billion who don't even have access to clean drinking water or sanitation, opened defecation, an issue that many people still have to deal with. We're darn lucky to be here. So if we are here, it's for a reason. I'm lucky that I was born in the Netherlands. My parents, my father worked in a factory. I didn't have any money, we had six children, but thank God the government paid for education. Thank god I didn't make it past years of five. Thank God I wasn't by the 800 million people who go to bed hungry every night still not even knowing if they wake up the next day.

So if that is the case and you're that lucky, you've won a ticket of the lottery. And if you won a ticket of the lottery, the only duty you have is to share that and put yourself to the service of others someone so lucky. Now this is nothing to do with my child, but since I'm talking to the conferred. We need to go out there and demand that others take the same positions, demand that they stick to these principles of respect for an individual infesting in communities that you live and work in and thinking into generationally. And I'm very happy to see that in the U.S. ESG is picking up, but it's not going fast enough. People say it's about \$22 trillion under management whatever that number means. People say that has doubled over the last decade. I don't think that's enough. Everybody knows darn well what we need to do.

With the sustainable development goals, 193 countries in the world made a commitment, what commitment did they make. To irreversibly eradicate poverty and do that in a more sustainable and equitable way. That was the commitment. They all signed it.

A simple promise they made to leave nobody behind, nobody behind. A plan for peace, a plan for prosperity, a plan for partnership and yet how many companies are doing this. Bloomberg talked about climate change, we signed the same countries in Paris that same year, the climate change agreement. Yes we all need to stay below two degrees in fact two degrees, it's two months it really should be one and a half degrees.

Certainly at a time when all of our coral reefs are already starting to die off a billion people by the way happen to make their living on the oceans. In thirty years, we'll have more plastic than fish, welcome. What have we done.

122 countries made a commitment on forests, to stay below the two degrees 37% is a natural solution, biodiversity. Take care of your forest, restore degraded land. What were the statistics last year, 51% increase in deforestation. 51% increase in the deforestation.

Now you wonder why the average length of a publicly traded company has come down from 67 years, when I was born to 17 years currently. Running these things for the short term, running them mineoptically for the shareholder doesn't make a damn sense. Why should the citizens of this world keep companies around whose sole purpose is the enrichment of a few people.

You are here not only to ensure that you have a long-term return to match your pension liabilities, but equally importantly you have that same responsibility to ensure that these

people that are going to retire are retiring in a world that they can live in. To work on their returns, and have a world that we cannot live in harmony included, doesn't make any sense to me.

We have to set our standards higher, the direction is clear but we're not going fast enough or we're not scaling fast enough. I don't shown you any of my charts because I just heard they're available on and I didn't find them interesting anyway. And if you want to know anything about my company go to any e-conference or any other thing and read it online and any other stuff they are just numbers. And I will present them the way that you believe them.

Lord Lever started his company in the. 19th century, we're a company built to last not built to sell. He was born in Victorian Britain. At that time one out of two babies didn't make it past the first year because of issues of hygiene. He simply invented a bar soap. The first one is called Sunlight and the second one he called Lifebuoy. A simple Lifebuoy. Give someone an opportunity to make it make hygiene commonplace. Lighten housewife's loads.

He built a housing for his workers before he had the factory running because people have to live somewhere first. He had the highest number of volunteers in the First World War because he guaranteed their wages when they were absent and jobs back if and when they would return. He went into Parliament and was the first one to take the name of his wife introduce pensions.

He believed in something very simple, which was called shared prosperity as he called it, shared prosperity. He definitely didn't have to deal with the quarterly profits, he definitely didn't have to deal with any shareholders. He was the shareholder. In fact lots of studies in Port Sunlight because people quickly started to figure out that people lived longer in Port Sunlight.

Obviously, in those days you had to perform and work but you also had a lot of free time but he didn't allow alcohol and he didn't allow cigarettes. So one of the first studies actually of caring for the health of your people little paternalistic in those days but for good reasons. But he understood the power of shared prosperity.

Jim Collins in his book Good to Great talks about nurturing the core before you stimulate progress. I had the unfortunate situation that I came in from the outside as the first CEO about 10 years ago. And that's a little bit of a scary thing and instead of thinking because you're the CEO that everybody else is going to accept or respect you, you have to work very hard to be accepted, to be respected.

You cannot be trusted if you yourself are not trustworthy either. I spent a lot of time studying the old man. My first meeting actually was in Port Sunlight in the house he was born or the house he lived in. And I brought the roots back the first day I came to the company I abolished quarterly reporting and guidance.

People say how do you do this. My simple point was the day they're hiring you, they are not going to fire you. And it is probably true, anybody can do that if you want to. We moved our compensation system to the long-term. We changed the way we work our pensions our own pension investments. \$22 billion and moving that to the longer term.

You can run your business the way you want even under the current environment. Yes, I also discovered indeed that it's easier to get rid of shareholders by disinviting them than to attract new ones. But over time, I figured if you perform the numbers will talk and the right people will be attracted to your company.

ESG now more important than ever but what does it mean. I find in too many cases it's just loosely used I ended my last talk my last results call a few weeks ago by thanking everybody that was on the line, obviously a lot of sell side analysts but I thanked them for all the questions. They asked about climate change, diversity and human rights. Because in the ten years that I've been in this job I haven't gotten any. None, it doesn't seem to matter.

The how of doing business at a time that you have some of the biggest movements coming around the – me too being one of them, it doesn't seem to matter. I don't get it, I don't get it. We put a simple business model out there. Because I've always believed that business cannot be a bystander in a system that gives it life in the first place.

Business needs to be an active contributor to finding the solutions have a positive impact on society just like you just heard from atomics. After all if business cannot show what positive impact it has why should the citizens of this world let business be around.

A business without a purpose has no purpose and yet so many CEO's have a hard time defining to you what the purpose is of their business. They start stuttering and can't get beyond the next quarter or the shorter term shareholders. I've always believed in what Viktor Frankl in his book Man's Search for Meaning said very well. He was a survivor of Nazi Germany's concentration camps not, not a happy occurrence. And he moved here and when he wrote his book Man's Search for Meaning he said it very simply, when they built the Statue of Liberty on the East Coast of the United States not far from here they forgot to build the statue of responsibility on the West Coast.

You cannot run a company of any size, I would argue but certainly not the size of ours by just taking the liberty of what you have and not the responsibility. We're very fortunate to be in 190 countries, we're very fortunate to have 60% plus of our business in emerging markets. We're very fortunate to have a talent pool that is 90%, 95% local in each of the markets that we operate.

But what really is the secret sauce is our commitment, our commitment that we've well captured in our Unilever Sustainable Living Plan as we call it. To ensure that we make a positive contribution in all we do. A very simple plan, that says you need to decouple growth from environmental impact.

I think that's the minimum you can do, and increase your overall social impact. In fact, I see some slides coming up miraculously. And then obviously at a time that we're at the crust of the forced Industrial Revolution where everybody talks about all the wonderful benefits that we get from technology, none of them I would deny. But that we also have to deal with the consequences of these technologies.

I think Facebook's and the Google's of this world are to some extent Ubers are increasingly being held accountable to not only celebrate and sell the positives of their models but also the consequences, we're probably on the verge of one of the biggest waves of job destruction that we're going to see in the history of human mankind.

So companies need to think about what their social responsibilities are as well as their environmental responsibilities and we put fifty goals out there, some simple goals create five million jobs for women, women empowerment we call it, throughout our value chain lots for us and smallholder farmers. And it's a good investment as Muhammad Yunus has taught us ten times over already.

Moving all of our ingredients to sustainable sourcing, it can be done, running your factories at zero waste, moving to green energy well before the peak – the net zero of 2050 that we can afford if we want to stay below two degrees. 50 targets of transparency, in a world of no trust transparency builds trust and ultimately is the basis of prosperity.

Four reasons why we do this, very simple ones. The first one is it drives growth, all of our brands need to have a purpose. Our brands with a stronger purpose according to our own definition grow 50% faster and are also more profitable. Dove fights for women self-esteem goal number five on the sustainable development goals gender equality. A brand like Lifebuoy has reached 0.5 billion people, children in schools with hand washing, simply to give them the chance to reach the age of five.

A brand like Domestos, one of the biggest toilet cleaning brands in these emerging markets has a simple goal to build 25 million toilets to the address the issues of open defecation. Any and all of our brands have a purpose, otherwise why would we have them around. The one you know the best is Ben & Jerry's probably one of our most active brands. In fact we just had a big discussion to invent the best new flavor I hope you like it a combination of peach and mint. And we're going to call it Im-Peach-Mint. So – is this recorded by the way? I'm a foreigner anyway.

It drives growth. We don't have to worry about that. When the market in the U.S. for food, for example, all goes to ethical, bio, organic people are falling with their feet. It drives growth everywhere for us, enormous opportunities in these challenges. In fact, we created a commission for business and sustainable development to help the business community integrate the 17 goals of the sustainable development goals because Paris was tough enough but now all of a sudden you have 17 goals and 69 targets, a little bit confusing for many CEOs. They can count till three but after that it becomes difficult.

So we created this commission for business and sustainable development that looked at these 17 goals and identified just focusing on energies, cities, food and land use and health and hygiene your area an opportunity that would unlock \$12 trillion and create 380 million jobs. It's probably one of the biggest opportunities that we have at a time that we all struggle for growth and job creation. That's the amazing thing. So my goal would be we actually reached about 1,600 CEOs, we did a survey with the 40 Fortune 500 companies and there were awareness amongst 40% of them claiming that they would integrate the sustainable development goals in their sustainability efforts or their corporate strategies. Not bad actually after only two years of this 15-year plan. But a tremendous opportunity we have there.

It lowers cost. I don't have to tell you that, in our case about \$700 million. We've moved Europe and the U.S. already to green energy, many of our other places in the world energy costs have come down well below the cost for fossil fuel. And any of the pay out from any of these projects has been less than three years. Running a factory on cereal waste might sound difficult conceptually, but it also means you lose – use less material it means the quality of your product go up, people are prouder, probably your customer service is better as well. It does make good sense.

It builds your reputation. If we go one slide back since we're looking at those slides anyway it builds your reputation. No, one slide back, just go one slide back. Since someone is playing with the slides. Put this, yes this one. It builds your reputation more trust. Putting 50 targets out there helps you. You don't have to guess, it helps you take risks away. It should lower our cost of capital that alone should bring up our return on invested capital. And by the way our company being run on the development agenda, I would argue has a return on invested capital of 19%. That's not bad. I have a hard time explaining that to my 90-year-old mother at a time when interest rates are zero and she's having to cut in on her pension every month or every year even in the Netherlands. A 19% return on invested capital. In any of the periods of this company be it the last 100 years, be it the last 50, be it the last 10 years, or be it the last year, we have significantly outperformed the overall index.

The last ten years alone over 250%. In fact in 1986 if you would have put £1 or €1 in Unilever you would have €43 now. If you would have put it in the AEX, the index or the wealth index, index you would have had €13; €43, €13. The long-term compounded multiple stakeholder model does make a lot of sense.

And then finally, obviously on reputation, most of the millennials if you talk to big companies, they say, I can't attract millennials. They don't want to work anymore for big companies, bollocks. We attract 1.8 million people a year all driven by a sense of purpose. They want to work for a company where they can make a difference.

Our employer engagement is at the highest levels. In fact in 45 of the 50 countries that we measure our employer brands we are the desired employers. The question was asked what do you measure. It is probably true that we only measure 20% of the true value was our narrow definition of accounting, our narrow definition of financial accounting. Most of



our value is locked in environmental and social activities for which we don't put a value on that. That's why ultimately I believe accountants are going to save the world, but they have a hard time figuring it out at the speed that the world needs it.

But the moment we put a price on environmental and social capital, I think, capitalism is very well placed to optimize that. They've shown they can optimize financial capital by putting it on social and environmental and surprise on carbon, for example, would be an incredibly positive thing. So we like to work with our brands, but we also like to be a little bit more transformative, our statue of responsibility. You had RJ my good friend from MasterCard talk to you this morning here. In fact we're working with them in our supply chain to be sure that everybody has financial inclusion. We start with our own millions of smallholder farmers. Think about all the women that put themselves at risk by having to deal with money. Lots of it doesn't arrive at the ultimate destination where it should be to give their families the nutrition, their education. Financial inclusion will do that, for example.

Well one of the biggest partners of USAID, believe it or not are of defiant to see with our efforts on hand-washing of the Bill and Melinda Gates Foundation. This trust level creates enormous opportunities for partnership that are the only solutions I would argue to reach the forgotten 2.5 and 3.0 billion people on the bottom of the pyramid. I just came from Rwanda, a few weeks ago I was with Paul Kagame. We're building a tea plantation there. I'm not interested just in tea, it's nice to drink tea, it's a growing market, it's a health drink, but what I like is that you can give everybody about a two acre lot and give them a decent living so that their children can go to school, that they cannot depend on no mono crop and be silt and stunting, but can have decent nutrition that they can create a livelihood, have their own respect and dignity and an opportunity to advance themselves in life, just like we have had that opportunity.

By creating a tea plantation now that creates about 100,000 livelihoods just in Rwanda alone I couldn't do that. I would be bankrupt if I would do that myself. So we take defiant and take development aid and help, helps us also on some of the standards obviously we want to drive. We take high net worth individuals, in this case Ian Wood, who has made all his money on the North Sea and the North Sea oil and have him finance the training and development of the smallholder farmers. And then we put our money in our value chain. And together we create a value chain, a supply chain that lifts people out of poverty. We like it by the way.

Increasingly, people want to be self certified, we put drought resistant bushes, we ensure that half of the smaller owner farmers are women and the other half are men. Thank you very much, no issues of sexual harassment when you do that. That I can guarantee. And we create this virtuous circle of improving lives for everybody. Anyway I don't want to give you too many examples of that. I only want to leave you with final two or three thoughts if I were you.

And the first one is really demand that companies that you deal with explain to you how they integrate the sustainable development goals because if they cannot explain to you

one way or another how they relate to the sustainable development goals, then most likely they have a hard time explaining what their real reason for being is other than some self enrichment.

Second thing is be sure that these companies explain to you, how they're dealing with the risks that are out there. We've seen on a daily basis nearly companies being caught with their pens down because of the way that they've treated women in their value chains, the safety standards, labor standards in general and it's now what seems to be a daily occurrence. No wonder that the number of publicly traded companies has come down by half. So ask these companies how they're managing their risks. Ask them also how they think about their responsibilities towards corruption, towards tax, towards fair labor standards, no opinion, no investment in my dictionary to be honest.

And then I had to go look in your own shop a little bit. No, sorry, the third thing I would do is try to understand what the values are on the things that are currently not measure, most of the values are being created by things like culture, by the quality of the people that you have, in our case, the brand equities. We are now working with Lynn de Rothschild and others on the embankment project, where we've put all the asset owners, asset managers, asset creators like ourselves together in one room and say, what standards can we create to communicate this better. Aviva with Mark Wilson is working on a global index that is certainly worth looking at.

And then finally in your own shops, don't separate the ESG people or the Governance people from the people that make the investments. Larry Fink is very happy that he wrote this letter. And he's now going to hire 75 people for corporate governance but he needs to integrated in all the jobs that all the people are doing, then invest the money, don't keep it separate. Don't delegate it to ISS or Glass Lewis either. It is your job if you invest.

Be sure that your mandates are longer as well, Hero from the Japanese fund puts everybody at three-year mandates. We've done the same as our investment fund, our pension fund. By the way their returns are better. Yet many are on short-term contracts and it seems increasingly shorter. So look at in your own shop, what you can do to at least move the world into a better direction there.

Now the time has come in my opinion to start commencing this agency model as you call it of corporate governance. This maximizing shareholder value, frankly is distracting many companies from doing what they should be doing, which is innovating, which is strategy renewal, which is taking care of the multiple stakeholders investing in the future, just all the things that you're looking for.

Now history has also shown and I want to end on a positive note that enlightened management. And in some cases, I'd argue sensible regulation that companies can also play the useful role in helping society adapt to these constant changes that are needed that I talked about at the beginning of my talk. But the main thing needed for that as I always say are two things that were sort of our leaders and trees and both are renewable resources, which is why I like them. Thank you very much.

<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

Thank you, Paul.

<<Paul Polman, Chief Executive Officer, Unilever>>

Take some questions.

<<Mark Tulay, Director-Strategic Investor Initiative, Committee Encouraging Corporate Philanthropy>>

We'll have some questions here. I don't know whether I should ask questions or just go like this and drop the mic. So one over there from Tony Hay.

Q&A

<Q – Tony Hay>: Thank you. That was great. Tony Hay from Responsible Investor.Com. Without wanted to criticize anybody else who spoken today, I'd like to thank you for being the only CEO, who seems to link the value chain there, name checking ESG three times and linking what you're trying to do within your company to what people are trying to do in pension funds. It's probably a difficult one for you to answer but you're not the only corporation out there that's trying to do good and try and do it the right way. But you're one of the very, very few that seems to understand that your pension fund should follow what you were doing. Any explanation as to why people find it so hard to make that link between the two?

<A – Paul Polman>: It's not because of bad intentions, it's probably because of – yeah, I don't want to use the word ignorance as the wrong word. But it's really when I explain to many of the – or when I asked them how they do their own pension funds, they simply haven't thought about it. And if I may be honest when I came to Unilever, we had not even signed up to the Principles for Responsible Investment ourselves.

Now may I remind you, tomorrow I'll see the Secretary General, the UN itself so hasn't signed up either to PRI but 1,600 other companies have. So it is when you explain to them, more and more will actually start taking action because at the end of the day, most of the CEOs will see the consequences and not like the consequences of the short-termism. But not fully realize actually that they're driving it themselves as well.

So if you can make that link action is fairly quick. Tomorrow, I'll see – tomorrow morning, I'll see some of the biggest unions in the U.S. Unions would normally not meet with us and certainly not in a setting like this. But they have an enormous amount of pensions under management and yet they're complaining about all the short-termism affecting their members but their own way of investing is actually driving them.

If you make that link, you will get action and that's one of the things I would definitely advocate more in them, advocating that we need to create higher awareness about. This the same as high net worth individuals by the way. There are some incredible individuals that do an enormous amount of good in this world but then if you see how they invest their own money, it's diluting the other side of their efforts. And if you can explain that to them, they're actually the best allies to move these financial markets in the better direction.

<Q – Mark Tulay>: So I hand over here with Eileen Fisher.

<A – Eileen Fisher>: Hi, Eileen Fisher. Thank you, Paul that was incredible. So my question is you are obviously an enlightened leader. And you quoted Viktor Frankl and I was wondering, how did you become the human that you are?

<A – Paul Polman>: Well, first of all, I would say my mother would disagree and the second thing I would say, you have to ask her or my wife. And you'll get quite some different answers probably. So I think first of all as a leader, a good leader first and foremost is a good human being, nothing else is not that magic at all. So unfortunately a lot of people that get to our positions get carried away with who they are and that's not very helpful. The plane gets in the way, the salaries get in the way, the people around them get in the way because everything is wonderful.

So I'm proud to take the metro, I'm happy to live my life like anybody else and try to stay a human being. But I can only thank my parents and my wife for that, not myself because I would have probably fallen in the trap of so many of errors.

<Q – Mark Tulay>: Thank you for that. We have a question over here.

<Q – Ulysses Smith>: Hi there. My name is Ulysses Smith with Telos Governance Advisers. Just to continue the flattery train. I just want to thank you for your leadership on these issues. I think you flatter us in the U.S. when you say that you're here preaching to the converted, your remarks demonstrate to me that they were a good 10 years behind. You in Europe and you're thinking and while I'm very happy for your wife that she's going to get your back. I do worry about the gap in the absence that you're stepping away from this, believe in the international business community and leadership on these issues, our gain is our loss.

But my question though it's a point that I think you started to raise at the end, you mentioned governance and corruption. And I'm curious and this is something that hasn't really come up today otherwise around the relationship between business and the business environment in many of the challenging jurisdictions, where many of the companies in this room operate and what the role for businesses in improving governance, the Rule of Law, the fight against corruption basically in the SDG language, what rolls up under Goal 16 in the SEC. Thanks very much.

<A – Paul Polman>: Yeah, it's in the Goal 16 Rule of Law Governance and all the other things. Well, so sort of very simple answer is that business cannot succeed and societies that fail so we like to pay our tax, we're proud of that. My tax rate is 26%, we're proud of that by the way. But we also like to be sure that other companies pay their tax. How can company's existence do the things or how can you as a company make use of a lot of the public goods and not wanting to contribute to that to me is a puzzle. Now all this money coming back to the U.S. under the new tax regime, which frankly hasn't paid any money where it comes from either, I don't understand it.

I called Timmermans, I said to Timmermans in Europe, why don't you have an exit tax on that one. Because it's unacceptable that any of these companies have been in Europe on the 2%, 3%, 4% tax rate was what I've ever legal constructions by the way going through the Netherlands and Ireland or Luxembourg and Switzerland and then expecting to operate in those countries. They haven't paid for the education of the people they hire. They don't pay for the healthcare of their employees when they're sick.

They haven't pay for the road system that they need to get to work or the infrastructure that needs to be put down to give them the energy or the telephone lines and all the other things. So to me that's outright irresponsible. So we work with the Nigerian government, with the Colombian government, with the Vietnamese government on training their tax inspectors. We also work with them on putting pension plans in place. We also think it's absolutely crucial that we hold all governments to the highest standards of corruption. Here it's called lobbying and paying before you do a law and some other countries they are not so smart yet, they do it after the law, but it's the same corruption. So we have to be sure that we help others and create these environments that are level playing fields and its damn good – makes damn good business sense by the way, makes damn good business sense. All of these investments that we make actually payout.

We're now working on the study group with the OECD on the BEPS as you're well aware of because at least the G20 countries need to change, where I have it on the agenda in Argentina, which is hosting this year's G20. Because if we don't do that we are going for the lowest common denominator and it's clearly not working, so, yes.

And the same thing on transparency. We publish our tax principles, you can go to our website we publish our tax principles I thought by doing so other companies would publish their tax principles. All I hear is you're crazy to do this. You're crazy to be transparent on the principles on which you will pay tax, I find that astonishing. And increasingly the citizens of this world are catching on, they're catching on.

So when you go to 6,800 companies in the U.S. to now 3,500 in a period of 20 years alone, you can make a choice either you are responsibly contributing and staying around for a long time to come by the way or you'll end up being one of these dinosaurs. It's becoming increasingly and quicker more polarizing. So it does make good sense, but it is a different social contract, it is a different social contract. We could sell more. We stopped delivering our products, for example, in London with Deliveroo, which is these biking guys and although my son actually did when he thought he could earn some

money, but you get one traffic ticket then it wipes out the earnings of the whole day. These people are out there on the less than a London living wages per hour trying to get killed in traffic.

So I don't want my ice creams to be delivered by them because I don't want my children to do that either. So, yes, we go for sales. But I'd rather have sales with honor than sales with values that we don't support. So we do make choices even in our own businesses on how we run these things, but it pays out for us over and over again for the long-term. The same thing with corruption, we refuse obviously to participate in corruption, very good laws in the UK by the way. As the modern day slavery act is a very good law in the UK. But what we try to do is educate other companies, educate governments to drive its higher level. And if you're a fast mover in today's world, you're at a competitive advantage not anymore at a disadvantage and there's no question.

<Q – Mark Tulay>: Well, I'm about to become the most unpopular person in the whole room and ask the last question of [indiscernible] (0:47:18) there in the back.

<Q>: Thanks very much and congratulations for the excellent presentation, it was really interesting. Couple of very quick questions. You said you felt the support after the Kraft Heinz bit. How much private support from shareholders was there noting that actually shortly after the debate you made a number of changes? So I would assume maybe there was also criticism from some of the shareholders.

The other question really, really quick one. Do you think there's something about European company law that makes it easier for CEO of a big company like yours to take the stakeholder approach taking a little more for long-term view? Could that also be a reason why your presentation today was very different from some of the other presentations? Thank you.

<A – Paul Polman>: Unfortunately on the last part of your question I have to say no. You have more protection possibilities in this part of the world actually than you do in many parts of Europe, and I've made it also clear to a lot of people that we actually believe in, unlike what you're saying, I believe in a multi-stakeholder model very much so but I don't believe in protection. These things don't have to be contradictory. In fact, what we are now doing in Unilever is we still have some pref shares from a long time ago in history. We've bought those up and now I have one share, one vote which is the highest level of corporate governance also in the Netherlands under what is called the Tabaksblat code which happened to be one of my previous answers was asked by the government to put that in place.

So we actually even under the unification that we now do, we take the higher of the corporate governance standards of both countries. We have annual elections of our people. We don't have trust offices or protectioner like some companies might have from the history but we certainly don't. So we actually believe in a total what you call it the transparency but not protection. So that is very clear. Your first question, your first part of the question was, yes, what did you have to compromise.

Well, I'm very honest on that. First of all, they went away after a day and a half. So I don't know what would have happened in the UK. You have basically one-month type thing. So I don't know how our shareholders would have voted, but I could see from other takeover attempts is that was in five minutes you have a significant amount of hedge funds in there that have not been your share but are speculating against your share. Many of your funds are index funds or comp funds. And the index funds when we approach them, they say, yeah, I'm 100% love you and I love your shareholder return and all the things you're doing, but on the index I'm not folding.

It's too bad if you're not there, but we love you. But – so I don't know how that would have played out because of the lack of active engagement of your real asset owners the way it used to be 20, 30, 40 years ago. So I couldn't take the risk. So fortunately they went away after day and a half. But as I've learned in life, you can be very principled but you can be principally right and practically wrong is not a good solution to be in either.

And what clearly happened to us was that make America great again, protecting against emerging markets. We are an emerging market company. The pound went down because of all the nonsense around Brexit at the same time. So we were being squeezed there by a temporary dip that made it a very attractive financial equation for someone who's willing to leverage it up 7 times. Somehow you're able to borrow a lot of money from banks and pay it back to shareholders and dividends and that's being applauded by the financial market as one of the best financial transactions a company can do.

To the point that retained earnings – sorry, special dividends or share buybacks in the U.S. now exceed retained earnings. And everybody wonders why these companies don't grow, but it's all possible. So we have this moment where you had a clash between people that think about billions of people in the world and some people that think about a few billionaires. Now unfortunately that doesn't go well together. But we have to make some practical compromises.

So what were compromises we made which I frankly would not have done; one is to put a target out there of 20% margin. We have moved our margin up by about 300 basis points over the last six, seven years to a 17.5% margin. We put out there a margin 20% by 2020. Very acute 2020 perfect vision. We were well on track to do that, but I would never have put the margin out there. I come from a part of the country that we deliver and we just deliver and let the numbers talk. But unfortunately that's not possible for the majority of how the financial market still operates. So by putting a target out there we got some more in our share.

I did a special dividend of 12% versus 8%. We've done 40 years of 8% increases cumulatively not as good as Medtronic, but certainly very consistent for our shareholders. Every year average cumulatively 8%. But we did a once off 12% to get some more in the share that had some thresholds that weren't quite met. And then the third thing that we did was a 5 billion share buyback. 5 billion is relatively small for us. Since I'm CEO we have bought 39 companies because the market and consumers are changing very quickly.

I need to create the optionality for this company in the future. Be sure that we're in the right categories. Bought companies like Blue Air for air purification or water purification, a company like Seventh Generation very well connected with millennials.

So we like that. And frankly it was 19% return on invested capital. You'd be daft if you don't ask us to invest in our company, but we did a 5 billion share buyback to satisfy some orders. So with the actions of 20% margin out there, a once off 12% dividend increase and 5 billion share buyback, we put a floor under our share price and actually the share went up the whole of 2017 by about 27%. The other people you mentioned, I forgot their name, went down 17%, one of the worst performing stocks in 2017, which validates my thesis of long-term compounded multi-stakeholder value creation.

But I think these compromises that we made fall for me under the heading of being principally right and practically wrong – sorry being principally right but also practical in this case and not practically wrong, and putting down your company at risk. So I still sleep very well during the night, which I recommend everybody so that you can think and function during the day.

So with that, thank you for your time. I appreciate it.