



Unilever

Sustainable  
Development  
Report 2007:  
Introduction &  
Our business  
and impacts



# Introduction and Our business & impacts

Welcome to Unilever's Sustainable Development Report 2007 where we set out our approach and performance on the sustainability issues facing our business.

## Contents

|  |    |
|--|----|
| Patrick Cescau's introduction .....    | 2  |
| About this report .....                | 4  |
| Assurance .....                        | 5  |
| Our business & impacts .....           | 6  |
| Our impacts .....                      | 8  |
| Our brands in society .....            | 11 |
| Our values & strategy .....            | 14 |
| Our values .....                       | 15 |
| Strategy & governance .....            | 17 |
| Governance .....                       | 22 |
| Engaging with stakeholders .....       | 25 |
| Measurement .....                      | 32 |
| Reporting .....                        | 33 |
| Unilever Basis of Reporting 2007 ..... | 36 |
| Awards & recognition .....             | 41 |
| Regional awards .....                  | 43 |

This section of the online Sustainable Development Report 2007 is available at: [www.unilever.com/ourvalues/environment-society/sustainable-development-report/ceo-introduction](http://www.unilever.com/ourvalues/environment-society/sustainable-development-report/ceo-introduction) & [www.unilever.com/ourvalues/environment-society/sustainable-development-report/business-impacts](http://www.unilever.com/ourvalues/environment-society/sustainable-development-report/business-impacts)

# Patrick Cescau's introduction

**Unilever's mission is to add Vitality to life and to do this in a sustainable way.**

## Reviewing our progress

2007 was a good year for Unilever. Our underlying sales grew by 5.5% - the third consecutive year of accelerating sales growth. At the same time, despite rapidly rising commodity costs, we made progress towards achieving our 2010 target for an operating margin in excess of 15%.



Throughout the year we have sought to live up to our long-standing commitment to sustainability and responsible business practice.

Our Vitality mission sets out our goal to meet the everyday needs of people all around the world for nutrition, hygiene and personal care.

### **Our strategy**

Our Vitality mission sets out our goal to meet the everyday needs of people all around the world for nutrition, hygiene and personal care.

Our corporate responsibility strategy seeks to address Unilever's most significant sustainability impacts – greenhouse gases, water, packaging and agriculture. Whilst we have made good progress under all these headings in 2007, the highlight has been agriculture.

### **Our commitment to sustainable tea**

Over two-thirds of Unilever's raw materials come from agriculture and we have been working with suppliers for more than a decade on more sustainable farming practices. Building on this work we have committed ourselves to source all our tea from sustainable sources by 2015.

Since Unilever buys 12% of the world's black tea crop from 7,500 estates, spread across three continents, this is a massive undertaking. We reached an important milestone in the early part of 2008 with the appearance of PG Tips and Lipton tea in Western Europe using Rainforest Alliance Certified™ tea. We are confident that this initiative will improve the livelihoods of some 2 million people in our extended supply chain. We also believe that we will sell more tea.

## **Integrating sustainability**

The example of tea illustrates well our new approach to sustainability. What we are seeking to do is to integrate all our sustainability initiatives into the day-to-day marketing and R&D plans of our brands. Sustainability in Unilever is not something that is done by a few boffins in our laboratories. It is very much part of the way we do business and is the responsibility of everyone.

Our experience with tea also exemplifies two other aspects of our approach. The first is the importance of working with external partners who bring new perspectives and new knowledge. The Rainforest Alliance is just one of many bodies with whom we work. Others include UNICEF on hygiene education and clean drinking water, Greenpeace on climate-friendly refrigeration, the Fairtrade Labelling Organisation on ethical trading and poverty relief, and Oxfam on poverty.

## **A value chain approach**

The second distinguishing feature of our approach is the growing importance of addressing sustainability right across our value chain – from the sourcing of raw materials through to consumer use and disposal of our products. Water is a case in point. Historically our programmes have focused on the volume of water used in our factories – a figure which we have reduced by more than half over the past decade. However because a big part of our water footprint is in consumer use of our brands, our product developers are increasingly focusing their attention on reducing the quantities of water that are required to use our products. Building on the success of Surf Excel Quick Wash laundry detergent, this has led to innovations such as Comfort and Vivere fabric softeners – both of which allow people to do their laundry with significantly less water.

In Unilever we recognise that we can only achieve our long-term business objectives if we find more sustainable ways of conducting our affairs. We have known for a long time that good environmental practice is good for the bottom line – since it tends to drive out waste and reduce costs. The more we learn about sustainability, the more we are convinced that it is the right thing for all our stakeholders – the people we employ, our investors, our suppliers and the consumers and communities that we serve.

We are convinced that we can do well for our shareholders, by doing good in the world in which we operate.

Patrick Cescau  
Group Chief Executive  
Unilever

# About this report

**Welcome to Unilever's Sustainable Development Report 2007. Read about our approach and performance on the key sustainability issues facing our business.**

## Sustainable Development Report 2007

In this, our online Sustainable Development Report 2007, we cover the wide range of issues related to our social, environmental and economic performance. It covers both the issues we have identified as our most material impacts, but also more specialist topics of interest.

The Report addresses the following questions:

- How do Unilever's business activities affect the environment and society?
- How do Unilever's brands make a difference to the health and well-being of consumers?
- How is Unilever addressing the sustainability challenges related to climate change, water, packaging, and sourcing of agricultural raw materials?
- How do Unilever's operations create wealth and how does this benefit stakeholders such as employees and suppliers, and local communities?
- How do we manage the sustainability and corporate responsibility issues related to some of our key stakeholders including consumers, customers, employees, suppliers, local communities and government?

We have also produced an accompanying Sustainable Development Overview 2007 – a 34-page printed publication that explores the issues we have identified as our most significant impacts including nutrition, hygiene, climate change and more.

The principal audiences for both the online Report and Overview are our employees, customers, consumers, investors, governments and opinion formers in the fields of sustainability and business responsibility.

# Assurance

**Internal and external assurance is an important part of our approach.**

## Our approach

Accuracy and reliability of reported information is assured through our internal management and information systems, with each section formally approved by the relevant functional manager and the entire report signed off by senior corporate executives.

Our environmental reporting has been supported by independent external verification since we first started reporting in 1996 and our social report was verified for the first time in 2004.

Since this date we have had each of our reports externally assured.

In 2007, limited assurance on 10 environmental and occupational safety performance indicators contained within our Sustainable Development Report 2007 has been carried out by Deloitte & Touche LLP.

Deloitte's report, which sets out the scope of the assurance work performed on these indicators and their qualified inclusion, is now available. See related links below.

### **Available online:**

Download

[Independent assurance report by Deloitte & Touche LLP to Unilever PLC on the online Group Sustainable Development Report 2007 \(13 May 2008\) \(50 KB\)](#)

# Our business & impacts

**160 million times a day, someone, somewhere will choose a Unilever brand.**

## About Unilever

Unilever is one of the world's leading consumer goods companies. Our strong portfolio of 400 foods, home and personal care brands is trusted by consumers everywhere. We have operations in around 100 countries and our products are on sale in about 50 more.

With consumers, customers, employees, suppliers and shareholders on every continent, we describe ourselves as a 'multi-local multinational', bringing our international expertise to the service of people everywhere.

### Overview 2007

% by region



### The Americas

- Operating profit (millions): €1 971
- Turnover (millions): €13 442
- Purchases of goods and services (millions): €9 509
- Employees (year end): 43 000
- Manufacturing sites: 74



### Europe

- Operating profit (millions): €1 678
- Turnover (millions): €15 205



- Purchases of goods and services (millions): €10 373
- Employees (year end): 43 000
- Manufacturing sites: 71

### Asia Africa

- Operating profit (millions): €1 596
- Turnover (millions): €11 540
- Purchases of goods and services (millions): €8 954
- Employees (year end): 88 000
- Manufacturing sites: 139



### Savoury, dressings & spreads

- Turnover (millions): €13 988
- Underlying sales growth: 5.0%



### Ice cream & beverages

- Turnover (millions): €7 600
- Underlying sales growth: 4.2%



### Personal care

- Turnover (millions): €11 302
- Underlying sales growth: 6.7%



### Home care

- Turnover (millions): €7 297
- Underlying sales growth: 6.1%





# Our impacts

**Our business and brands have impacts at every stage along the product life-cycle: from concept to consumption.**

## Understanding consumer needs

Our aim is to meet consumers' everyday needs for nutrition, hygiene and personal care.



What we do:

- Make high-quality products that are safe to use
- Make products affordable and accessible to consumers
- Understand the environmental constraints, such as water scarcity, within which consumers use our products

## Innovation & R&D

Through our investment in research and development, we aim to meet the diverse and changing needs of consumers in all our markets.



What we do:

- Enhance the nutritional quality of our foods
- Minimise the adverse environmental impacts of our products
- Incorporate social, economic and environmental factors into brand development plans, using Brand Imprint methodology
- Research and promote alternatives to animal testing
- Collaborate with academic and business partners around the world

## Suppliers

We aim to encourage sustainability practices in our supply chain. Through responsible sourcing, we seek to raise standards in line with the requirements set out in our Business Partner Code.



What we do:

- Ensure fair working conditions in the supply chain and respect for human rights

- Ensure suppliers meet standards on health, safety and environmental protection
- Work with other companies to define common supplier assessment processes and share performance data
- Work with our agricultural suppliers and growers to move towards more sustainable growing practices

## Production & manufacturing

We seek to manage the impacts of our operations on society and the environment.



What we do:

- Protect the health and safety of employees at work
- Respect employees' fundamental rights and encourage personal development
- Invest in local communities and contribute to local economic development
- Improve the eco-efficiency of our manufacturing sites and set ambitious targets, particularly for CO2 emissions

## Distribution & retail

Our aim is to be the supplier of choice for our customers and to ensure that consumers have ready access to our products through different distribution channels.



What we do:

- Work in partnership with retailers on sustainability issues
- Support retailers in educating consumers on health and sustainability issues
- Reduce environmental impacts resulting from distribution of our products
- Ensure consumers everywhere have access to our products
- Use and promote environmentally-friendly refrigeration technology

## Marketing, consumption & disposal

We communicate responsibly with our consumers through our advertising and marketing.



What we do:

- Take a responsible approach to marketing and advertising
- Help consumers make healthier choices in their diet
- Work to ensure consumer confidence in chemicals used in home and personal care products
- Help consumers to reduce their environmental impacts and to dispose of our products responsibly

# Our brands in society

By addressing social and sustainability issues, our brands can make a real difference and create growth opportunities for our business.

## Consumer trends & market opportunities

The world is experiencing unprecedented social, economic and environmental change. The global challenges of poverty, malnutrition, poor health and disease are becoming more acute and more complex, while the effects of climate change are being felt on every continent.



For some companies this represents a threat but for others it provides a huge opportunity for innovation and growth.

Many of the world's social and environmental challenges are felt most acutely in developing and emerging countries. For example, it is these countries that will suffer the worst effects of climate change. However, given their rate of economic development, these are also the very markets that will be the main source of growth for Unilever in future.

Companies that can develop products that meet the functional needs of consumers while taking into account these social and environmental challenges will be better placed to grow than those that do not.



Another significant trend in recent years has been the emergence of 'conscience consumers' – people who want to make a positive difference to the world through the brands they choose to buy. From being a minority group of consumers seeking out a small selection of mostly niche brands, this has become a more mainstream movement, with large numbers of people now actively seeking out products with a positive social or environmental benefit or avoiding those that are perceived as having a negative impact.

### **Our approach**

Anticipating that this would become a big trend, the Unilever Executive decided in 2005 that social, economic and environmental factors should be integrated more deeply into the development and innovation plans of our brands. This is now a core element of our corporate responsibility strategy.

To help evaluate the risks and opportunities presented by this agenda, we developed an approach called Brand Imprint. This provides our brand teams with a 360° scan of the social, economic and environmental impact that their brand has on the world.

## **Making progress**

The first brands to conduct a Brand Imprint were Dove and Lipton in 2006. By the end of 2007, 14 of our global and regional brands had been through the process and we are aiming for all our major brands to complete a Brand Imprint by the end of 2008.

Brand Imprint is about new product development, so results will not always be immediate, as it often takes time for innovations to reach consumers. But it is equally about better managing our impacts. When innovations do emerge, we want to be sure that they are underpinned by credible action, evidence and performance. Therefore, factoring in the views of external stakeholders, NGOs and opinion formers is a key part of the process.

What we are already finding is that the process is creating greater connectivity between brands, their supply chains and their consumers. It is also helping to integrate our work on greenhouse gases, water, packaging and sustainable agriculture more effectively into our marketing plans.

### **Lipton leads the way on tea**

In spring 2006, representatives from different parts of Unilever, including marketing, supply chain, R&D and agronomists, met at our tea estate in Kericho, Kenya. For months previously, data on tea sourcing, tea pricing and research into tea drinkers' concerns as citizens had been gathered, ready to be analysed and debated.



This group decided that the low prices being paid to millions of tea growers and pluckers was unacceptable and that Unilever, as the world's largest buyer of black tea, should lead the industry in finding a solution. The tea industry has been suffering for years from oversupply, causing the price of tea to drop by 35% over 25 years. As a consequence, up to 2 million tea growers and pluckers, including an estimated 1 million in sub-Saharan Africa, have been living on extremely low incomes.

Research showed that consumers are also concerned about the environmental impacts of tea cultivation and production.

### **A ground-breaking commitment**

Unilever's contribution to the solution was to commit to purchasing all our tea from sustainable, ethical sources. After evaluating several certification routes, we decided that the Rainforest Alliance's certification was the most appropriate because of its comprehensive approach towards sustainable farm management, covering social, economic and environmental aspects. This is very much in line with the way we have been managing our own Sustainable Agriculture Programme over the years.

Lipton is the world's best-selling tea brand, available in over 110 countries and with sales of around €3 billion. By 2010, we aim to source all the tea used in Lipton Yellow Label and PG Tips tea bags sold in Western Europe from Rainforest Alliance Certified™ farms, and by 2015 this will apply to all Lipton tea bags sold globally. This is the first time a major tea company has committed to introducing sustainably certified tea on such a large scale, and the first time Rainforest Alliance has audited tea farms.

We expect that certified tea, both from large tea estates and from small farmers, could command a 10-15% higher price at auction and we estimate we will be paying farmers €2 million more per year for our tea by 2010 and €5 million more per year by 2015.

### **Working with Rainforest Alliance**

"Unilever is taking an exciting leadership position by mainstreaming its commitment to sustainability through its brands. Our work with Unilever on tea sustainability will help improve working conditions for tea growers and help them access better markets and better prices."



Tensie Whelan, Executive Director, Rainforest Alliance

### **A strong beginning**

The first tea farm to meet the standards required for certification was our own tea estate in Kericho, which has pioneered sustainable tea production for many years. Other tea farms in Kenya, Tanzania, Malawi, Indonesia, India, Argentina and Sri Lanka are following. Eventually certification will extend to thousands of farms in Africa, South America and South East Asia, improving the crops, incomes and livelihoods of around 2 million people on three continents.



The first certified tea was sold to restaurants and the catering trade in Europe in August 2007. In early 2008 it became widely available across Europe under our PG Tips and Lipton brands and in Japan as Lipton Goryoku.

# Our values & strategy

**We meet everyday needs for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life. Our aspiration is to meet these needs in a sustainable way.**

## Values & strategy

At the heart of our corporate purpose is the drive to grow sustainably and in this way create long-term value for all those with a stake in the business.

Our efforts are guided by our Code of Business Principles which sets the standards of behaviour we demand from all our employees. It also outlines our commitments to our stakeholders including consumers, customers, suppliers, employees, communities and the environment.

To fulfil our commitments, we have a strategy in place supported by company-wide governance and management structures.

# Our values

**We aim to manage and grow our business successfully round the world as a trusted corporate citizen, respected for the values and standards by which we behave.**

## Our shared values

We have a set of shared values. Our values guide the way in which we do business and influence the way we think and act. It is by putting these shared values into everyday working practice that we can operate successfully as a company.

Our values are expressed in our Corporate Purpose and Vitality Mission. Our Code of Business Principles guides how we live them out on a day-to-day basis. Our Business Partner Code sets out what we expect of our suppliers.

### **Corporate Purpose & Vitality Mission**

We first articulated our Corporate Purpose in 1996. Articulating our Corporate Purpose did not invent something new but made clear what we believe is the essence of our company. It describes what Unilever aspires to be as well as expressing our values and beliefs. We updated our Corporate Purpose in 2005 to express our new Vitality Mission: "to meet the everyday needs of consumers for nutrition, hygiene and personal care with brands that help people feel good, look good and get more out of life". Our Corporate Purpose and Vitality Mission together describe the factors that we believe will contribute to our long-term success. They also underpin our commitment to meet these needs in a sustainable way.

### **Code of Business Principles**

Our Corporate Purpose says that for us to succeed requires: "the highest standards of corporate behaviour towards everyone we work with, the communities we touch and the environment on which we have an impact".

Supporting this, our Code of Business Principles sets the framework of standards within which we work. The Code is supported by additional worldwide operational standards on issues such as employee and product safety.

We regularly review the Code to ensure it meets the needs of today's business environment. Our latest revision was in 2001 and the updated Code was rolled out across our business in 2002. The Code is a short document, written in clear simple language, stating overall principles. It is designed to be easy to read and understand for all our employees. This is because we believe the Code must have practical value in our day-to-day business. We



expect every Unilever employee to follow its principles in spirit as well as to the letter.

### **Our values in action**

A code is no practical use unless it is part of an active process of compliance, monitoring and reporting. The Board of Unilever is responsible for this process, with day-to-day responsibility lying with our senior management around the world.

The Code is translated into nearly 50 languages and is communicated to all employees.

As part of our worldwide positive assurance process, each year our company chairmen give a written assurance that their business is in compliance with the Code. The Board of Unilever reviews these responses. Internal audit is used to provide reassurance that the process is working satisfactorily.

Any breaches of the Code must be reported in accordance with procedures set by the Group Secretary of Unilever. Our Board will not criticise management for any loss of business resulting from adherence to our Code.

We expect and encourage employees to bring to our attention any breach of the Code and no employee will suffer as a consequence of reporting a breach. Since 2004 all employees worldwide have had access to a toll-free 24-hour ethics telephone hotline. The hotline enables employees to raise any concerns in complete confidence, and anonymously if they wish.

### **Our values & our business partners**

We rely on a huge network of business partners around the world. We seek to establish mutually beneficial relationships with them and expect our suppliers to work in a way that is consistent with our own values and principles. Our Business Partner Code draws on our Code of Business Principles to set out ten clear standards we expect our suppliers to meet. Like our Code of Business Principles, our Business Partner Code is accompanied by a positive assurance process.

# Strategy & governance

**To fulfil our commitments, we have a strategy in place supported by company-wide governance and management structures.**

## Our sustainability journey

Over 100 years ago, William Hesketh Lever and Samuel van den Bergh did not just create the world's first consumer brands, Sunlight soap and Blue Band margarine: they built businesses with strong values and a mission to act as agents of social change.

Sustainable development has become the overarching goal for business and government. It demands that we meet the needs of society today without compromising the ability of future generations to survive and prosper.

A commitment to sustainable development and responsible business practice is embedded in our mission and principles. In practice this means understanding the impact we have as a business on society, not only in how we run our own operations, but also in sourcing our raw materials and, crucially, through our brands.

### **Our strategy**

In 2007, the Unilever Executive agreed a revised strategy outlining our corporate responsibility and sustainability commitments. This builds on the 2005 strategy which reinvigorated many of our existing activities including our work on supply-chain standards, eco-efficiency, employee well-being and community engagement.

Our strategy focuses on areas where both the opportunities and challenges for our business are most pressing, namely climate change, sustainable agricultural sourcing, water and packaging.

It also cements our commitment to 'brand imprint' - the integration of social, economic and environmental considerations into the development plans of our brands. As values-led brands will increasingly drive our business, this element of the strategy is central to our approach.

We continue to focus our global partnerships on our Vitality themes of nutrition, hygiene and sustainability, as the areas where we can make the most impact.

## Our strategy

### Strategy

To integrate social, economic and environmental considerations into our business and brands

To focus on climate change, water, packaging and sustainable agricultural resources as our key sustainability themes

To focus our global partnerships on nutrition and hygiene issues

### Progress in 2007

- Brand Imprint process carried out with 14 global brands.
- Completed assessment of 22 000 food and beverage products as part of our Nutrition Enhancement Programme.
- Our Global Health through Hygiene Programme's smart sensor technology was independently endorsed by leading experts as effective in evaluating handwashing campaigns.
- Launched new climate change strategy with targets for CO2 reduction.
- Improved eco-efficiency performance in four of our seven key measures but underperformed on waste (hazardous and non-hazardous) and CO2 from energy.
- Announced commitment to source all our tea from sustainable, ethical sources and to work with the Rainforest Alliance.
- Our partnership with the UN World Food Programme provided 15 million meals to 80 000 school children.
- Continued Love your Heart campaign promoting heart health with the World Heart Federation.
- Launched new oral care mission to encourage day and night brushing, building on our partnership with the FDI World Dental Federation.
- Agreed strategic focus on handwashing and safe drinking water with UNICEF, supported by projects in Uganda and India to demonstrate potential.

To continue to work on our eco-efficiency, supply-chain management, employee health & safety and community investment

- Continued activity and progress against each of these areas.

## **Management & implementation**

To implement our strategy we have a series of management structures in place. The most important of these are:

### **Safety & Environmental Assurance Centre (SEAC)**

SEAC's role is to provide independent scientific evidence and guidance so that Unilever can identify and manage:

- risks for consumers, workers and the environment with regard to the safety of products and supply chain technology; and
- environmental impacts, with regard to the sustainability of Unilever's brands, products and supply chain.

### **Unilever Food & Health Research Institute**

Around 450 scientific staff work on the development of new products and processes and continuously improve the nutritional quality of our products, often in conjunction with external partners. The Institute shares and discusses our research widely, through publication in journals and an annual symposium involving external scientific experts.

### **Global Health through Hygiene Programme**

The aim of this programme is to co-ordinate Unilever's efforts to make a measurable contribution to the health and hygiene of people around the world through practical, community-based initiatives. The programme takes successful initiatives from one brand or country and tailors them to address consumer hygiene needs elsewhere.

### **Sustainable Agriculture Steering Group**

The Steering Group is responsible for managing our Sustainable Agriculture Initiative. Its objective is to promote sustainable supply chains worldwide, focusing on long-term, sustainable access to Unilever's key crops. The Steering Group also benefits from the input of the Sustainable Agriculture Advisory Board which consists of external experts.

### **Other programmes**

Our Greenhouse Gases Working Group and the Responsible Packaging Steering Team are two current examples of how teams come together to work on specific issues. These groups work to assess Unilever's footprint, formulate strategy, work with category and brand teams to set specific goals

and support the teams in implementing them. They also engage with external stakeholders.

## **Unilever's sustainability journey – some key events 1995-2008**

### **1995**

- Sustainable Agriculture Initiative begins



### **1996**

- Fish sustainability initiative sets long-term goal of sustainable sourcing
- Marine Stewardship Council co-founded with WWF
- First environmental report published containing eco-efficiency indicators



### **1998**

- First agricultural pilot project begins



### **2000**

- Sustainable Agriculture Advisory Board established
- Shakti launched in India
- First social report published



### **2002**

- Code of Business Principles revised
- Lifebuoy Swasthya Chetna handwashing campaign launched in India



### **2003**

- Business Partner Code introduced
- Good Agricultural Practice Guidelines published for all key crops
- Roundtable on Sustainable Palm Oil established



## 2005

- Nutrition Enhancement Programme begins
- 56% of our fish used in Europe from sustainable sources
- Joint research published with Oxfam on the links between wealth creation and poverty reduction



## 2006

- Brand Imprint methodology piloted
- Choices nutrition labelling launched
- Shakti reaches 100 000 villages through 30 000 entrepreneurs
- Lifebuoy Swasthya Chetna handwashing campaign reaches 80 million people
- Roundtable on Responsible Soy established



## 2007

- Nutrition Enhancement Programme completed
- Lipton sustainable tea partnership with Rainforest Alliance launched
- Independent study on the impacts of our South Africa business completed
- PROGRESS, a foods sector industry partnership on supplier standards, launched with Unilever as a founding member



## 2008

- Committed to have all our palm oil certified sustainable by 2015



# Governance

**We aim to manage our social and environmental responsibilities carefully and thoughtfully.**

## Management structures

Our commitment to sustainable development is embedded into our business agenda through our Vitality mission, as expressed in our Corporate Purpose. Management structures to help us fulfil our commitment are integrated into our organisational framework:

- sustainability and corporate responsibility are championed and led by a member of our Unilever Executive, Vindi Banga, President Foods, Home & Personal Care
- strategic development of our social and environmental goals is the responsibility of our Foods and Home and Personal Care categories and their global brand teams
- implementation is rooted in our operating companies within our three regions: the Americas, Europe and Asia Africa
- priorities are set and action co-ordinated by our Corporate Responsibility Council. This comprises representatives from across the business and meets three times a year
- governance of our conduct as a responsible corporate citizen is provided by our Board's Corporate Responsibility and Reputation Committee which meets quarterly
- both our Council and Committee benefit from the insights of the Unilever Sustainable Development Group – a group of five external experts in corporate responsibility and sustainability, chaired by Unilever Executive member, Vindi Banga, who meet twice a year.

This governance structure is supported by a small team at our corporate headquarters, led by our senior vice president for corporate responsibility, who also sits on our Corporate Responsibility Council and supports our Corporate Responsibility and Reputation Committee and the Unilever Sustainable Development Group. The team also works closely with the specialist teams who provide support and advice on specific areas. These include our Safety and Environmental Assurance Centre (SEAC), the Unilever Food & Health Research Institute (UFHRI), our Global Health through Hygiene Programme (GHHP) and our Sustainable Agriculture Steering Group.

### **Corporate Responsibility Council**

The Council's role is to ensure that our business and individual brands are aligned with our corporate responsibility and sustainability agenda, and to agree priorities and monitor progress in this area. It also oversees the Unilever brand and our global partnerships. The Council comprises representatives from our Foods and Home and Personal Care categories and

the leaders of our corporate responsibility, R&D and global supply chain functions, as well as representatives from our Safety and Environmental Assurance Centre and regions.

### **Corporate Responsibility & Reputation Committee**

Our Corporate Responsibility and Reputation Committee has responsibility for overseeing Unilever's conduct as a responsible corporate citizen, and for ensuring that Unilever's reputation is protected and enhanced. The members of the Committee are our Non-executive directors Leon Brittan, Narayana Murthy and Hixonia Nyasulu. Leon Brittan chairs the Committee.

### **Unilever Sustainable Development Group**

We have internationally respected external advisers who meet regularly as a group and individually with senior management and scientists. They form a panel of independent – and independently minded – experts who advise us on the challenges of sustainable development.

They are:

- Daniel Esty
- Ma Jun
- Malini Mehra
- Jonathon Porritt
- Tiahoga Ruge.

### **Safety & Environmental Assurance Centre (SEAC)**

SEAC's role is to provide independent scientific evidence and guidance so that Unilever can identify and manage:

- risks for consumers, workers and the environment with regard to the safety of products and supply chain technology; and
- environmental impacts, with regard to the sustainability of Unilever's brands, products and supply chain.

### **Unilever Food & Health Research Institute (UFHRI)**

Around 450 scientific staff work on the development of new products and processes and continuously improve the nutritional quality of our products, often in conjunction with external partners. The Institute shares and discusses our research widely, through publication in journals and an annual symposium involving external scientific experts.

### **Global Health through Hygiene Programme**

Our Global Health through Hygiene Programme (GHHP) co-ordinates Unilever's efforts to make a measurable contribution to the health and hygiene of people around the world through practical, community-based initiatives. It takes successful initiatives from one brand or country and tailors them to address consumer hygiene needs elsewhere.



## **Sustainable Agriculture Steering Group**

The Sustainable Agriculture Steering Group comprises Unilever staff from around the world responsible for managing our Sustainable Agriculture Initiative. Its objective is to promote sustainable supply chains, focusing on long-term, sustainable access to Unilever's key crops. Professor Jules Pretty from the University of Essex in the UK acts as principal advisor to the Group.

The Steering Group benefits from the input of the Sustainable Agriculture Advisory Board, which consists of external experts from not for profit organisations and research institutes in the voluntary sector and academia. Its role is to provide independent advice and judgment and to strengthen policy-making within Unilever.

### **Available online:**

Downloads

[Unilever Sustainable Development Group \(255 KB\)](#)

[Corporate Responsibility & Reputation Committee terms of reference \(67 KB\)](#)

# Engaging with stakeholders

**Listening to others and learning from our stakeholders informs our decision-making, strengthens our relationships and helps us succeed as a business.**

## Our approach

Our success as a company depends on good relationships with a broad range of people and organisations who have a stake in our business. With some, such as our customers, employees, suppliers and investors, the relationship is based on direct contact or financial involvement with the business. Others, such as governments and regulators, local communities, civil society organisations, academics and individual concerned citizens, have a wider interest in what we do and in our impacts on society as a whole.

### **Variety of engagement**

This variety of relationships means we engage in many differing ways, depending on the nature of the interest, the relevance to the business and the most practical way to meet stakeholders' specific needs and expectations. With consumers, for example, our brand teams are in continuous conversation the world over to understand their diverse tastes, needs and trends. We operate consumer-care lines, provide information about our business and brands through websites, and conduct detailed consumer research.

With other stakeholders, for example local governments and civil society organisations, our operating companies, and increasingly our brand teams, have regular meetings, participate in research projects and surveys, and contribute to public policy and special interest group debates. Decisions to engage are made at local or regional level, and the results inform our business decision-making. We focus on issues where we can make a meaningful contribution, have a responsibility to play a particular role and which support's Unilever's business objectives. Generally we find that constructive dialogue, including with those who may hold critical views, helps our understanding of the dilemmas we face in running a business that is seeking to be more sustainable.

### **Partnerships**

Increasingly we are trying to build partnerships that endure over several years with intergovernmental and non-governmental organisations which can undertake practical action as well as inform our understanding of the issues. We feel we can be most effective by focusing on a limited number of in-depth partnerships related to our priority issues such as nutrition, hygiene, sustainable resources and poverty alleviation.

Given that we have operations in around 100 countries, it is not possible to list all our engagement activity with stakeholders. However we have begun to build a better map of the main external relationships by our operating companies, focused at European and international levels.

### **Business associations**

Our principal business associations – particularly where we are engaged in dialogue with governments and regulators – are set out in the table below.

### **Unilever memberships: key European & international industry associations & advocacy organisations**

| <b>Organisation</b>   | <b>Mission/Objectives</b>   |
|---|---|
| Association for the Sustainable Use and Recovery of Resources in Europe (ASSURRE) | ASSURRE is a multi-sector coalition that aims to play an important role in transforming Sustainable Resource Management from a concept into a practical process and to work for a better EU legislative framework through better dialogue between all relevant actors and the EU institutions.  |
| Business and Industry Advisory Committee to the OECD (BIAC)                       | <p>BIAC is an independent organisation officially recognised by the OECD as being representative of the OECD business community.</p> <p>BIAC's members are the major industrial and employers' organisations in the 30 OECD member countries. Via its 34 standing committees and policy groups, BIAC mirrors all economic policy issues the OECD covers, and their impacts on both member and an increasing number of non-member countries like Russia and China.</p> |
| Business Action to Stop Counterfeiting and Piracy (BASCAP)                        | BASCAP works with the global business community to more efficiently identify and address intellectual property rights issues and petition for greater commitments by local, national and international officials in the enforcement and protection of intellectual property rights. While carrying out these functions BASCAP also works to increase public awareness of the problems and dangers associated with intellectual property right violations.             |
| Confederation of the Food and Drink Industries of the EU                          | CIAA represents the interests of the food and drink industries in Europe.   |

|   |   |
|---|---|
| (CIAA)  | <p>It is committed to an environment where all European food and drink companies can compete effectively for sustainable growth in the context of an enlarged EU and global markets. It does this by contributing to the development of a legislative and economic framework addressing competitiveness, food quality and safety, consumer information and respect for the environment.</p>   |
| CSR Europe  | <p>CSR Europe is a non-profit organisation that promotes corporate social responsibility. Its mission is to help companies achieve profitability, sustainable growth and human progress by placing corporate social responsibility in the mainstream of business practice.</p> <p>In pursuit of its objectives, CSR Europe is committed to a broader stakeholder dialogue between businesses, European policy makers, governments, investors, social partners, civil society and academics.</p> |
| European Brands Association (AIM)                             | <p>AIM represents the interests of brand manufacturers and 21 national branding associations. Its mission is to create for brands an environment of fair and vigorous competition, fostering innovation and guaranteeing maximum value to consumers.</p>  |
| European Chemical Industry Council (CEFIC)                    | <p>CEFIC represents around 27 000 large, medium and small chemical companies, which account for nearly a third of world chemical production.</p> <p>Its mission is to maintain and develop a prosperous chemical industry in Europe by promoting the development of workable, proportional, predictable and science-based legislation to ensure the continued competitiveness of the industry.</p>  |
| European Cosmetic Toiletry and Perfumery Association (COLIPA) | <p>COLIPA represents more than 2 000 companies operating in the European cosmetic, toiletry and perfumery industry, which has an annual turnover of €58.1 billion. It is committed to the on-going development of safe, innovative and effective products and to continuously meeting the demands of consumers through intensive market research and enhanced product information.</p>  |

European Organisation for Packaging and the Environment (EUROPEN)

EUROPEN brings together companies and national organisations with a common interest in packaging and the environment.

EUROPEN aims to achieve a fully accessible European market for packaging used for packaged products, whereby best use is made of the role, benefits and functions of packaging in society, such as protection of products and the environment and supplying information to and meeting the needs of consumers and customers.

European Roundtable of Industrialists (ERT)

The ERT brings together around 45 chief executives and chairmen of major multinational companies of European parentage, covering a wide range of industry and technology sectors.

It works to identify important issues related to European competitiveness, analyses critical factors and examines how public policies could facilitate improvements

International Association for Soaps, Detergents and Maintenance Products (AISE)

AISE is the official representative body of the soaps, detergents and maintenance products industry in Europe. Its membership totals 34 national associations in 31 countries, covering more than 900 companies ranging from small and medium-sized enterprises to large multinationals active both in the consumer goods market and the industrial and institutional sectors.

The AISE mission is to communicate effectively and objectively the values of its members to improve the economic and legal environment in which the industry operates.

International Business Leaders Forum (IBLF)

The IBLF is an international non-profit organisation that works to promote responsible business leadership and partnerships for social, economic and environmentally sustainable international development, particularly in new and emerging market economies.

Supported by more than 70 of the world's leading companies, the IBLF operates in more than 50 countries around the world in areas such as tourism, health, enterprise development, transparency and corruption, and partnerships.

|  |   |
|--|---|
| International Chamber of Commerce (ICC)                                | The International Chamber of Commerce is the voice of world business.   |
|  | <p>Its work covers a broad spectrum, from arbitration and dispute resolution to making the case for open trade and the market economy. In particular, it seeks to forge internationally agreed rules and standards that companies adopt voluntarily and can be incorporated in binding contracts.</p> <p>As part of its work, the ICC provides business input to the United Nations, the World Trade Organisation and many other intergovernmental bodies, both international and regional.</p> |
| International Margarine Association of the Countries of Europe (IMACE) | <p>IMACE represents the interests of 21 national margarine associations at European-level.</p> <p>On behalf of its members, it aims to create a regulatory framework both at EU and international level that responds to the needs of margarine manufacturers by working with policymakers, trade associations and other European business groups.</p>  |
| Sustainable Agriculture Initiative Platform (SAI)                      | <p>SAI Platform is a platform created by the food industry to actively support the development of and to communicate worldwide about sustainable agriculture involving the different stakeholders of the food chain.</p> <p>SAI Platform supports agricultural practices and agricultural production systems that preserve the future availability of current resources and enhance their efficiency.</p>   |
| Trans Atlantic Business Dialogue (TABD)                                | <p>The TABD is a group of chief executives from American and European companies operating in the United States, Europe and globally, which acts as a unique and effective mechanism for enhanced co-operation between the transatlantic business community and the governments of the US and EU.</p> <p>Its primary goal is to help establish a barrier-free transatlantic market (BFTM) with the freest possible exchange of goods, services and capital.</p>                                  |

Transatlantic Policy Network (TPN)

TPN is a non-governmental network of EU and US parliamentarians and corporate members. Its mission is to promote the closest possible partnership between the governments and peoples of the European Union and the United States so as to ensure global security, economic growth and stability and the enhancement of democratic values.

Union des Industries de la Communauté Européenne (UNICE)

UNICE represents the voice of business in Europe. Its membership is comprised of national business federations throughout Europe and its mission is to release entrepreneurial energy; boost innovation; unleash the internal market of 25+; improve the functioning of the labour market; make environmental policy more effective and efficient; and foster international trade investment.

World Business Council for Sustainable Development (WBCSD)

The WBCSD brings together 180 international companies in a shared commitment to sustainable development through economic growth, ecological balance and social progress. Its members are drawn from more than 30 countries and 20 major industrial sectors.

Its mission is to provide business leadership as a catalyst for change toward sustainable development, and to support the business licence to operate, innovate and grow in a world increasingly shaped by sustainable development issues.

World Economic Forum (WEF)

The World Economic Forum is an independent international organisation committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

World Federation of Advertisers (WFA)

The WFA is the voice of advertisers worldwide representing 90% of global marketing communications expenditures through a unique global network that includes 50 national advertiser associations on five continents, as well as direct multinational corporate members.

Through the network, the WFA represents more

than 10 000 businesses operating in a broad spectrum of sectors at national, regional and global levels.

The WFA has a dual mission: to defend and promote responsible commercial communications; and to facilitate a media environment, which stimulates maximum effectiveness of advertising spend.

**Available online:**

Summary feedback from stakeholder consultation sessions:

[Stakeholder consultation feedback 2006 \(695 KB\)](#)

[Stakeholder consultation feedback 2005 \(194 KB\)](#)



# Measurement

**We measure our social, economic and environmental performance using a growing set of metrics that underpin our reporting and help us monitor our progress.**

## Our key performance indicators

We are committed to reporting on our social, economic and environmental impacts using a robust set of key performance indicators (KPIs).

With a well-established process and a global set of KPIs to measure the eco-efficiency of our manufacturing operations, this is an area that we have been reporting on for thirteen years.

While we have made some progress in the measurement and reporting of social and economic KPIs, we recognise that work remains to be done to consolidate a consistent set of indicators. Some social performance measures and targets are straight forward, such as employee health and safety and consumer safety. However, we find that not all social impacts can be measured in every country, either because it is difficult to do so in a consistent way, or because local laws or the absence of relevant measures prevent us from doing so.

To illustrate our economic impact we use cash value added. This is a measure of the wealth we create by adding value to the raw materials we buy around the world and processing them into branded goods in our local markets. This wealth is then shared among our stakeholders in the form of wages, taxes, dividends and community investment.

# Reporting

**Transparency in communication is an integral part of our commitment to manage and grow our business successfully around the world as a trusted corporate citizen, respected for the values and standards by which we behave.**

## Reporting strategy

Our approach is to report on the values and standards we have set out in our Vitality mission and Corporate Purpose, our Code of Business Principles and our Business Partner Code. These are the core principles by which we expect to be judged.

We seek to provide a transparent account of our progress each year via our online Sustainable Development Report. Communicating via our website means our reporting is easily accessible to a wide range of stakeholders and provides a channel for dialogue with them. Our website is updated throughout the year and accommodates a wealth of data – both topline and detailed - to address the needs of general and specialist audiences.

However, we recognise that for some purposes a printed publication is still the best way to communicate so we also produce a short printed document – our Sustainable Development Overview - to complement our website report. The Overview covers our strategic direction and most material impacts.

Internationally, we have been reporting on our environmental performance since 1996, and on our social performance since 2000. Some of our companies also produce their own sustainability reports, such as Unilever Brazil.

Embedded in the development of our reporting are the perspectives of our board-level Corporate Responsibility and Reputation Committee, the Unilever Sustainable Development Group of external advisers, our employees and specialist opinion formers. We run regular stakeholder consultations to gather feedback on our reporting (see Downloads below).

Feedback is also gathered through awards. For example, our 2006 Report came runner up in the Best Report category of the Association of Chartered Certified Accountants (ACCA) UK Awards for Sustainability Reporting 2007, and our 2005 Report was ranked sixth in the world in the UNEP/Standard & Poor's/SustainAbility Tomorrow's Value global Reporters Survey 2006.

In compiling our Reports, we review external standards such as the Global Reporting Initiative Guidelines and the AccountAbility 1000 Assurance Standard's practice of 'inclusivity' (see below).

### **2007 reporting**

In May 2008, we published our online Sustainable Development Report 2007 and our Sustainable Development Overview 2007.

Pdf versions of both the Sustainable Development Report and Overview can be downloaded from Publications.

### **Sustainable Development Report**

In our online Sustainable Development Report 2007, we cover a range of issues of concern to our stakeholders.

The most important ways in which Unilever makes a contribution to sustainability and responsible business practice is by:

- Enhancing the health and well-being of consumers through our products and brands
- Addressing the sustainability challenges related to climate change, water, packaging and sustainable agricultural sourcing
- Creating wealth in the communities where we operate and bringing benefits to our stakeholders

### **Sustainable Development Overview**

Our Sustainable Development Overview 2007 sets the context around these impacts. It looks at the issues surrounding topics such as nutrition, hygiene and climate change, asks what the role of business is, what the challenges are and how Unilever is addressing some of these.

### **Materiality, completeness & responsiveness**

'Material' for us is the way we fulfil our Vitality mission through our contributions to health, nutrition and hygiene; the sustainability of our business; and the wealth that it creates. We seek to improve our reporting of material issues and their impact on our business performance.

To ensure 'completeness' we take into account our impacts on society and the concerns of stakeholders. To do this requires detailed mapping and tracking of issues; ongoing stakeholder input and feedback; and the help of partners to guide our direction. Issues are often complex and we continue to work on those areas where we do not yet have a comprehensive understanding of our impacts.

As a consumer-focused company 'responsiveness' is built into our everyday approach to understanding and responding to our consumers' aspirations and

concerns. It is by greater integration of social, economic and environmental concerns across our business and brands that we will ensure our future success, and also improve our reporting to stakeholders.

### **Reviewing our progress**

We have assessed our 2007 Report against the Global Reporting Initiative's G3 guidelines and self-declared it to be level B+. B for the numbers of indicators we report, and + because our environmental and occupational safety performance indicators have been independently assured by a third party (our assessor, Deloitte). This level has been verified by a third-party (the agency that works with us on sustainability reporting).

In addition we provide an account of our contribution towards achieving the Millennium Development Goals and a report on progress against the UN Global Compact principles.

### **Boundaries & scope**

In our reporting we aim to cover our economic, social and environmental impacts. We include performance data for our direct operations and a discussion of issues arising in our extended value chain, which encompasses both our supply chain and how our products reach our consumers.

In the issues we cover and the way we address them, we seek to apply recognised international principles for non-financial reporting, notably those adopted by the Global Reporting Initiative. Our 2007 Report uses the AA1000 Assurance Standard's principles of materiality, completeness and responsiveness to help our stakeholders assess our performance.

As is usual for reports of this sort, our performance indicators, such as our eco-efficiency in manufacturing data, mirror the scope adopted by our statutory Annual Report and Accounts. Therefore they do not include contract production or outsourced support services.

### **Basis of reporting**

The basis of reporting for our 2007 environmental and occupational safety performance indicators is described below (see Basis of Reporting).

### **Feedback**

Our reporting continues to evolve as we seek to provide a transparent and accessible account of our performance and in the light feedback from a variety of stakeholders. Please tell us what you think about our sustainability reporting via Contact Us on [www.unilever.com](http://www.unilever.com) – we value your feedback.

# Unilever Basis of Reporting 2007

## **Background**

We asked Deloitte & Touche LLP (Deloitte) to provide independent assurance of selected data and related assertions in our Sustainable Development Report 2006, published in May 2007. We invited Deloitte to carry out limited assurance again of selected data for our Sustainable Development Report 2007, published online in May 2008.

Deloitte's assurance report outlining the assurance scope and their qualified assurance conclusion is available at [www.unilever.com/sust-dev-assurance](http://www.unilever.com/sust-dev-assurance).

Below we provide the definitions and basis of reporting for our environmental and occupational safety performance indicators.

## Environmental Data

### **Scope**

Every year we collect data from each of our manufacturing sites on key measures of environmental performance. This is collated and analysed using an environmental performance reporting system.

Since 1995 (13 years) we have continually improved the way we collect and report environmental performance data from our manufacturing sites. In 2007 we focused on improving the reporting methodology for energy and carbon dioxide (CO<sub>2</sub>) emissions for renewable energy in line with the internationally-recognised Greenhouse Gas Reporting Protocol.

In 2007 287 manufacturing sites (including some sites that closed in 2007) in 69 countries reported environmental performance data. This number included 10 sites that closed during the year; 3 sites were new reporters. In line with previous years, we do not collect environmental data from third-party companies that manufacture or pack our products (these account for approximately 15% of production) or from Unilever non-manufacturing sites.

Limited data on prosecutions and related fines are collected from all our manufacturing sites and additionally from our corporate head offices and major research laboratories (8 sites in total).

Seven key environmental performance parameters are used by our manufacturing operations for reporting emissions and setting future reduction targets. Emissions of Ozone Depleting Substances are also reported, expressed as Ozone-Depleting Potential (ODP).

Load per tonne of production is reported for 7 parameters – Chemical Oxygen Demand (kg), hazardous and non-hazardous waste (kg), water (m<sup>3</sup>), energy (GJ), CO<sub>2</sub> from energy (kg) and boiler/utilities SO<sub>x</sub> (kg). All products, semi-finished products and by products are reported in our production tonnage. The reported tonnage is the net weight in tonnes excluding all packaging.

## **Definitions of parameters**

### **1) Total COD [Chemical Oxygen Demand] (kg)**

COD represents the ingredients and product lost from our manufacturing processes. 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.

The Unilever COD data represent the load discharged, or effluent, from the factory/manufacturing site. The data do not make any allowance for the fact that based on individual site data we estimate a further 89.8% of this material is removed in municipal wastewater treatment plants. Consequently the COD load which actually reaches the environment is much lower.

### **2) Total water consumption (m<sup>3</sup>)**

Water consumption is measured in all Unilever's factories. The data represent all water consumed – both potable (drinking quality) and non-potable (lower quality) water that we use. Examples include water used as an ingredient in products, uncontaminated non-contact cooling water and wastewater.

### **3) and 4) Hazardous & Non-hazardous waste (kg)**

In terms of potential impact on the environment, it is important to distinguish between Hazardous and Non-hazardous waste. As a result, Hazardous and Non-Hazardous waste are reported separately.

Since there is no common international waste classification, the Unilever data are based on the national legal definitions applicable for each site, and are simply the total mass of material disposed of from the site under each classification.

A significant amount of solid waste from our factories is sent for recycling instead of landfilling or incineration. We report amounts of waste sent for disposal (tonnes), waste sent for off-site recycling (tonnes), total waste (tonnes) and total recycled (%). Recycling data excludes material or effluent that are reused or recycled within the factory.

## **5) & 6) Total energy consumption (GJ or $10^9$ Joules) & CO<sub>2</sub> from energy use (kg)**

Energy consumption per tonne of product is widely used as a manufacturing performance indicator.

Since 1999 we have focused both on energy (in GJ) and CO<sub>2</sub> from energy use (in tonnes CO<sub>2</sub>) as our major greenhouse gas contributor, and set targets for each of these. Our CO<sub>2</sub> from energy load has been calculated from the source energy data using internationally accepted conversion factors derived from the Greenhouse Gas Protocol website. See link: <http://www.ghgprotocol.org/calculation-tools/all-tools>

During 2007 we improved the reporting methodology for energy and CO<sub>2</sub> emissions for renewable energy in line with the internationally-recognised Greenhouse Gas Reporting Protocol for the energy consumed and the CO<sub>2</sub> generated from energy at our manufacturing sites. See also Scope above. We will use this methodology for future reporting.

Our manufacturing sites use different sources of energy depending on their production processes and also their geographical location. We collect this information, along with data on emissions from electricity generation and other fuel sources for each country, to calculate our total CO<sub>2</sub> emissions from energy. In 2007 we improved our reporting of energy and CO<sub>2</sub> emissions from renewable energy and biogenic material. Pre-2007 we reported wood. From 2007, we are extending biogenic material to include wood, biomass, biogas and waste material that is used for fuel, eg waste crops at our plantations and sugarcane fibre. The new method is more accurate and decreases our reported CO<sub>2</sub> emissions. To ensure comparability we have for 2007 reported the data using both the new and the old method, thereby showing the effect of the improved methodology.

We report in more detail our direct and indirect GHG emissions from energy sources used by our manufacturing sites, together with their other non-energy GHG emissions.

Energy sources include electricity, coal, natural gas, heavy fuel oil, light fuel oil, wood, liquid petroleum gas and steam.

Our main non-energy sources of GHGs from manufacturing are methane emissions from landfilling biodegradable wastes such as paper, cardboard, vegetable and milk waste; CO<sub>2</sub> from aerobic wastewater treatment, and refrigerants losses.

We do not measure levels of three other major GHGs because our emissions are negligible. These are: nitrous oxide (produced mainly in nitric oxide manufacture), perfluorocarbons (mainly associated with aluminium and

magnesium production), and sulphur hexafluoride (used in some electrical equipment).

### **7) Boiler / Utilities SO<sub>x</sub> (kg)**

This air emission parameter is relevant to most sites since almost all have a boiler used for generating steam. In some cases diesel generators are also used onsite for electricity generation.

The Unilever data are calculated from the total mass of fuel consumed, and its sulphur content, and are expressed in terms of a mass of sulphur dioxide (SO<sub>2</sub>). Emissions of SO<sub>x</sub> are known to contribute to acid rain potential.

### **8) Ozone-Depleting Potential (kg)**

Ozone Depleting Substances (ODSs) are compounds mainly used as refrigerants. They include CFCs, HCFCs, HFCs, Halons and methyl bromide. When these compounds break down in the stratosphere, they release chlorine or bromine atoms which deplete the ozone layer.

We report the annual quantity of ODSs emitted to the atmosphere including losses eg. due to leaks or maintenance (which are subsequently topped up) and emissions to the atmosphere not replaced eg. when a unit is decommissioned and for some reason the refrigerant is not recycled.

The Ozone Depleting Potential (ODP) is derived for the different ODSs using specific factors. The source data we use is from the EPA website for some of the single source refrigerants (R-11, R-12, R-113) - see values in <http://www.epa.gov/ozone/ods.html>, with the remainder (mainly mixtures) being derived from the Refrigerant data summary by James M. Calm and Glenn C. Hourahan, Engineered Systems, Nov 2001.

## **Occupational Safety Data**

### **Scope**

We collect data from all our manufacturing sites and non-manufacturing sites eg. head offices, research laboratories and marketing/sales organizations.

Two occupational safety indicators are collected and reported on – Fatal accidents and Total Recordable Frequency Rate.

### **Definitions**

#### **1. Fatal accidents**

We collect data on three categories of fatal accidents: Employee on site, Employee off site and Contractor on site.



In addition to these fatality data, where such accidents may be deemed to be associated with our operations, Unilever also requires its individual organisations 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.

## **2. Total Recordable Frequency Rate (TRFR)**

Accidents are measured as Total Recordable Frequency Rate per 100,000 man-hours. TRFR is defined as all workplace accidents, excluding only those that require simple first aid treatment.

The TRFR calculation is the sum of all Lost Time Accidents (LTA) plus Restricted Work Cases (RWC) plus Medical Treatment Cases (MTC) expressed as a rate per hundred thousand hours worked.

TRFR is now the preferred reporting indicator for accidents at work. Previously we have reported our Accident Frequency Rate (AFR) – defined as workplace accidents resulting in time off work or some temporary restriction in the work that the injured person can undertake.

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

# Awards & recognition

These are some **highlights of recognition we have received from external bodies on our social, economic and environmental performance.**

## Highlights from 2007



FTSE4Good



### International

Specialist agencies, including socially responsible investment funds, provide a variety of ratings and rankings of our global performance, for example:

- Food industry category leader in the Dow Jones Sustainability World Indexes (DJSI World) for the ninth year running
- Awarded the SAM Sector Leader and SAM Gold Class Sustainability Distinctions by Sustainable Asset Management
- Included again in the FTSE4Good Index Series and attained the highest possible score in the new FTSE4Good Environmental Leaders Europe 40 Index
- Achieved Platinum standard in the UK's Business in the Community Corporate Responsibility and Environment Indexes 2007 and listed in its Top 100 Companies that Count
- Listed in the 2008 Corporate Knights / Innovest Global 100 Most Sustainable Corporations in the World for the fourth year running
- Recognised as the best company in the Food Products sector for our approach to climate change disclosure, and included in the Climate Disclosure Leadership Index, in the fifth Carbon Disclosure Project report published in 2007
- Named as Wal-Mart's 2007 Supplier of the Year for Sustainable Engagement
- Group Chief Executive Patrick Cescau was awarded the Botwinick Prize in Business Ethics from Columbia Business School
- Runner-up for Best Report in the ACCA UK Awards for Sustainability Reporting 2007, for our Sustainable Development Report 2006.

### National

At national level, our country-based operations are assessed on their performance in numerous surveys and rankings, for example:

- Unilever scored 94%, achieving Gold standard, in the Business in the Community's Corporate Responsibility Index in Australia and New Zealand;
- Hindustan Unilever named as the Most Respected Company in India over the past 25 years by BusinessWorld magazine;
- Unilever Nigeria won the UNICEF/CANET Blue Ribbon 2007 Oral Hygiene Award for its Close Up toothpaste;
- Unilever Canada's 2007 Marketer of the Year award from Marketing magazine included recognition of Dove, Hellmann's and Becel and Sunlight's Eco-Action Kids Awards that encourage children to protect the planet;
- Unilever Malaysia won the Sustained Excellence in EU-Malaysia Trade 2007 Award at the inaugural Europa Awards for its innovation and corporate social responsibility;
- Unilever Chile topped the country's Most Admired Companies list, a ranking produced by business newspaper Diario Financiero, in collaboration with business advisers, PricewaterhouseCoopers;
- Unilever Argentina was ranked first in the Best Employers List for the fourth year running by Apertura magazine;
- In the Asian CSR Awards, our Lifebuoy handwashing programme won the Concern for Health category, Project Shakti took the Excellence Award in the Poverty Alleviation category, and an Excellence Award in the Best Workplace Practices category was given to Pakistan's Personal Vitality, Health Passport;
- Unilever Indonesia won the International Green Apple Award from the independent environment group, The Green Organisation, for its environment programme in Surabaya, as well as five Anugerah Business Review Awards, including Best Company/Corporation, Best CSR Programme and Best SHE (Safety, Quality and Environment);
- In the USA, Unilever won Digital Marketer of the Year for its innovative use of web marketing to support brands such as Suave, Dove and Degree.

# Regional awards

Our manufacturing sites around the world also receive awards and recognition of various kinds from external organisations. These individual awards, given in 2007, are listed below.

## Site Awards/Recognition 2007

| Country   | Site Name        | Award  |
|-----------|------------------|--|
| Argentina | Pilar            | Received Pilar Council environmental responsibility certificate for managing liquid effluent.  |
| Brazil    | Goiania          | Won Company Friend of the Environment, Company that Respects and Values the Environment, and Environmental Management (AGMA – Legal Authorities) awards from state government and “O Popular Newspaper.” |
| Canada    | Rexdale          | Won General Electric award and City of Toronto Green Award for water conservation.   |
| Ecuador   | Guayaquil HPC    | Received an eco-efficiency award from the local environmental authority.   |
| Ghana     | Tema             | Received an environmental performance award for continuous improvement from the Ghanaian Environmental Protection Authority.   |
| Ghana     | Twifo Plantation | Received an environmental award from the local government regional environmental office.   |
| India     | Rajpura, HLL     | Won the prestigious “Prashansa Patra” award from the National Safety Council for sustained safety, health & environmental performance  |
| Indonesia | Rungkut          | Won a green environmental award and Energy Globe Award (water category) from the government.   |
| Kenya     | UKL, Nairobi     | Won clean production and solid waste reduction awards; runner-up in reduction of gaseous emissions   |

|         |                 |   |
|---------|-----------------|---|
|         |                 | award; and second place runner-up in wastewater reduction award from the Kenya National Cleaner Enterprise Production Awards.                 |
| Taiwan  | Shin Chu Taiwan | Received the Smoke Free Award from the Taiwan Department of Health.   |
| Turkey  | Gebze           | Won the Kocaeli Chamber of Industry environmental award.  |
| USA     | Jefferson City  | Received a silver award for waste treatment.  |
| USA     | Little Rock     | Skippy Plant won the 2007 Pollution Prevention Award (Food Category) from Little Rock wastewater utility for the third consecutive year.      |
| Vietnam | Unilever Cu Chi | Won the 2007 Voice of Vietnam prize for environment and development. Also won the green factory special prize from the Vietnamese Government. |