



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.

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

Organisation	Mission/Objectives
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)	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.
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)	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.
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)	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.

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 – 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.

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 (CO₂) 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 (m³), energy (GJ), CO₂ from energy (kg) and boiler/utilities SO_x (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 (m³)

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) & CO₂ 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 CO₂ from energy use (in tonnes CO₂) as our major greenhouse gas contributor, and set targets for each of these. Our CO₂ 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 CO₂ emissions for renewable energy in line with the internationally-recognised Greenhouse Gas Reporting Protocol for the energy consumed and the CO₂ 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 CO₂ emissions from energy. In 2007 we improved our reporting of energy and CO₂ 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 CO₂ 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; CO₂ 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 SOx (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 (SO₂). Emissions of SO_x 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

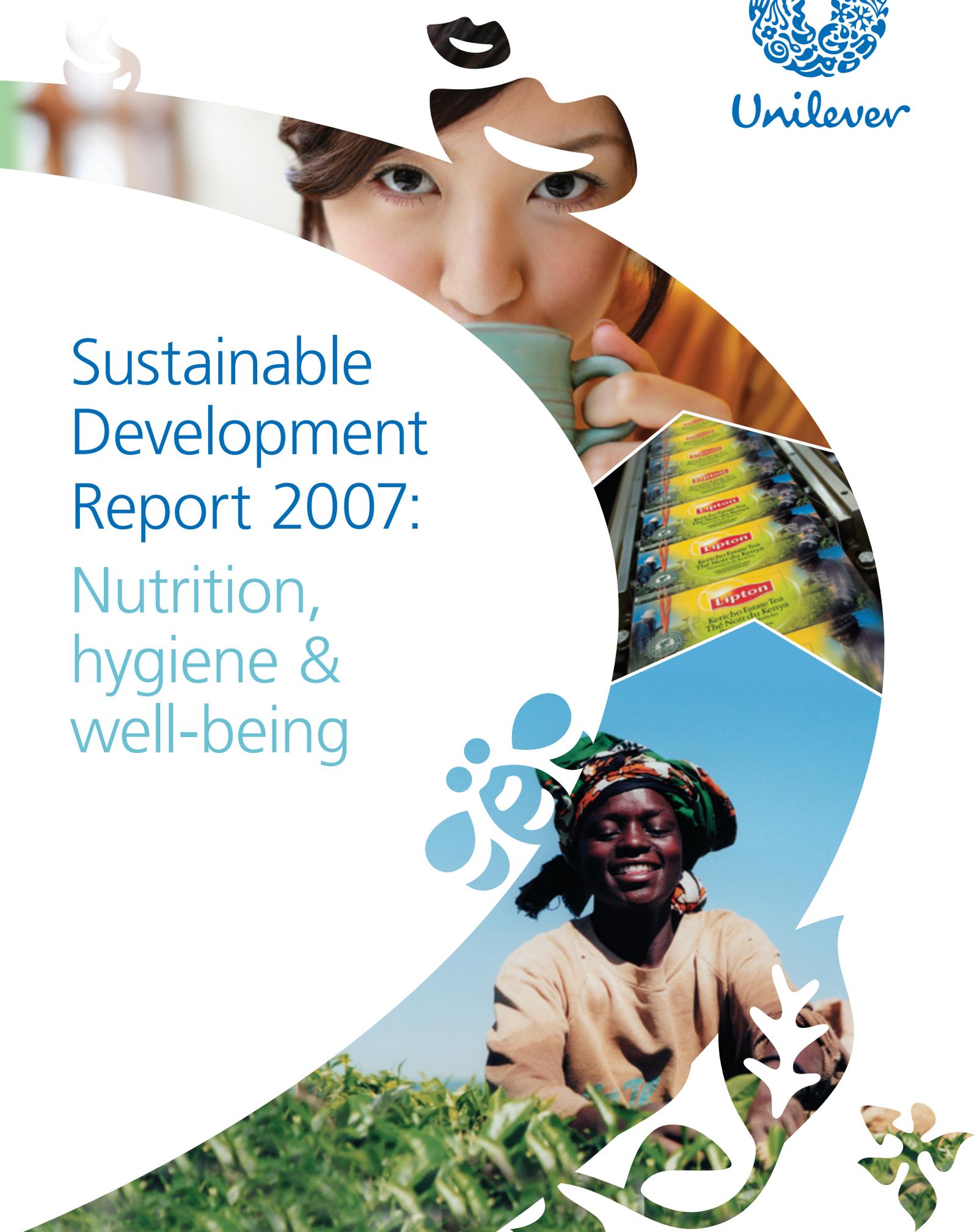
Country	Site Name	Award
Argentina	Pilar	Received Pilar Council environmental responsibility certificate for managing liquid effluent.
Brazil	Goiania	Won Company Friend of the Environment, Company that Respects and Values the Environment, and Environmental Management (AGMA – Legal Authorities) awards 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.



Unilever

Sustainable
Development
Report 2007:
Nutrition,
hygiene &
well-being



Nutrition, hygiene & well-being

Through our brands we can make a difference to the health and well-being of millions of people.

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This section of the online Sustainable Development Report 2007 is available at: www.unilever.com/ourvalues/environment-society/sustainable-development-report/nutrition-hygiene-wellbeing

Nutrition

Our brands influence the diets of millions of people. Our challenge is to offer consumers the healthy choice without compromising taste, convenience and affordability.

Our contribution

We can make a difference to the diets of consumers by improving the nutritional quality of our foods and beverages. Our Nutrition Enhancement Programme (NEP) continues to do this by reducing levels of trans fat, saturated fat, salt and sugar. This is done by assessing our products using benchmarks based on international dietary guidelines.



Since late 2005 the NEP has been reviewing our food and beverage portfolio. In 2007 we completed the assessment of all 22 000 retail and food service products. From this review we found around a third of products are in line with internationally accepted guidelines for fat, sugar and salt, qualifying them for the Choices stamp. This process has led to plans for improving the nutritional quality of more than half our total portfolio.

The NEP has led to significant changes in many of our products. For example:

Sugar:

- We have reduced by up to 20% the added sugars in our range of children's water ices such as the Calippo and Twister brands.
- We relaunched Lipton Ice Tea in seven European countries with 15% less sugar.
- A ready to drink Green Ice Tea was introduced in four European countries with 30% less sugar

Salt:

- Salt levels in soups have been cut, with an average reduction of 10% in European dry soups and 7% in Latin America.
- Knorr and Lipton side dishes in North America have also seen reductions in salt of 10-15%.
- The Pot Noodle range in the UK and Ireland now has up to 50% less salt per pot.

Fat:

- The majority of our Family Goodness (Rama/Blue Band) products in

Latin America and Asia have optimised their mix of vegetable oils in order to reduce saturated fat content by up to 25%.

- Breyers ice cream launched 'fat free' and 'light' ranges in North America with up to 50% less saturated fat.

In making these reductions we have had to balance nutritional content against how a product tastes so that we do not spoil consumers' enjoyment of our foods. This is a difficult task for our product developers since in blind tasting consumers often prefer well-salted products or those with higher levels of fat. An article discussing these benchmarks and the role they can play in improving the nutritional quality of foods and beverages was published in the European Journal of Clinical Nutrition in 2007.

Increasing consumer information

Helping consumers make healthier choices means providing clear information.



Using a front-of-pack stamp, the Choices Programme enables consumers to identify healthier products – foods and drinks that are in line with internationally accepted dietary advice on fat, sugar and salt. The stamp is complemented by back-of-pack nutrition information.

Choices continues to make progress with its roll-out around the world with products carrying the Choices stamp available in over 50 countries.

The Choices programme is open to all companies to use and can be applied to most foods and drinks. In 2007 the Choices International Foundation was launched with an independent International Scientific Committee to help monitor the qualifying criteria for the programme.

We are committed to providing nutritional information on all our product packs. In Europe, we are participating in a voluntary CIAA (Confederation of Food and Drink Industries of the European Union) nutritional labelling initiative which complements Choices. Under this initiative, on the back of all our packs we will show the levels of eight key nutrients (energy, protein, carbohydrates, sugars, fat, saturates, fibre and sodium) per 100g/ml and five of these (energy, fat, saturated fat, sugar and salt) as percentages of guideline daily amounts (GDA). We will also show calories on the front of packs as a percentage of GDA.

In Europe, around 50% of our products now show this level of information and by the end of 2008 we aim for this to rise to 90%.

We are extending this approach to other regions too where market conditions allow. In Australia, for example, we follow the CIAA approach.

In the UK, along with all major manufacturers and most retailers, we mark GDA on the front of pack too.

Innovating to improve consumer choice

Increasingly our innovations focus on making a positive contribution to people's diets. More than two-thirds of the products in our R&D pipeline have what we call 'Vitality' benefits: specific nutritional and health benefits.

To improve consumer choice we provide a range of variants. For example, in mayonnaise we offer Hellmann's Original mayonnaise (80% fat), Hellmann's Light (30% fat) and Hellmann's Extra Light (3% fat). The Extra Light variant employs new technology using natural citrus fibre, this reduces oil and calorie content while maintaining a creamy texture.

We also offer smaller portion sizes, for example in ice cream, our 60 ml Magnum Mini Classic contains 163 calories compared to a regular 120 ml Magnum Classic of 261 calories.

Sales of Knorr Vie fruit and vegetable shots continued to grow, increasing by 67% with around 162 million bottles sold in Europe in 2007.

After successful test marketing in Belgium and Ireland in 2006, Frusi, our frozen yoghurt with fruit and wholegrain cereals, has been rolled out in France, Italy, the Netherlands and UK. Frusi contains no more than 110 calories per 100ml pot and just 2.4 g of fat. Each pot also provides 50% of the recommended daily allowance of vitamin C.

Knorr's healthy eating campaign encourages consumers to eat colourful vegetables with the help of a range of new colour-themed products. The campaign was inspired by the insight that brightly coloured vegetables indicate the presence of different beneficial antioxidants.



Responsible marketing

Through our marketing and advertising we have the opportunity to inform people about the benefits of our products and innovations. Knorr, for example, encourages the consumption of vegetables through its 'Eat Colour' campaign. It is also a way for us to engage with consumers on issues that matter to them.

At the same time we acknowledge the influence of marketing on consumers and take our responsibilities seriously. For example, people in many parts of the world have concerns about advertising food to children.

Our Food and Beverage Marketing Principles provide guidance to our managers. They specifically prohibit any advertising to children under the age of six. Marketing to children between six and 12 is only permitted if the product meets strict nutritional criteria. This principle has also enabled us to take a leading role in agreeing cross-industry voluntary commitments and pledges to restrict advertising to children in regions such as the US and Europe.

In May 2007 we also committed to use only models who have a body mass index between 18.5 and 25 in our advertising. This range is in line with United Nations guidance on what is considered healthy and precludes the use of 'size zero' models.

Online advertising and communication is a growing trend. With people everywhere being able to access online material, our new internet marketing guidelines ensure that campaigns aimed at a particular market are sensitive to cultural differences in other parts of the world.

Tackling under-nutrition

Our foods can play an important role in tackling under-nutrition and micronutrient deficiencies in particular. A number of our products are fortified with essential vitamins and minerals. Our Rama/Blue Band margarine, for example, contains vitamins A, B and D and our new Amaze Brainfood products contain iron and iodine, important nutrients for children's mental development. Annapurna iodised salt helps prevent diseases caused by iodine deficiency and is now available in India, Ghana, Nigeria and Malawi.

Our contribution to solving the issues of under-nutrition goes beyond the nutritional value of our products. The complex social and public health challenges of poor nutrition and hygiene can only be solved by working in partnership with others.

We participate in global initiatives to improve nutrition through food fortification, for example through our involvement with the Global Alliance for Improved Nutrition (GAIN).

Why it matters

Around the world concern is rising about the role that nutrition plays in public health.

The challenges

Governments and individuals recognise that what we consume has both positive and negative impacts on our health and well-being. Over-consumption of certain nutrients can lead to obesity and heart disease, especially when combined with a lack of physical activity. According to the World Health Organization, more than 1 billion adults are classed as overweight, with 300 million clinically obese. Childhood obesity is a particular concern.

Health professionals agree that obesity poses a serious health risk and can lead to a wide range of diet-related diseases such as type 2 diabetes, high blood pressure and strokes. Even if people are not overweight, factors such as excess salt, sugar and fat in the diet are linked to these chronic diseases.

At the same time 'under-nutrition' – not getting enough of the right type of nutrients – remains a critical issue facing individuals and communities around the world. According to the United Nations World Food Programme, more than 850 million people are malnourished, mostly in the developing world.

Given the relationship between diet and health, governments are under pressure to intervene. The spotlight is increasingly on food companies to improve their products and to be more transparent and responsible in their communication and marketing.

Our contribution

Our commercial success depends on selling a broad range of food and beverages. The twin issues of over- and under-nutrition pose real challenges as well as business opportunities.

If we do not respond to concerns from consumers and governments, we face lost sales, increased regulation and damage to our reputation. Equally this agenda provides opportunities to expand sales of brands that can make a specific contribution to a healthy and nutritious diet.

Our industry needs to help consumers make healthier choices, while still offering foods that they can enjoy without compromising on taste. We seek to achieve this, working with others in society who also have a role to play: governments, health bodies, consumer pressure groups and the media.

Making the healthy choice

Many factors influence people's ability to get the right nutritional balance. Ultimately consumers decide what they eat and how they balance their diets and lifestyles. However consumer choices can be influenced and even constrained by factors such as affordability and lack of awareness and access to quality products. Marketing and advertising has the power directly to influence consumer habits and perceptions, both negatively and positively.

We believe our most important contribution is to help people make healthier choices through improvements to our portfolio of products; enhancing nutrition labelling and information; providing greater consumer choice and marketing responsibly.

Our action in these areas is made more effective when we work in partnership with governments, communities and non-profit organisations. This is a consistent hallmark of our approach.

Our approach to tackling obesity

There are growing political and societal concerns surrounding increasing levels of obesity. The food industry has a role to play in tackling this important public health issue.

Our approach

Over the past two years we have taken a number of steps to help tackle obesity and the diseases associated with it:

- on labelling, we committed to including clear information on all our packs about the calorific content of our products;
- on product formulation, we defined a unique set of metrics to help evaluate the optimal level of calories in our different foods based on the role they play in a person's diet, ie whether they are part of a main meal or a snack;
- we also continued to reduce the level of saturated and trans fats in our products, and as part of our communications, help people distinguish between 'good fats' (unsaturated) and 'bad fats' (trans and saturated);
- on advertising to children, we have placed restrictions on our food and beverage marketing to children under 12 for all products except those that qualify for our Choices stamp (see Consumers);
- to increase consumer choice, we continued to offer alternatives such as Hellmann's Original Mayonnaise (80% fat), Hellmann's Light (30% fat) and Hellmann's Extra Light (3% fat);
- to encourage physical activity, we continued to support initiatives that encourage an active lifestyle and raise awareness of the risks of heart disease – such as Flora/Becel's marathon sponsorships and the renewal of our partnership with the World Heart Federation for a further three years;
- nutrition and health are a core part of our own employee well-being programme; and
- we help people manage their weight through our Slim-fast range.

Working with others

We work with our partners to achieve long-term solutions to the many health and nutrition challenges facing consumers around the world.

Global partnerships to enhance nutrition

We believe the complexity of the global nutrition and health issues such as over- and under-nutrition warrants a joint approach by the public and private sector. Working with partners is essential if we are to achieve our goals. In such partnerships our consumer research and marketing insights, as well as our R&D capabilities and nutrition expertise, can make a difference by providing an understanding of changing consumer lifestyles, consumer needs and what prompts effective behaviour change. Our partners provide in-depth insights into nutrition and health issues and their social context as well as their local networks and capabilities to facilitate change.



We seek to play our part in addressing global health and nutrition issues, working with a range of international health organisations, including UNICEF on children's health and development, the UN World Food Programme on combating child hunger and improving child nutrition, the World Heart Federation on cardiovascular health and the World Health Organization on combating chronic diseases including obesity.

In early 2006 we formed our Partnership development group to co-ordinate our collaboration with global health organisations. This group is based in our Unilever Food & Health Research Institute and reports into our senior vice president of corporate responsibility.

We have numerous health and nutrition partnerships co-ordinated and implemented at a local level. These are some of our principal international partnerships:

UNICEF

We are working with the United Nations Children's Fund (UNICEF) to cut childhood mortality through combined nutrition and hygiene projects in Asia and Africa. This will help to achieve UN Millennium Development Goal 4, which seeks a two-thirds reduction, between 1990 and 2015, in the under-five mortality rate.



In Asia, UNICEF, Unilever and non-profit organisation Synergos have formed the Partnership for Child Nutrition. Starting in India as the Bhavishya Alliance, it comprises a broad coalition of government, private sector and community-based organisations to develop solutions to combat child malnutrition in India by 50% by 2015. Pilot projects are now being conducted in rural and urban areas with the aim of achieving measurable reductions in child malnutrition.

Supported by the Amaze brand, UNICEF Turkey and Unilever Turkey recently teamed up to raise consumer awareness of the need for iodine and iron in school children's diets to improve mental development.

UN World Food Programme

Unilever has been fundraising for the UN's World Food Programme for several years and we have made considerable cash and in-kind contributions. For example in 2005, we contributed to the WFP's relief efforts in response to the Asian tsunami and to the Côte-d'Ivoire and Niger food crises and only recently Unilever Kenya contributed US\$1 million to help the WFP in the Kenyan emergency operation following the recent troubles which followed the presidential elections.



In December 2006, Unilever formed a three-year partnership with the UN World Food Programme, the world's largest humanitarian agency, called 'Together for Child Vitality' to help improve the nutrition and health of children through their school-feeding programme. In 2007 Unilever contributed a total of €2.1 million of which €1.4 million went towards the provision of school meals. We are also developing a school education campaign on nutrition, health and hygiene.

Highlights from 2007:

- Our donations enabled more than 15 million school meals to be provided to 80 000 children in Kenya, Indonesia, Colombia and Ghana.
- Through cause-related marketing campaigns, our Rama/Blue Band margarine brands helped raise awareness about hunger funds for WFP.
- Our employees raised additional funds through local fund-raising activities and participation in a Walk the World event, with over 3 500 staff in 14 countries taking part.
- Research is underway in Kenya and Indonesia for the development of educational campaigns.
- We have also set up a dedicated unit for Unilever employees to take part in secondments at the World Food Programme, contributing skills in human resources, supply chain management, communications and nutrition.

World Heart Federation

Cardiovascular disease is the number one cause of premature death worldwide. Unilever's partnership with



the World Heart Federation (WHF) seeks to increase awareness of the role a healthy diet and lifestyle can play in helping to maintain heart health and reducing the risk of cardiovascular problems.

The WHF is a global organisation committed to the prevention and control of heart disease and stroke and is made up of over 170 medical societies and heart charities from 100 countries.

Since 2003, the World Heart Federation and our heart health brand, Becel/Flora, have worked in partnership to increase consumer awareness of cardiovascular disease prevention. In 2006 we renewed our WHF partnership for a further three years.

We are a key sponsor of World Heart Day each September and have co-published with WHF a booklet on heart disease and cholesterol. In 2007 we supported World Heart Day with a range of activities including radio sponsorship in Poland, a media event in Sri Lanka and an interview with a leading cardiologist in Mexico.

Global Alliance for Improved Nutrition

As part of our work toward achieving the UN Millennium Development Goals, we serve on the Board of the Global Alliance for Improved Nutrition (GAIN), a consortium of UN organisations, major NGOs and private sector organisations. GAIN seeks to improve health through the elimination of vitamin and mineral deficiencies using food fortification. GAIN is supported by the Bill & Melinda Gates Foundation and the World Bank Institute. We also chair the GAIN Business Alliance, launched in China in October 2005, which aims to create a common understanding of the challenges and opportunities of food fortification and the role of the public and private sector in combating micronutrient deficiencies in developing countries.

Innovation

By investing in research and development, we aim to develop products that help provide greater choice for our consumers and meet their needs for tasty and healthy options.

Our R&D test kitchen in the Netherlands is one of our centres of culinary expertise. Its chefs create ideas for new products, recipes and product demonstrations for our Foodsolutions professional catering business, as well as providing culinary training for employees.



Innovating to widen consumer choice

We aim to provide consumers with choice in terms of product varieties, such as low-fat and low-sugar versions of our ice creams, and low-fat versions of our margarines. We also invest in developing new products with added health and nutrition benefits.

This work is led by the Unilever Food and Health Research Institute, which employs around 450 scientific staff and collaborates with external experts on product innovation and enhancement.

Our work at the Institute is part of our wider commitment to research and development across both our Foods and Home and Personal Care categories. Around 6000 Unilever scientists and product developers work on the discovery and development of new ingredients and processes for products that provide proven benefits in nutrition, hygiene and personal care for consumers while minimising environmental impacts. In 2007, we invested €868 million in R&D, equivalent to 2.2% of sales.

Here are some examples of recent innovations:

Knorr Vie – increasing fruit & vegetable intake

People the world over do not eat enough fruit and vegetables. The World Health Organization and the UN Food and Agriculture Organization recommend a minimum intake of 400g/day, but the average is only 100g/day in developing countries and around 300g/day in the western world.



In 2005 we launched Knorr Vie in Europe, a smoothie-style shot made from concentrated vegetable and fruit juices without any additives. In a 100ml bottle, it provides half the recommended daily intake of fruit and vegetables.

Sales of Knorr Vie fruit and vegetable shots continued to grow, increasing by 67% with around 162 million bottles sold in Europe in 2007.

Ice cream – a choice of ice creams

We invest around €50 million in ice cream research and development each year, and 40% of this is now devoted to opportunities in the fast-growing health and wellness sector.



Ice cream is primarily about pleasure and indulgence, but eaten sensibly it can form part of a nutritionally balanced diet. We provide a broad range of options, with light, low-fat and no-sugar-added versions. Many brands, such as Cornetto and Magnum, are available in snack size, too, to help with calorie control. Moo is a range of children's ice creams based on the goodness of milk, with each ice cream containing as much calcium as in 100 ml of milk.

Since 2006, most of our ice creams have been labelled with the values for eight nutrients, including energy, protein, fat and sugars.

After successful test marketing in Belgium and Ireland in 2006, Frusì, our frozen yoghurt brand, has been rolled out in France, Italy, UK and The Netherlands. Frusì contains 110 calories or less per 100ml pot and just 2.4 g of fat. Each pot also provides 50% of the recommended daily allowance of Vitamin C.

Our Solero range products are made with fruit juice and fruit pieces and have a maximum of 99 kilo calories per product.

We have also developed non dairy alternative for ice cream, such as Carte d'Or Soy and Ades ice creams.

Becel/Flora pro-activ – improving heart health

According to the World Health Organization, heart disease is the principal cause of premature death worldwide. Reducing cholesterol is key to minimising the risks of heart disease. Since 2003 we have worked in partnership with the World Heart Federation and national groups to promote heart health. Becel/Flora's



Love your Heart campaign focuses on raising awareness and has distributed 4.5 million heart health leaflets to consumers and health professionals. It also offers free cholesterol testing, for example in Greece, where 25 000 people have been tested.

Becel/Flora pro-activ was originally launched as a spread to help people reduce cholesterol levels – it is proven to lower blood cholesterol levels by 10-15%. The healthy heart foods market is growing fast and the pro-activ range has been extended to include milk drinks and yoghurt products too. Between 2003 and 2005 sales of pro-activ grew by 40% and it now reaches over 13 million households.

Added nutrients for health

In 2006, we launched Amaze Brainfood in Turkey, a range of lunchbox milk drinks and cereal snacks which contain one-third of the nutrients children need daily for their mental development. Amaze Brainfood is the result of four years of development, long-term clinical trials and €40 million invested in research. It was developed through collaboration between our product development teams and the Netherlands-based Unilever Food & Health Research Institute. Amaze is now being test-marketed in parts of India.

Our new low-fat spread, Rama Idea!, was launched in 14 countries in 2006. Idea! contains nutrients that support children's mental development, an issue of interest to parents everywhere.

AdeS – our soya-based drink with fruit juices – delivers 35% of the daily recommended intake of vitamins B6 and C, magnesium and calcium. AdeS provides the goodness of soya in a 'great tasting' range of flavours.

Our iodine fortified Annapurna salt has been helping combat iodine deficiency since 1997. Iodine deficiency can contribute towards serious conditions such as mental retardation, low IQ, goitre, and cause still births or congenital abnormalities. Between 2000-2007 the use of iodised salt in Ghana has increased from 28% of the population to around 70%. Annapurna iodised salt is now available in India, Ghana, Nigeria and Malawi.

Hygiene & well-being

Through our brands and partnerships we are committed to making a contribution to the health, hygiene and well-being of individuals around the world.

Our approach

Helping people meet their hygiene needs has always been at the core of our business. Ever since the launch of our Lifebuoy soap, over 100 years ago, we have been making a significant contribution to the health and hygiene of people in both the developed and developing world. More recently, the launch in India of Pureit, our household water purifier, offers consumers a convenient way to provide safe drinking water for their families.



Many of our brands have integrated health, hygiene and well-being into their mission and identity. For example, Lifebuoy continues to lead handwashing and behaviour change projects while improving oral health is a core part of Signal/Pepsodent's mission.

Our Global Health through Hygiene Programme works with our brands and partners such as the London School of Hygiene & Tropical Medicine, UNICEF and the World Bank, to improve our technical capability in the area of health and hygiene, particularly in evaluating behaviour change.

Encouraging behaviour change

Around the world billions of people do not wash their hands with soap at the critical times during the day to prevent the spread of germs. Governments, health agencies and non-profit groups campaign to change this, by promoting good health and hygiene habits. However it is difficult to measure the effectiveness of such campaigns. We have been at the forefront of developing a novel method for measuring behaviour change, through our smart sensor technology.

By placing a sensor inside soap bars, researchers can gather accurate data unobtrusively during handwashing trials. To assess our Swasthya Chetna hygiene awareness campaign, we studied the washing habits of 25 households in a rural village in India. We used soap with smart sensors inside to check whether people were washing their hands at the right times to prevent the spread of germs. Our research identified that knowledge and awareness among villagers of the importance of good hygiene habits had

improved, and provided insights to further develop the education programme.

We have used smart sensor soap in a study in Uganda. Working with UNICEF and with local and national government, we set out to ascertain whether school children could act as agents of change within their families to promote handwashing with soap. Results of the study are being analysed and will help assess the potential of this approach to be carried out on a much larger scale around the world.

Independent endorsement

During 2007 the Global Public-Private Partnership for Handwashing with Soap initiative (PPPHW) carried out a study using smart sensor soap, a study funded by the Gates Foundation. A trial in Bangladesh confirmed our smart sensor soap technology to be the most effective in monitoring and evaluating handwashing, and will now be used for further studies. This has been an important endorsement of our technology and the contribution it can make to handwashing campaigns which have the potential to make a real difference to hygiene habits in the world's poorest communities.

Swasthya Chetna hygiene education programme

Since 2002, when Lifebuoy's Swasthya Chetna five-year hygiene campaign was launched in India, the project has reached nearly 44 000 villages and around 100 million people. Our Indian business has invested over US\$5 million in the programme and although we did not achieve our ambitious target of reaching 200 million people by the end of 2007, we intend to continue working towards this aim. We have extended Swasthya Chetna to Bangladesh and Pakistan and are looking to launch a version in Africa.



Lifebuoy's 'glowgerm' demonstration counters the common misconception that 'visibly clean' is 'hygienically clean'. When held under ultra-violet light, glowgerm powder glows on hands washed only with water, providing a dramatic reminder of the need for thorough handwashing with soap.



In Safe Hands

The In Safe Hands process, developed by Lifebuoy and our Marketing Academy, is also built on the insight that behaviour change is needed to achieve health improvements. This initiative involves teams of Unilever marketers teaching campaign-building skills to public sector employees involved in community handwashing programmes. Following workshops in Vietnam and Kenya in 2006, we held a further workshop in Tanzania in 2007, training a total of 240 public sector professionals including representatives from UNICEF, the World Bank and national governments.

Water sanitation & hygiene

We are also working with Water & Sanitation for the Urban Poor (WSUP), a partnership of public and private sector organisations, to look at water, sanitation and hygiene issues in poor urban areas, particularly slums in developing and emerging countries. Together with WSUP and the London School of Hygiene & Tropical Medicine, we have designed an approach to hygiene behaviour change which will be tested in a pilot programme in Bangalore, India. This will assess whether improved water and sanitation conditions delivered in conjunction with a hygiene behaviour programme are better than infrastructure improvements alone.

Pureit

Pureit is a unique in-home purifier that provides water that is 'as safe as boiled' without needing electricity or pressurised tap water. Pureit's germkill performance has been tested and verified by a range of scientific, medical and public health institutions, and meets the criteria of the Environmental Protection Agency (EPA), the toughest regulatory agency in the US.

Pureit is the only in-home water purifier that provides this level of safety, protecting against waterborne diseases like diarrhoea, jaundice, typhoid and cholera, without depending on boiling, electricity or pressurised tap water - thereby making safe drinking water more accessible to urban and rural consumers.

One unit costs €32 and has a running cost around half a euro cent per litre, making it a much more affordable option for urban and rural consumers.

Pureit is now available in three states in India: Tamil Nadu, Karnataka and Andhra Pradesh.

UNICEF and Hindustan Unilever are working together in a project in Southern India to bring safe drinking water to schools and day-care centres in low-income communities. The project has involved the placement and use of Pureit purifiers in a hundred schools, and in a hundred day-care centres covering a total of 15 000 children.

Improving oral health

Oral disease is the second most common illness on the planet. The consequences of poor oral hygiene can begin with discomfort and pain, but can lead to life-threatening illnesses. Around the world, over 1 billion people do not brush their teeth at all, while around 2.5 billion only brush once a day with a fluoride toothpaste.

This is a growing problem in developing countries due to low awareness of oral hygiene, poor healthcare and changes in diet. Brushing teeth is important not only for good oral hygiene and general health, but having clean teeth and fresh breath contribute to well-being and personal confidence.



In 2007 we launched a new mission for our oral care brands – to encourage children and their families to brush twice a day, once in the morning and once at night before going to bed. Our brands Signal, Pepsodent and Close-Up are already working in partnership with the FDI World Dental Federation to improve oral health in 38 countries. Our mission will build on this strong foundation.

In Indonesia and China our night brushing campaign has been finding ways to encourage children to brush their teeth before bed. Encouraging tooth-brushing at night is important as this is when the mouth is particularly susceptible to bacterial attack due to lower saliva levels. As with handwashing, changing people's everyday habits is key. We believe that brushing habits that last are best forged between the ages of 4 and 8 and that children learn best by copying their parents. Our campaign therefore focuses on children in this age group as well as their parents. We are using smart sensors in toothbrushes to monitor the effectiveness of our campaign.

Understanding and measuring the impact of our campaigns is key to achieving tangible results – the same smart sensor technology we use to analyse handwashing habits is also used to observe toothbrushing habits accurately and unobtrusively.



Personal hygiene & well-being for all

Looking good and feeling good about life also contribute to overall health. How a person feels about their personal appearance can boost their sense of self-esteem, confidence and well-being. This is true in all societies, rich and poor, in the developed or developing world.

The emotional and psychological impacts of a positive self-image are recognised, although difficult to measure and quantify. Scientists are also starting to link positive emotions to good physical health and longevity.

Increasingly we are looking at how the brands we develop can improve both physical and emotional well-being. We believe taking care of yourself and looking your best should be an option available to everyone. That is why we have developed small-sized packets of products such as shampoo and hair conditioner and developed a low-cost quality toothbrush (the Pepsodent Fighter), to make our products more accessible for low-income consumers.

Available online:

Case study

[Global: Helping the world smile by looking after teeth Health](#)

Download

[Lifebuoy promotes handwashing with soap to improve health in India \(2005\) \(826 KB\)](#)

Why it matters

Our brands can enhance people's health, hygiene and well-being. Yet achieving lasting improvements in health depends on people changing their everyday habits. This is what our hygiene programmes set out to achieve.

The challenge

It has been long understood that simple hygiene habits like washing hands with soap can contribute to the prevention of communicable diseases.

Globally, a lack of basic hygiene causes a wide range of illnesses. One billion people lack access to safe drinking water. Diseases such as diarrhoea lead to around 2 million deaths every year. Poor oral health can lead to gum disease and infection.

Much of this is preventable by incorporating simple habits into everyday routines, such as washing hands with soap before eating and after using the toilet, and brushing teeth day and night with a fluoride toothpaste.

Making good-quality products such as soap and toothpaste available to consumers is the crucial starting point. Yet products alone are often not enough if people do not change their habits. Understanding what triggers improved habits lies at the heart of making sustainable improvements to hygiene.

Therefore, across our range of programmes on handwashing and oral health, the focus is on understanding consumer behaviour and achieving changes in everyday habits.

Our approach

Working with our brands, our Global Health through Hygiene Programme co-ordinates and enhances the impact of our hygiene initiatives around the world.

Global Health through Hygiene Programme

In 2005 we brought together a team of experts from across the business to form our Global Health through Hygiene Programme (GHHP). The GHHP's aim is to co-ordinate and maximise the impact of our hygiene initiatives around the world. The programme takes successful initiatives from one brand or country and tailors them to address consumer hygiene needs elsewhere.

It operates as a cross-functional team led by our GHHP director on behalf of multi-category research. The GHHP's work plan and strategic direction are set by a steering group made up of managers from across our business, representing our regions, brand teams, communications and R&D.

The vision

Unilever has a long and successful history in making hygiene products like soap and home cleaning products. Through our brands we see ourselves playing an important role in contributing to improvements in hygiene among our consumers around the world.

We aim to do this by making the most of the geographic spread of our business and our brand portfolio and also by working in partnership with NGOs, academia and scientific bodies to maximise the effectiveness of our programmes. Our aim is to put in place cost-effective hygiene campaigns that improve hygiene habits, in particular among the world's poorest people.

Implementing our vision

The GHHP is Unilever's one-stop shop for hygiene awareness and authority as it spans the full range of our hygiene brands and activities around the world.

Particular brands lead specific hygiene activities. Unilever brands, such as Lifebuoy soap, Pepsodent toothpaste and Domestos household cleaner, have been implementing hygiene awareness and education programmes for many years. These range from Lifebuoy's Swasthya Chetna rural hygiene awareness programme in India to Domestos' Hygiene for Health campaign in conjunction with the Red Cross.

Each hygiene awareness campaign has different approaches, audiences and ways of engaging with consumers' emotions in relation to hygiene. The GHHP's role is to identify good examples of health and hygiene programmes

from around Unilever and enable others in the company to learn from them and adapt them for their own markets.

The GHHP also co-ordinates our work with international partners such as the London School of Hygiene & Tropical Medicine and the International Scientific Forum on Home Hygiene. We work with these partners on issues such as water, sanitation and hygiene. Projects often focus on finding ways of measuring and evaluating the difference that hygiene campaigns can make in changing people's behaviour.

Working with others

Both at local level and through global initiatives, we work with our partners to deliver programmes to improve health and hygiene practice and awareness.

Working with others to improve hygiene practices around the world

We work through partnerships with governments, non-profit organisations and community groups to find long-term solutions to health and hygiene challenges around the world.

These are examples of some of our most recent initiatives.

Promoting oral health

We have teamed up with the FDI World Dental Federation – which represents around 1 million dentists – in an ambitious dental health initiative. The aim of the campaign is simple: to help stop oral health ailments before they start.

Brushing twice daily with a fluoride toothpaste may be routine practice to some, but the reality is that for many people an oral health routine is not part of everyday activity. The partnership aims to encourage behaviour change by highlighting that good oral care is essential for general health and well-being.

As part of awareness-raising, all our toothpaste packs carry essential oral health messages. Similar messages appear in our TV and print advertising. Our efforts are given added professional weight by the FDI, which has agreed to include its logo and supportive statements as part of our joint communications drive.

"Unilever and FDI share the same global goal to promote oral health by developing and implementing oral health initiatives, which are sustainable and appropriate," according to Dr Habib Benzian, FDI's World Dental Development and Health Promotion Director.

Saving lives through handwashing

Our long-standing Lifebuoy Swasthya Chetna programme has been raising awareness of the importance of handwashing with soap in India since 2002. Working in partnership with health educators, teachers, community leaders and government agencies, Swasthya Chetna has been delivering basic health and hygiene education to rural areas. The initiative has targeted the eight Indian states where deaths from diarrhoeal illnesses are the highest, and soap sales



are lowest. The project has reached around 100 million people in nearly 44 000 villages.

Our Indian business has invested over \$5 million in the programme and although we did not achieve our ambitious target of reaching 200 million people by the end of 2007, we intend to continue working towards this aim.

The success of the initiative was acknowledged by the Indian government when its postal department released a special 'first day cover' for a stamp promoting World Health Day. This is the first time that a brand has featured on a postage stamp cover.

Also in partnership with UNICEF we have extended Swasthya Chetna to Bangladesh and Pakistan and are looking to launch a version in Africa.

We are also working on a three-year handwashing campaign in Nigeria. Unilever Nigeria has pledged its support for a campaign managed by UNICEF, to alert a million school children to the dangers of poor hygiene. The campaign aims to improve awareness of germs and gastro-intestinal diseases that are passed on through a lack of proper handwashing. By the end of 2007, children at 141 schools had benefited from hygiene awareness training and improved water and sanitation facilities. The campaign aims to reach 222 schools by the end of 2008. Communicating these messages to children also has a wider impact as the children pass the hygiene message on to their families. We estimate the campaign's messages have reached over two million people this way.

We have also been working in Nigeria with Sightsavers International and Sokoko State Ministry of Health to help prevent blindness caused by trachoma, a disease whose spread can be countered by washing hands and faces with soap.

Water & Sanitation for the Urban Poor

We are working with Water and Sanitation for the Urban Poor (WSUP) to look at hygiene issues among people living in urban slums. We have developed a hygiene behaviour change programme to pilot in Bangalore, India. This will assess whether improved water and sanitation conditions delivered in conjunction with a hygiene behaviour programme are better than infrastructure improvements alone.

The project has been launched in partnership with the London School of Hygiene & Tropical Medicine and is tailored to enhance the benefits of improved access to water and sanitation in urban slum communities.

As well as building on Unilever's ongoing work in motivational behaviour change and handwashing with soap, the project will address household water storage and usage issues, and tackle the cleanliness of latrines and sanitation facilities.

The WSUP initiative coincides with the International Year of Sanitation 2008. Results from the pilot will be used to develop a tool for use across WSUP projects.

The science of home hygiene

The International Scientific Forum on Home Hygiene (IFH) promotes the role of home hygiene in preventing infectious disease. This non-commercial foundation is funded by several organisations, including Unilever, and is guided by an independent scientific advisory board. It brings together scientists and healthcare professionals to better understand risk, promote further research and spread good practice.

During 2006, the Forum published research on the hygiene issues around household water storage in developed and developing countries. It also published reports on MRSA (the bacterium from the *Staphylococcus aureus* family) and its significance in homes and communities, and the importance of disinfecting dishcloths. Bleach is particularly effective in killing micro-organisms. Like the IFH, our Domestos brand is committed to improving general hygiene and health standards in communities around the world.

Available online:

Case study

[Nigeria: Promoting health & hygiene](#)

More health case studies

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Speeches

[Business as a partner in reaching the Millennium Development Goals](#)

People profiles

[Stewart Granger – United Kingdom](#)

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[Lifebuoy promotes handwashing with soap to improve health in India \(2005\) \(826 KB\)](#)



Unilever

Sustainable Development Report 2007: Environmental sustainability



Environmental sustainability

Our commitment to sustainability requires us to go beyond our own operations and to seek reductions in the total environmental footprint of our business and brands.

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This section of the online Sustainable Development Report 2007 is available online at: www.unilever.com/ourvalues/environment-society/sustainable-development-report/environmental-sustainability

Environmental sustainability

Our commitment to sustainability requires us to go beyond our own operations and to seek reductions in the total environmental footprint of our business and brands.

Managing our environmental impacts

After more than a decade of action, we continue to make progress on managing the environmental impacts of our own operations. In most areas, our impacts extend far beyond our own operations.

On the 'upstream' side, in our supply chain, we use our Business Partner Code to ensure that our suppliers meet our expectations on environmental and social impacts. We estimate that over two-thirds of our raw materials come from agriculture, so our Sustainable Agriculture Programme has a key role in managing our upstream impacts.

On the 'downstream' side – when consumers use our products – we work in partnership with various organisations and engage with consumers to achieve improvements in our wider environmental footprint, for example on water use. Our research and product development teams also aim to reduce the environmental impacts of our products during consumer use through reformulation and other innovations.

Climate change

We have set stretching goals to reduce further our greenhouse gas emissions and are committed to working with governments and partners to meet the growing challenge around climate change.

Packaging

Packaging is essential for product protection, hygiene and effective consumer communication, yet also has impacts on resource use and waste.

Water

Our products depend on water throughout their life cycle, from the production and processing of raw materials to their use by our consumers.

Sustainable agricultural sourcing

With over two-thirds of our raw materials coming from agriculture, we have a clear interest in how crops are grown and in securing future supplies.

Eco-efficiency in manufacturing

We aim to improve the eco-efficiency of our manufacturing operations, minimising both resources used and waste created.

Other environmental topics

Read about our approach to other environmental issues relevant to us and to our stakeholders.

Climate change

We have set stretching goals to reduce further our greenhouse gas emissions and are committed to working with governments and partners to meet the growing challenge around climate change.

Progress in 2007

Climate change is now widely recognised as the most critical issue facing our planet. Different weather patterns are affecting agriculture, availability of clean water and sea temperatures. This will have direct effects on our business.

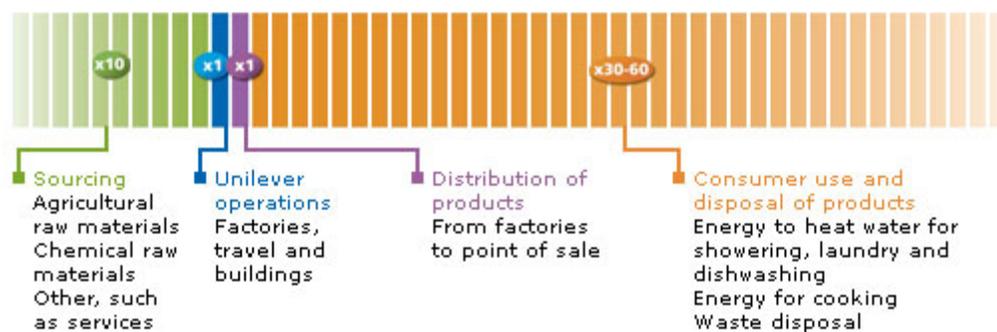


In 2007 the Unilever Executive agreed a new greenhouse gas strategy. This has a three-pronged approach.

- The first element is a commitment to reduce CO₂ from energy in our manufacturing operations per tonne of production by 25% by 2012 (against a baseline of 2004). This builds on our performance to date, having achieved emission reductions in manufacturing of more than a third between 1995 and 2006. Reaching the 2012 target will mean a total reduction of 43% since 1995.
- Secondly, we have developed a 'greenhouse gas profiling tool' to enable our R&D teams to assess whether product innovations will improve their greenhouse gas footprint. Designed in partnership with Forum for the Future, it looks at a product's footprint across its lifecycle, from sourcing to use and disposal. The index can be used across all product categories and during 2008 the tool will become available to all our product development teams.
- Finally, we are exploring ways of working in partnership, in particular with our suppliers and customers. We are already involved in projects with Tesco in the UK, Wal-Mart in the US and the Carbon Disclosure Supply Chain Project and look to build further on this work in 2008.

Our carbon footprint

We estimate Unilever's total emissions of greenhouse gases from our own factories, offices, laboratories and business travel to be of the order of 4 million tonnes of CO₂ equivalent a year. Our wider footprint can amount to between 30 and 60 times as much as our own emissions, depending on assumptions made about how consumers use our products.



Energy use in manufacturing

We aim to reduce greenhouse gas emissions in our manufacturing processes. We do this by promoting eco-efficiency and increasing our use of renewable fuels.

During 2007 we continued to improve our energy efficiency and we also increased the proportion of energy coming from renewable sources. The proportion of energy coming from renewable sources now accounts for 15.2% of our energy use, up from 14.8% in 2006. Of this over half (8.6%) we generate ourselves on site, mainly from fuel crops and solid waste biomass. 6.6% was from national electricity grids.

In 2007, we strengthened our internal reporting on CO₂ emissions and focused our reduction initiatives on the 20 sites in each region with the highest levels of emissions.

Despite this, on a like-for-like basis, the total CO₂ emissions from manufacturing rose slightly, by 1% per tonne manufactured. This is largely because of changes in the energy mix used to generate the electricity we have to purchase from national grids in countries such as China, India and the USA.

We continue to work towards meeting our 25% CO₂ reduction goal by 2012, by adopting more efficient power and steam generation technology and through the development of more efficient manufacturing processes. For example, in Europe we plan to install at least five combined heat and power plants to help us achieve our goal.

At our Lipton tea gardens in Kericho, Kenya, over 95% of the energy used by the estate is from renewable sources. This comes mainly from our own hydro-electric power stations and the eucalyptus trees we grow to fuel the boilers that dry tea.



Site-level initiatives

Our Indian business, Hindustan Unilever, developed a new process that eliminates the need for steam in soap manufacturing. This process, called 'Ploughshare technology', reduces carbon emissions by 15 000 tonnes a year – around 4% of our manufacturing emissions in India, and is now being used in eight plants across the country. In 2007, the project became the first Unilever project to be awarded carbon credits under the UN's Clean Development Mechanism. The cost of investing in clean technology can have a clear payback for the business. In October 2007 each carbon credit was worth about €10-17, representing an income of €255 000 a year for Hindustan Unilever.

Unilever Germany's Stavenhagen factory produces potato products for more than 25 countries. In 2006, the factory sold its natural gas power facility to a specialist company which has built a more efficient combined heat and power plant using high calorific waste as fuel. Unilever has entered into a long-term fixed price contract to buy steam and electricity from the new generator. The plant was completed in August 2007 and is expected to use around 95 000 tonnes of waste a year. Moving from gas to waste will reduce annual CO₂ emissions by 25 000 tonnes and contribute significantly to local and EU targets for waste disposal and greenhouse gas emissions.

Unilever Canada's Rexdale factory is the leading manufacturing facility for oils and margarines in North America. Since 1999, it has implemented 128 energy-saving initiatives, leading to a reduction of 23 000 tonnes in greenhouse gas emissions, and estimated cost savings of €3.3 million.

Our wider carbon footprint

Beyond our direct impacts through manufacturing, our wider carbon footprint shows energy consumption at every stage of the value chain – including the sourcing, distribution, consumption and disposal of our products.

In the supply chain

We estimate energy use in the supply of raw materials to be around ten times our own manufacturing emissions. Energy is one of the 11 indicators used to assess the sustainability of sourcing raw materials under our Sustainable Agriculture Programme. Here we seek to minimise this by using

more sustainable land practices and reducing the use of nitrogen fertilisers and chemicals.

In distribution

Our products get to market via a complex transport network of road, rail and sea, although in most markets we do not own or operate any distribution vehicles ourselves. Our studies show that the impact of transport and distribution is around 4 million tonnes of CO₂ a year.

Trends in manufacturing are moving towards fewer, more efficient production centres. Resulting efficiencies can lead to significant reductions in overall environmental impact. However this trend can lead to an increase in transport impacts. If the environmental benefits of centralised manufacturing are to be retained, the challenge is to make gains in the efficiency of transport systems through better use of logistics planning.

We have started working with customers to minimise emissions by reducing the number of vehicle movements.

We are continuing our global roll-out of climate-friendly ice cream cabinets and by the end of 2007 had around 200 000 hydrocarbon refrigerant cabinets in use.

Energy savings from concentrated detergents

Concentrated variants of our liquid detergents have met with great success. Sold in smaller bottles, that require around half the packaging, they enable energy savings in manufacturing and transportation. Launched in the US in 2006 as all Small & Mighty, similar products have now been introduced in Europe under the Persil, Surf and Omo brand names.



In consumer use

Our wider carbon footprint shows that across the whole value chain by far the most CO₂ emissions occur during consumer use. This is most marked with our home and personal care brands which need energy to heat water for showering and for use in washing machines and dishwashers.

When it comes to consumer use, we can help reduce these environmental impacts through product design and formulation. Our greenhouse gas profiling tool will play an important role in this, supported by our expertise in life-cycle assessment.

We can also make a difference through our communications with consumers. We have long been involved in industry initiatives such as the International Association for Soaps, Detergents and Maintenance Products (AISE) 'Washright' initiative, which encourages consumers to wash clothes at lower

temperatures. Many of our laundry detergent brands such as Omo, Surf and Persil can now be used at temperatures as low as 30 degrees centigrade.

Carbon Disclosure Project

Unilever was again ranked first in the food products sector in the Carbon Disclosure Project's Climate Disclosure Leadership Index 2007, with a score of 90%. This initiative seeks information on behalf of 315 institutional investors with a combined US\$41 trillion of assets under management, on risks and opportunities presented by climate change. The index singles out companies that showed best practice in their reporting of greenhouse gas emissions and climate change strategies. We have participated in the CDP questionnaire since its launch in 2002.

If it's melted, it's ruined

Ben & Jerry's new Baked Alaska flavour is part of its European campaign to stop global warming. 15 euro cents from the sale of each tub go towards Ben & Jerry's Climate Change College. The brand plans to invest €2.4 million over 2007-2012 in reducing its impacts on climate change through initiatives covering every stage of its European production process and offsetting the remaining impact by investing in Gold Standard clean energy projects.



Available online:

Case study

[Europe: New ice cream cabinets cut impact on climate change](#)

More climate change and environment case studies

[Climate change
Environment](#)

Download

[Advanced refrigeration in Europe to tackle climate change – Chilled by the sun \(2004\) \(647 KB\)](#)

Why it matters

Climate change is arguably the most important issue facing our planet today. There is growing consensus that urgent action is necessary.

The issues

The earth has seen a rise in its average overall temperature and if it continues to warm we can expect further changes in our climate, including rising sea levels and increasingly extreme weather events.

These changes affect individuals, governments and businesses alike. The impact on our business operations around the world will be manifold.

- At a direct level, our suppliers of agricultural raw materials will be affected as changing weather patterns and water scarcity impact growing conditions and the seasonal growing cycle of food production.
- Global weather events will cause disruption to our consumers, displacing people and posing risks for security and business continuity.
- Many of these changes will be felt most severely in the developing and emerging countries that generate 44% of our sales.

We agree with the Stern Report that the risks to businesses of not acting now on climate change will prove more costly and detrimental in the long run. We are working to reduce our own carbon footprint and helping our consumers reduce theirs. Yet, on our own we cannot effect the changes required to avert the worst consequences of climate change.

In 2007 Unilever signed the Corporate Leaders Group on Climate Change communiqué to the United Nations conference on climate change in Bali, highlighting the urgency of the issue. This called for an international, legally-binding UN agreement to reduce greenhouse gas emissions. This would provide confidence for business to invest in low-carbon technology. The communiqué called for a reduction of at least 50% in greenhouse gas emissions by 2050.

Working with others

The scale of the climate change challenge means that industry, government and civil society have to work together to achieve real impact.

Working with others

In October 2007, along with other leading companies, we became founding members of the Carbon Disclosure Project's Supply Chain Leadership Collaboration. This aims to increase disclosure of carbon impacts among suppliers and thereby encourage reductions in their carbon emissions. This complements our existing approach and we have agreed to work with 50 of our global suppliers to standardise the information they provide and explore opportunities for jointly reducing carbon emissions.

We were again ranked first in the food products sector in the Carbon Disclosure Project's Climate Disclosure Leadership Index 2007.

In Europe Unilever is part of the Green Power Market Development Group to accelerate the change to renewable energy sources, where possible, in our operations.

In 2007 Wal-Mart asked Unilever to take part in a pilot project to examine and understand the carbon footprint of a number of products. We contributed our expertise in this area, using the example of our Lever 2000 soap brand. We shared our views on the complexities of measuring a product's total carbon footprint.

We also take a leadership role in industry bodies that can influence consumer behaviour. Within AISE (the International Association for Soaps, Detergents and Maintenance Products representative body in Europe), Unilever has been actively involved in sustainability campaigns, such as 'Washright', launched in 1998 to encourage consumers to wash clothes at lower temperatures and use full washes. In 2006, we participated in the launch of AISE's new Save Energy and Water Campaign to promote sustainable machine dishwashing.

We are now taking part in a review and update of the AISE Charter for Sustainable Development, to develop new measures that will encourage continuous improvement in sustainability.

Working with customers

Our business in Thailand teamed up with retailer Carrefour and a local government body to launch a campaign to increase awareness of global warming among consumers. The campaign encourages shoppers to use cotton bags instead of plastic ones. The message 'Let's Make Bangkok Cool' was printed on 30 000 cloth bags distributed to consumers.

Climate change ambassadors

Ben & Jerry's Climate Change College, a scheme launched in partnership with the polar explorer Marc Cornelissen and WWF, continues to train 18-to-25-year-olds to campaign on climate change in their schools, workplaces and homes. In 2006, six young people were selected for the programme from the UK, the Netherlands, Germany and Ireland, and another six were chosen in 2007. In 2008 the College is active in eight European countries.

Developing climate-friendly refrigerants

In 2004, Unilever, together with Coca-Cola and McDonald's, sponsored a conference in Brussels called 'Refrigerants, Naturally!'. The conference showcased ozone and climate friendly freezer technologies. It was supported by the United Nations Environment Programme (UNEP) and Greenpeace. In 2007, PepsiCo, IKEA and Carlsberg joined the alliance. The 'Refrigerants, Naturally!' group continues to meet regularly to share knowledge and promote HFC-free technologies for commercial equipment.

In May 2005, the United States Environmental Protection Agency (EPA) awarded Unilever, Coca-Cola and McDonald's the EPA's Climate Protection Award. The award recognised the companies' joint efforts in promoting the development of environmentally friendly refrigeration technology.

More on our impacts

Read more about our approach to reducing our greenhouse gas emissions from manufacturing and to developing climate-friendly refrigerants.

Our approach

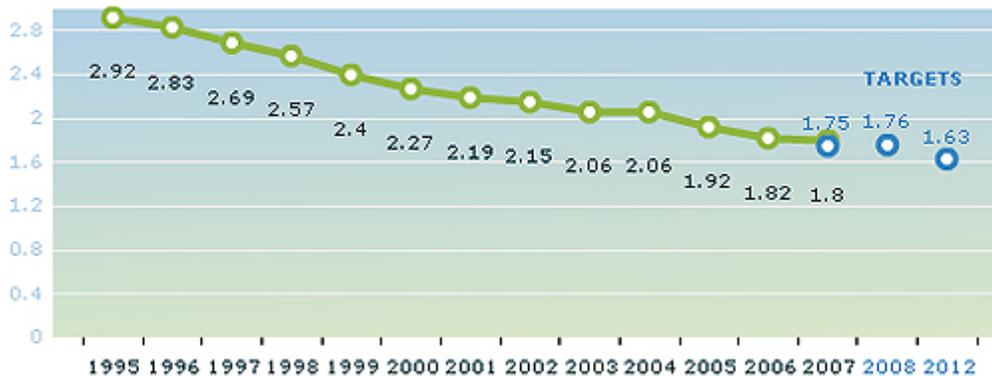
Life-cycle assessment shows that our manufacturing is not particularly energy-intensive. However, because of the scale of our business, energy is one of our focus areas. We are working to tackle climate change through eco-efficiency, advanced refrigeration and renewables.

To reduce our greenhouse gas emissions in manufacturing we have developed guidance on energy management and reduction which includes supporting tools, techniques and information.

Since 1999 we have focused both on energy (in GJ) and CO₂ from energy use (in tonnes CO₂) as it is our major greenhouse gas contributor, and set targets for each of these. Our CO₂ from energy load has been calculated from source energy data using internationally accepted conversion factors derived from Greenhouse Gas Reporting Protocol.

Energy

GJ/tonne of production



Energy – total load

10⁶ GJ



Energy use in manufacturing

Overall there was a 1.3% reduction in unit energy load, although we did not achieve our target energy reduction of 3.7%. The reductions in energy use were achieved primarily through increased energy efficiency in large expanding sites (Turkey and India). Energy saving measures have also been implemented including an energy reduction programme in Mexico and removal of an energy intensive plant and improved monitoring of gas in Pakistan.

Seven sites reduced their energy use by more than 50 000GJ, and a further forty-three sites reduced theirs by more than 10 000GJ.

The increases in energy consumption were caused in part by reporting errors in previous years (South Africa, Nigeria and Indonesia) and better inclusion of biogenic material as an energy source (biogas in Italy and coffee husks in India).

CO₂ from energy

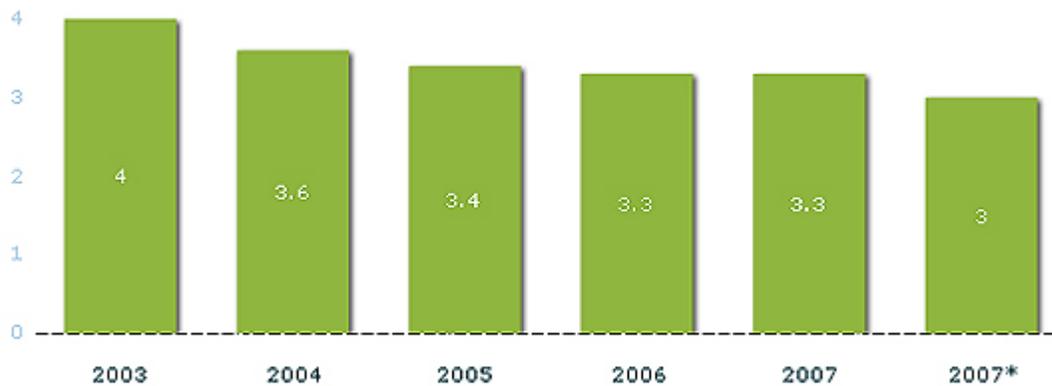
Kg/tonne of production



*Our 2007 data and 2012 target are shown using our improved reporting methodology (the lower figures) and previous reporting methodology (the higher values in brackets, viewed by hovering over data points). The 2007 target changed from 155.43 to 157.27 kg/tonne following an error corrected in our database target aggregation procedure.

CO₂ from energy – total emissions load

10⁶ tonnes



*Our 2007 data are shown using our improved reporting methodology (the lower figure) and using our previous reporting methodology (the higher figure).

CO₂ from energy

On a like-for-like basis, we did not meet our CO₂ from energy target of a 4.4% reduction nor did we improve on our 2006 performance. Our CO₂ from energy emissions increased by 1% per tonne of production. This was largely because of changes to the energy mix used to generate the electricity we have to purchase from national grids in some of our major manufacturing countries including the US, India, China, Brazil, Argentina and South Africa.

More accurate reporting led to a 10% increase in the reported CO2 load for our US sites.

However, during 2007 we improved our methodology for reporting greenhouse gas emissions and on this basis CO2 from energy per tonne of production is a lower figure than that reported previously.

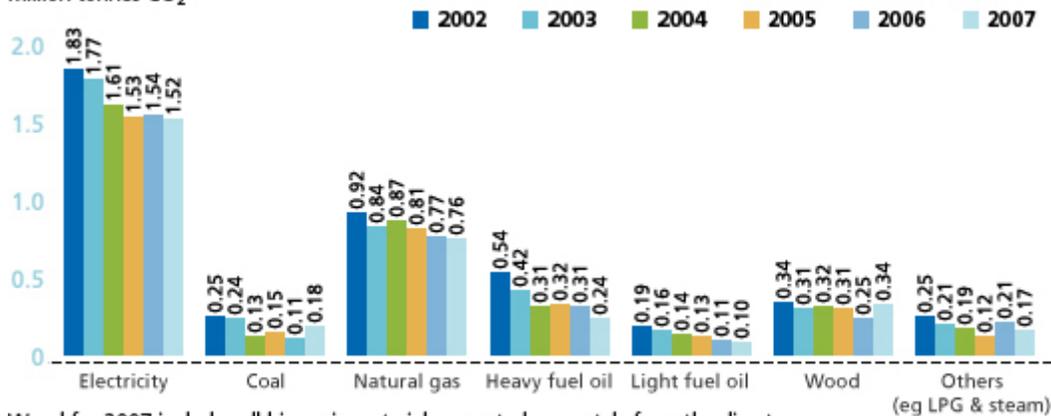
We will use this new methodology for performance reporting in the future and we have adjusted our future targets accordingly.

Energy sources account for 94.4% of our greenhouse gas emissions from our manufacturing sites (see pie chart below).

Sources of CO2 emissions from different energy sources

Our manufacturing sites use different sources of energy depending on their production processes and also their geographical location. The following graph shows the CO2 emissions from our different energy sources between 2003 and 2007.

Million tonnes CO₂



Wood for 2007 includes all biogenic material - reported separately from the direct and indirect emissions listed above (scope 1 & 2 of the Greenhouse Gas Protocol).

Renewable energy

In 2007 we continued to collect data on the use of renewable energy. We make the distinction between our on-site initiatives to generate and utilise renewable energy and renewable energy purchased from the national electricity grids in the countries where we operate. Of the total energy used by our sites, 15.2% comes from renewable sources.

8.6% comes from our on-site initiatives, largely in developing countries, to generate and utilise renewable energy. This includes the burning of fuel crops, wood from managed plantations and waste materials (eg spent coffee beans and sugar cane bagasse), as well as hydro-electricity and biogas activities.

Three quarters of our renewable energy comes from either fuel crops or solid waste biomass.

The remaining 6.6% of our renewable energy consumption comes from the national electricity grids in the countries where we operate.

The table below shows the different types of renewable energy used.

		Internal energy generation or purchase GJ		External energy generation GJ	
Purchased	Certified green power	5 912		Renewable electricity from national grids	2 369 716
Generated	Solar photovoltaic	3.9			
	Hydro-electric power	28 115			
	Fuel crops	1 063 058			
	Solid biomass waste	1 353 507			
	Wood/wood waste	393 668			
	Liquid biofuels	186 711			
	Biogas	60 616			
Totals		3 091 056(8.6%)		2 369 716(6.6%)	

There has been much debate around the use of biofuels as a source of renewable energy. For our position on this topic please see Renewable energy and biofuels section.

Sources of greenhouse gas emissions by type

The chart below shows in more detail our GHG emissions from the energy sources used by our manufacturing sites, together with other site GHG emissions (refrigerant losses, effluent treatment and waste to landfill). Non-energy sources account for only 5.5% of our greenhouse gas emissions from manufacturing.

Our main non-energy sources of greenhouse gases from manufacturing are methane emissions from landfilling biodegradable wastes such as paper,

cardboard, vegetable and milk waste (2.9%), carbon dioxide from aerobic wastewater treatment (1.1%) and refrigerants losses (1.6%).

We did not measure levels of three other major GHGs because Unilever's 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).

Refrigerants

Energy consumption is the main environmental impact of refrigeration, which is essential to our foods operations, and ice cream in particular.

The global warming potential (GWP) of our refrigerants, such as hydrofluorocarbons (HFCs), hydrochlorofluorocarbons (HCFCs) and chlorofluorocarbons (CFCs), ranges from 1 200 to 8 500 (CO₂ has a global GWP of one). Almost all our production facilities and cold stores use ammonia in their refrigeration systems. Ammonia has a global warming potential of zero and has no effect on the ozone layer. Ammonia is a very energy efficient refrigeration gas for large-scale use which helps reduce our environmental impact further.

Our ice cream business owns a large number of ice cream cabinets worldwide. We aim to purchase only cabinets using hydrocarbon refrigerants where this is commercially viable and legally permitted. Hydrocarbons are natural gases that have negligible impact on climate change and do not contribute to ozone depletion.

The first trials of hydrocarbon cabinets were conducted during and after the Sydney Olympics in 2000. This was followed by a large-scale trial of 800 units in Denmark in 2003. We started our global rollout of hydrocarbon cabinets in 2004 with a total of 15 000 HFC-free cabinets in 18 European countries. By the end of 2007 we had about 200 000 hydrocarbon cabinets in use globally, with the majority in Europe. These cabinets are identified by the green label, 'eco-friendly freezer'. This hydrocarbon refrigerants initiative was rolled out further in Latin America and began its rollout in Asia during 2007.

Exploring new technologies

During 2004, Ben & Jerry's supported the development and demonstration of a thermoacoustic (sound wave technology) freezer cabinet. Unilever has been working in close co-operation with Greenpeace in the development of hydrocarbon refrigerant technology since 1996, in an alliance called 'Refrigerants, Naturally!'. See Working with others for more information.

During the Athens Olympics in 2004, we ran field trials on five solar power assisted freezer cabinets. Whilst neither of these technologies offer economically viable solutions at this point of time, we continue to monitor their developments.

Available online:

Case study

[Europe: New ice cream cabinets cut impact on climate change](#)

More climate change case studies

[Climate change](#)

News

[September 2007: Unilever named as industry leader in latest Carbon Disclosure Project report](#)

Downloads

[Advanced refrigeration in Europe to tackle climate change – Chilled by the sun \(2004\) \(647 KB\)](#)

[Ozone depletion \(177 KB\)](#)

[Promoting Sustainable Biofuels \(October 2007\) \(4.2 MB\)](#)

Renewable energy & biofuels

Unilever's position statement on renewable energy and biofuels.

Renewable energy

Unilever supports initiatives to improve energy efficiency and increase the use of renewable energy with the aim of combating climate change and eventually meeting the requirements of the Kyoto Protocol, thereby also reducing dependency on fossil fuels.

Globally around 15.2% of the energy we use comes from renewable sources and we are planning to increase this. Over the past decade CO₂ emissions from our factories have declined by over 30% in absolute terms.

We are convinced that the application of new technologies will allow for a substantial reduction of greenhouse gas (GHG) emissions. We encourage the use of these technologies. As part of our commitment to achieving our CO₂ reduction targets, we are increasing our use of renewable energy. Energy from sun, wind, water, wood, pulp, straw, residue and waste all offer a way of meeting the energy challenges of the future.

Unilever supports policies which accelerate the exploitation of cost-effective sustainable sources for renewable energy. The focus and emphasis of policymakers should be on the most cost-effective alternatives for efficient energy use and effective emission reductions. In addition, it will be important to be mindful of negative unintended consequences that could arise in the pursuit of GHG reduction strategies. One such risk is the potential impact of biomass energy programmes and biofuel targets in particular on food security and sustainable agriculture.

According to the World Bank and the UN Food and Agriculture Organisation (FAO), world population growth and increased economic development will require a substantial increase in food production in the coming years. As in the past, this increase in demand can largely be met by increased productivity. However, the additional use of food grade feedstock as biomass for energy on a large scale will compete heavily for land presently used for growing food. This could destabilise the world food supply and increase local food shortages and prices.

Biomass is a limited valuable resource with multiple uses including food, feed and fuel. Where biomass is used to generate energy, it should be used in applications with the highest GHG emissions savings. With current technologies this includes heat and power generation, which provide a much better performance relative to first generation biofuels.

Biofuels

Biofuels such as bio-diesel and bio-ethanol can be divided into first generation and second generation biofuels. Currently only first generation biofuels are on the market. Second generation biofuels are not yet commercially available. First generation biofuels are produced from feedstocks like vegetable oils, starch ethanol or sugar ethanol.

Unilever believes that first generation biofuels are neither environmentally efficient nor cost-effective ways to reduce GHG emissions. Many studies have shown that several first generation biofuels have a poor performance (which could even be negative) with regard to reducing GHG emissions and dependency on fossil fuels. In fact, a negative CO₂ balance occurs if forests or grasslands are replaced by crops which emit larger amounts of captured CO₂ in their production. Crops like rapeseed, the main feedstock for biodiesel, are very input intensive crops. The use of these crops for biodiesel production therefore offers only a very limited impact on GHG emission reductions.

In addition, we have concerns about the impact of the promotion of biofuels on the availability and sustainability of a number of raw materials that the demand for biomass could create. If healthy vegetable oils such as rapeseed oil are used in biofuels, these could become in short supply, driving consumers to animal fats – and the associated increased risk of heart disease and high cholesterol.

We believe that the development of high performance bio-energy technologies, including second generation biofuels with an efficient carbon and energy balance is essential. The mainstream market introduction of second generation biofuels would provide a strong incentive for the application of renewable energy technologies while minimising the negative repercussions on food markets and food security.

Unilever believes there is a strong case for government and business investment into new technologies and further research on the sustainable use of biomass. See our Promoting Sustainable Biofuels brochure for more information (download available in related links).



Sustainability for bio-energy

The availability of raw materials is essential for our business. This has led to the company undertaking several significant sustainability initiatives in partnership with other stakeholders. Unilever, for example, chairs the Roundtable on Sustainable Palm Oil (RSPO).

For all forms of bio-energy broader issues around sustainability apply: the use of valuable food crops for energy purposes will increase pressure on eco-systems and biodiversity. Deforestation, particularly in the case of palm oil

and soybeans, could lead to the devastation of the last remaining rainforests in Borneo and the Amazon region.

We believe governments worldwide have the responsibility to subject their bio-energy policies to a full impact assessment. These assessments should cover environmental, social and economic impacts, starting in the regions of production to end use. Policies which aim to reduce GHG emissions should contain full life cycle assessments for individual applications. This should include previous land use with regard to the carbon balance.

We believe sustainability criteria should be introduced for the use of biomass within energy programmes. This should include criteria at the production level as well as criteria at a macro-level like overall GHG balance and energy efficiency, food security, and the protection of biodiversity and eco-systems. We believe that the use of biomass for energy purposes should not be stimulated by government programmes without the application of transparent sustainability criteria, at the peril of generating unintended consequences that could actually undermine the original goal of a more sustainable energy policy.

Available online:

[Promoting Sustainable Biofuels \(October 2007\) \(4.2 MB\)](#)

Water

Our products depend on water throughout their life cycle, from the production and processing of raw materials to their use by our consumers.

Water sustainability

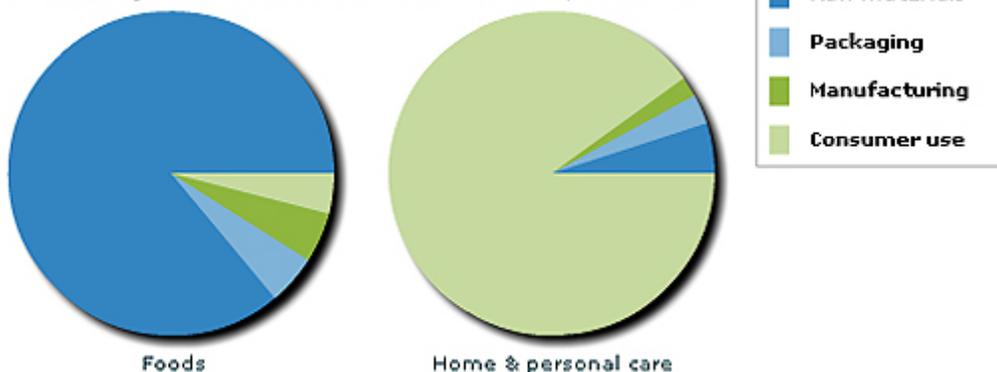
As a global manufacturer of food, home and personal care products, our use of water resources is both direct and indirect. Water is used by our suppliers of agricultural raw materials for the growing of crops, in our factories as part of the manufacturing process and finally by our consumers when they use and dispose of our products through activities such as washing, laundry and cooking.



Understanding these impacts is central to our approach. Water stress is already a significant factor in many of our markets. Although we recognise action and behaviour change at a consumer and governmental level are crucial, where we can make the most impact is through the design and innovation of products which need less water to use.

Estimated water use by life-cycle stage

From sourcing of raw materials to consumer use of products %



Our water footprint

For our food brands, the majority of water use takes place 'upstream' in the growing of crops. For our home and personal care brands, consumer use accounts for the bulk of usage. For all these products, Unilever's manufacturing use makes up a relatively small proportion of the total.

Our approach

There are four elements to our approach to water sustainability:

- reducing water use in our manufacturing operations;
- working with agricultural suppliers to reduce their usage;
- designing products that require less water during consumer use; and
- participating in initiatives that aim to address these challenges through partnerships.

Reducing water use in manufacturing

Since 1995 we have reduced by 61.7% the amount of water we use per tonne of production by minimising water usage and maximising water recycling at our sites. In 2007, we reduced the total consumption of water in our operations worldwide by 4.9 million m³ and the load per tonne of production by 7.5%, exceeding our target of 4.7%. These reductions have been achieved through site initiatives, such as:

- our home and personal care factories in Pondicherry, India and Rungkut, Indonesia achieved a 'zero effluent discharge' by installing new systems that treat all process waste water, enabling it to be recycled and reused within the factories. As a result, Pondicherry is able to save around 22 500 m³ of water a year.
- our Caivano foods factory in Italy reduced its use of water by 20% and treated waste water is now used in cooling towers instead of being discharged.

Water harvesting in India

Our Indian business has also been looking further than its own operations to improve water use through water conservation and harvesting projects that impact on areas around their sites and aid adjacent villages. Through a series of technology innovations and new processing methods Hindustan Unilever has reduced groundwater consumption by over 50%, and introduced technologies that recycle effluent water after treatment.

At Hindustan Unilever's Khamgaon soap factory in Maharashtra, a water catchment system channels rainwater through ditches and low earthen banks, meaning all the rainwater falling on the Khamgaon factory now accumulates in ponds on site. This helps renew groundwater reserves, which are running at critically low levels in the region.

Adjacent villages have also been helped to implement appropriate models of watershed development, helping to prevent rainwater from washing away top soil, thereby helping in soil conservation.

Water savings in agriculture

Water is one of the 11 indicators we use in our Sustainable Agriculture Programme. We are working with growers, especially in water-scarce areas, to reduce their impacts, for example through schemes such as drip-irrigation.

In the US we are leading a multi-stakeholder working group to develop a common metric for measuring water use in tomato irrigation. During 2008 we will test this metric and also work with specialists to develop water efficiency advice for farm irrigation.

In Tanzania we have been conducting research with academic partners and the Tea Research Institute of Tanzania for many years to understand how yield and crop quality are influenced by the amount of water supplied to the crop and the irrigation methods used. This has enabled an irrigation system to be built and managed so that it achieves very high fuel- and water-use efficiency. The latest trials have concentrated on understanding the advantages and disadvantages of drip irrigation, a method that can achieve very high water use-efficiency but at high capital cost. Trials completed in 2007 showed a 10% water saving compared to current irrigation techniques, with no loss of yield. This is equivalent to saving 70 litres of water for every kilo of black tea produced. When fully implemented on a 3 000 hectare farm it is anticipated that 700 million litres of water will be saved. Apart from conserving water and saving on energy, the system provides opportunity for more effective application of fertilisers.

All the water used for irrigation on our tea estates in Tanzania is harvested from within the farms during the rainy season (when there is little if any inconvenience to downstream users) and then stored on the farms in reservoirs and lakes for use during the dry season. Conserving the high proportion of rainforest within the Tanzanian estates (over 50% of the land area) is also vital to ensure that the catchment characteristics and local weather patterns are maintained.

Water use by consumers

Our approach to water sustainability increasingly focuses on consumer use, as this is where the greatest water usage occurs. We have been working on ways to help consumers reduce their water consumption through the design and innovation of products that require less water to use.



Brand innovations include Surf Excel Quick Wash, which aims to save as much as two buckets of water per wash for Indian consumers. Based on assumptions about laundry habits, we estimate potential savings in the region of 14 billion litres of water a year.

Our new Easy Rinse Comfort and Vivere fabric softeners also require less water. Based on a technologically complex innovation, these conditioners can be used directly after applying detergent, without the need to rinse in between. The way in which consumers use our products varies from country to country. We estimate that in Brazil, for example, this Easy Rinse formulation leads to an average saving of around 100 litres per wash.

Our Sunlight concentrated hand dishwashing liquid contains half the water of the standard format and its smaller, lighter bottle means fewer packaging and transport impacts. Concentrated liquids had disappointed consumers and customers in the past, so there were concerns about relaunching this formulation. However in recent years the consumer and customer landscape has changed significantly and environmental issues are rising up the agenda. In addition to the environmental benefits we were able to offer new innovations to further differentiate our product. For example, Sunlight concentrated liquid turns into a gel on contact with water, staying on the sponge longer to deliver better degreasing.

Our commitment to water sustainability extends to the quality of water once products have been used and disposed of by consumers. This is reviewed by our Safety and Environmental Assurance Centre in line with our policies on ingredients and materials in products.

Water quality

As well as seeking to reduce our water footprint, we are concerned about the impact of our detergent products especially, when they enter the waste water stream after use, as concentrations of phosphates can be damaging. Considering all the different ways in which our products are used and how ingredients break down is an important part of a responsible approach to water use. We are working for the detergents industry, academic institutes and government agencies in Europe to improve tools to predict the impact of household products on rivers.

Understanding how consumers use water

We have been working with the Royal Society of Chemistry to understand the barriers and triggers towards sustainable water use in South Africa. Called Project Splash, the study has been investigating the use of water in and around a South African township. The aim is to provide insights into consumer lives and behaviour that can help us direct our research and development resources.

External opinion

Unilever was named industry leader from a group of 15 major food and beverage companies in a recent analysis of companies' approach to water consumption. The study was carried out by the Ecumenical Council for Corporate Responsibility, a membership organisation representing Christian faith groups, ethical investors and NGOs. The analysis was based on companies' policies on reducing water consumption, mechanisms in place to implement their policies, actual performance and public reporting. Unilever achieved the highest score based on our performance in all these areas.

Available online:

Case study

[India: Surf Excel relaunched to reduce rinsing & conserve water](#)

More water case studies

[Water](#)

Download

[Project Medusa: Saving water in Latin America \(365 KB\)](#)

Why it matters

Water scarcity is a growing problem in many parts of the world.

The issues

As fresh water supplies come under pressure, the need for better water management becomes ever more urgent.

This pressure is driven by changing weather patterns, increases in global population and rising per capita water consumption. The average amount of water people use varies across the world, but increases with industrialisation. The United Nations states we need a minimum of 50 litres of water a day for drinking and other basic needs. The average North American uses 350 litres daily, while in some of the poorest countries people live on as little as 10 litres.

Some 70% of total water consumption is used for agriculture. As populations across the world grow, so too will the demands from farming. Furthermore, access to fresh water is increasingly problematic as demand grows and water sources become polluted.

These issues are likely to be exacerbated by climate change, making access to water an issue for both farmers and consumers. Where this pressure on water supplies brings communities and countries into opposition, social and political conflicts will arise.

Working with others

We work with local and international partners to understand the water impacts of our products and to promote better management of water resources.

Our partnerships

The scale of the global water crisis requires a multilateral approach.

Washright

Unilever supports an industry-led pan-European communications campaign called 'Washright' that uses on-pack advice, an internet site and TV advertising to give consumers information on how to optimise laundry washing. The guidelines were developed by AISE – the European trade Association for Soaps, Detergents and Maintenance Products.

Unilever has been a long-standing champion of AISE's sustainability initiatives. In 2006 we participated in the launch of its Save Energy and Water Campaign to promote sustainable machine dishwashing. We continue to promote this initiative by including usage advice on our labels.

We are now taking part in a review and update of the AISE Charter for Sustainable Development, to develop new measures that will encourage continuous improvement in sustainability. Implementation across the industry is expected in 2009.

Assessing water quality

The Unilever Centre for Environmental Water Quality (UCEWQ) at Rhodes University was established in 2002. The following year the centre launched a project to assess the effects of laundry detergents used by locals to wash clothes in the Balfour River in South Africa.

The centre assists a number of additional projects aimed at improving the management and understanding of local water systems. It is contributing to a water quality management plan for Boksburg Lake and catchment area. This urban lake suffers from industrial and domestic pollution. Help for other projects includes water quality assessments and technical expertise.

Developing a water tool

The World Business Council for Sustainable Development (WBCSD) water scenarios project – in which we are involved – develops ideas on how water issues might evolve over the next 20–25 years. Using a scenario planning process to explore the complex issues involved, participants examine the influence of water-related issues on social, economic and environmental development and explore the role business can play in shaping appropriate

actions and outcomes. This work has now led to the development and launch of a software tool that enables companies to assess their water impacts and identify areas of water stress.

Water use & hygiene

We have been involved with Water & Sanitation for the Urban Poor (WSUP) since it was established in 2004. WSUP is a partnership between the private, public and civil society sectors. WSUP seeks to demonstrate new approaches to meeting the water, sanitation and hygiene needs of low-income consumers in urban areas, particularly in developing and emerging markets.

In 2007 we embarked on a project with WSUP to add a hygiene education element to their existing water and sanitation programmes, to see if this would boost their effectiveness. Together with WSUP and the London School of Hygiene & Tropical Medicine, we have designed an approach to hygiene behaviour change which will be tested in a pilot programme in Bangalore, India. This will assess whether improved water and sanitation conditions delivered in conjunction with a hygiene behaviour programme are better than infrastructure improvements alone.

For information on how we are promoting better hygiene through handwashing initiatives, see Hygiene.

Leadership commitment

In 2007 Unilever joined The CEO Water Mandate, bringing together business leaders committed to addressing water sustainability issues in their operations and supply chains. This initiative arose out of a partnership between the United Nations Global Compact, the Swedish government and a group of companies. It seeks to find strategic approaches to water management and engage companies in all regions of the world.

In May 2008, the chief executive officers of the 19 endorsing companies of The CEO Water Mandate, including Unilever, signed a letter to the G8, urging government leaders to take action on water.

Available online:

Case study

[South Africa: Researching the effects of chemicals on water ecosystems](#)

Downloads

[SWIM: Water for the Future through Working with our Partners, \(2002\) \(495 KB\)](#)

[The CEO Water Mandate letter to the leaders of the G8 \(2.7 MB\)](#)

More on our impacts

Read more here about our water use in manufacturing and in agriculture.

Water use in manufacturing

Our manufacturing operations account for less than 5% of our total water imprint. We started systematically measuring water consumption in manufacturing in 1995. Since then, we have reduced overall water consumption per tonne of production in manufacturing by 61.7%.

We measure water consumption in all our factories. The data represent all water consumed and include water used as an ingredient in products as well as uncontaminated non-contact cooling water and wastewater.

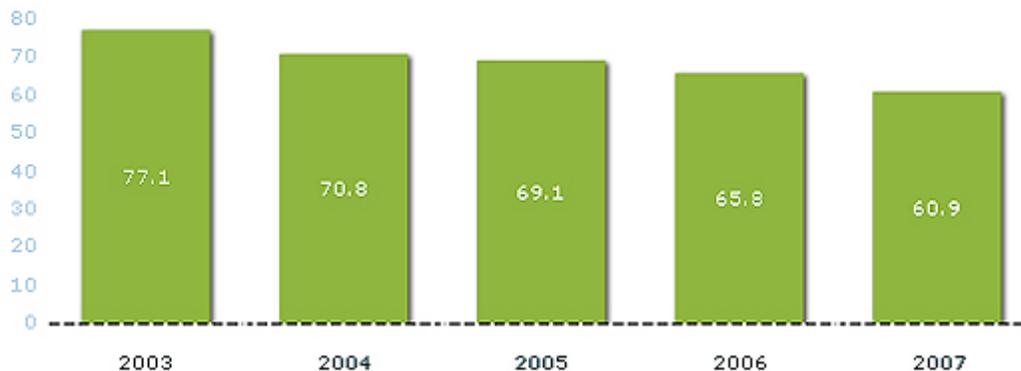
Water

m³/tonne of production



Water – total load

Water 10⁶ m³



In 2007, we achieved a 7.5% reduction in total water per tonne of production - exceeding our target of 4.7%. The main reasons for this decrease in water use were improved process temperature control for cooling water in the US and Sweden and more efficient cleaning in Italy, Switzerland and Spain. There was also a conversion to concentrated products in the US, resulting in less water consumption. In Brazil, a number of water reduction programmes were implemented.

Ten of our sites reduced their water consumption by more than 100 000m³ and a further five sites by 50 000m³.

It should be noted that over half the water used by our factories was not of drinking quality.

At many of our sites in dry areas we attempt to achieve what we call zero liquid effluent by recycling waste water or using it to irrigate land on the site.

Regional initiatives to achieve reductions in water use

In 2003, Unilever Latin America challenged its foods manufacturing sites – 15 factories in ten countries – to cut their total water consumption as part of Project Medusa. The action programme combined the use of new equipment and systems with greater employee awareness of the need to save water. Between 2003 and 2005, the Latin America region reduced total water consumption by 7.9%, and load per tonne of production by 4.7%. The principles behind Project Medusa are being used in other parts of Unilever to reduce energy use and cut waste.

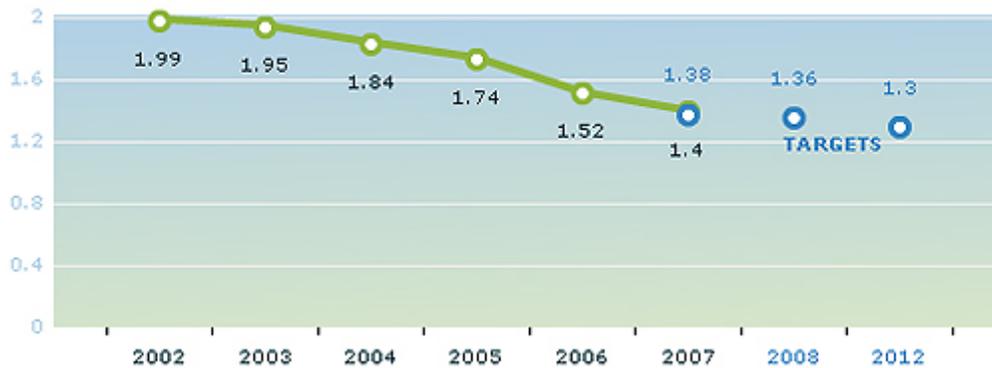
Project Conserve, for example, promotes water saving in our home and personal care factories. It aims to develop a step-by-step approach to eliminate effluent from factory operations. The project has made significant progress at our Vinhedo factory in Brazil. We have taken action to save water, improve efficiency, and encourage reuse and treatment of site effluent. We aim to use our learning from Project Conserve at other sites around the world.

Consumption of potable & non-potable water

While we use total water consumption as our key parameter of water consumption globally, we also collect data on the amount of potable (drinking quality) and non-potable (lower quality) water that we use. For some sites this information can be useful in helping them reduce the use of potable water.

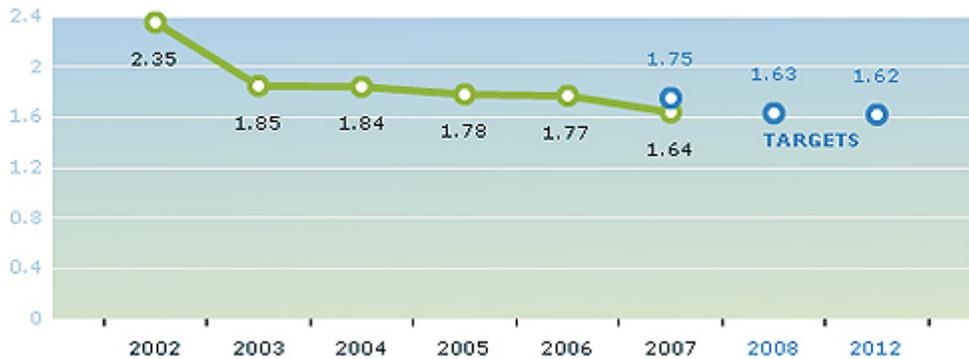
Potable water

m³/tonne of production



Non-potable water

m³/tonne of production



See Environmental management for more information on how we manage the environmental impacts of our operations.

Water use in agriculture

Water is one of the 11 indicators we use in our Sustainable Agriculture Programme. We tackle our upstream water use by working closely with our growers to reduce their water impacts.

Growers are required to conserve water and prevent pollutants reaching surface and ground water sources. Different crops have differing water needs and our pilot projects are designed to reflect this.

Drip irrigation saves water

Tomato plants, for example, need lots of water. Drip irrigation on an experimental farm owned by Unilever in Brazil reduced water use by up to 30%. We are currently trialling 'remote' satellite controlled irrigation in Brazil to improve efficiency across all irrigation techniques.

In Greece, all our tomato growers now use drip irrigation. In the US we are leading a multi-stakeholder working group to develop a common metric for measuring water in tomato irrigation. During 2008 we will test this metric and also work with specialists to develop water efficiency advice for farm irrigation.

In Tanzania we have been conducting research with academic partners to understand how tea yield and crop quality are influenced by irrigation methods. Initial results from drip-irrigation trials showed at 10% water saving compared to current irrigation techniques, with no loss of yield. This is equivalent to saving 70 litres of water for every kilo of black tea produced. If implemented on a 3 000 acre farm, we anticipate this would save 700 million litres of water.

Since 2006 we have been running training programmes for farmers in Italy on best practice in spinach irrigation. This will continue into 2008. Initial results are promising on both water and the energy required to pump the water. A new low pressure irrigation technique developed by our Findus brand colleagues requires 45% less fuel to pump water.

Widening our scope

We have begun to expand our work at farm level to look at the wider impact of agricultural practices and the consequences of competing demands on water catchment areas. This is important because of the wider impact water quality and resources have on our business. Not only do agricultural practices have the potential to cause off site impacts, they can also be threatened by other activities, such as industry, that affect the supply and quality of water.

This work has led to some positive outcomes, such as Unilever Tea Tanzania's planting of 10 000 trees on its own estates and donating 20 000 indigenous trees to communities in its local water catchment area to help conserve water sources. We plan to plant a further 20 000 trees in local communities in 2008.

Unilever Kenya also began a tree-planting programme in 2000 which by the end of 2007 had led to more than 615 000 trees being planted in the local community and on its own estates.

Available online:

Water case study

[Water](#)

Downloads

[SWIM: Water for the Future through Working with our Partners. \(2002\) \(495 KB\)](#)

[Project Medusa: Saving water in Latin America \(365 KB\)](#)

Our approach to Eutrophication, including phosphates & fertilisers

[Eutrophication \(334 KB\)](#)

Packaging

Packaging is essential for product protection, hygiene and effective consumer communication, yet also has impacts on resource use and waste.

Our footprint

We sell around 160 million products every day around the world, which represents many millions of bits of packaging needing disposal. Our business currently uses a wide range of different materials, including: paper, board, plastic, glass, aluminium, steel and laminate packs such as sachets and pouches.



Our approach

With products on sale in over 150 countries, we need a coherent and sophisticated packaging strategy.

Our approach to responsible packaging seeks to take into account environmental, social and economic considerations. In 2007 we created a Responsible Packaging Steering Team to define a revised strategy. This team is building on the work already carried out over the past few years by the Unilever Packaging Group.

To date our approach has consisted of five key principles:

- **Remove:** to eliminate, where possible, unnecessary layers of packaging such as outer cartons and shrink-wrap film – an area where our retail customers are increasingly setting reduction targets.
- **Reduce:** to reduce packages to the optimal size and weight for their contents.
- **Reuse:** to reuse packaging from the materials we receive at our factories.
- **Renew:** to maximise the proportion of packaging from renewable resources and to investigate the technical feasibility of biodegradable and compostable materials
- **Recycle:** to increase the use of recycled, recyclable and single-material components in packaging for easy sorting and recycling at the end of its use.

Reducing packaging and waste can have business benefits, too, as it can lead to cost savings.

Other priority areas

- We have set a goal of eliminating PVC from our packaging where there is a viable alternative. There are technical challenges to overcome where there are no clear alternatives, but we are focusing our research on these areas.
- Litter from used packaging is an environmental nuisance. The sachets we use in developing and emerging markets help make our products more affordable to consumers, yet can end up contributing to this problem. Finding a solution remains a challenge and we are currently looking at ways of working with partners to find solutions.
- We are continually looking to improve the sustainability of the paper we source, as it is a significant part of our packaging mix. We can do this through increasing our sourcing from certified forests or through the use of recycled paper. This can be difficult, however, as sustainable forestry practices vary significantly from region to region. We are working with both suppliers and NGOs to develop sustainable paper sources.

Available online:

Case studies

[Brazil: Recycling consumer packaging waste](#)

[Global: Design & lightweighting](#)

[Thailand: Thailand's first packaging management institute](#)

Why it matters

In recent years, concern has been growing about the packaging related to consumer products, both in terms of the resources and energy used to make it, and its contribution to waste.

The issues

Packaging is the visible face of our brands. It plays an important role in consumer choice, and allows the communication of important safety and usage information. It also protects our products from damage and contamination.

Yet concern over excess packaging is growing. Individuals, governments and campaigning organisations are increasingly alert to what they see as unnecessary levels of packaging. This has led to commitments by leading retailers to reduce the packaging of the products they sell.

At the same time, if consumer products are to succeed in the competitive retail market they need attractive, well-presented packaging that communicates brand identity while still being acceptable to consumers on environmental grounds.

We need to be able to reconcile these conflicting objectives.

While consumers can drive change through their purchasing decisions, they also need to be part of the solution through the way they dispose of used packaging. This in turn depends on the domestic recovery and recycling infrastructure provided by municipal authorities and the targets set by national governments.

A complex picture

In reality, totally sustainable packaging is very difficult to achieve. Each type of packaging material has a different footprint; some with more environmental impacts in sourcing, some in disposal; some with a greater impact on resource use, others in energy or water use. Often the best solutions are not the obvious ones.

The footprint is also dependent on local approaches to waste management. This can be seen in the way the developed and the developing world approach waste differently. In countries such as Brazil, waste can be seen as an opportunity for economic activity, with many informal but highly organised networks collecting waste for recycling. In mainland Europe, a significant proportion of waste is incinerated, with systems to harness energy from the process, and EU legislation will drive further reductions in landfill. Only by understanding how waste is treated at a local level can we design products suitable for each country's system.

Working with others

Given the complexity of the issues surround packaging and the various stakeholders involved, we need to work in partnership to find viable solutions.

Our partnerships

With businesses in many parts of the world it is important to understand the way waste management systems function at a local level.

In Brazil, our brands Knorr, AdeS, Omo and Rexona are working in partnership with supermarket Pão de Açúcar to promote a packaging recycling scheme for shoppers. Since the launch of this award-winning project in 2001, around 100 recycling stations have been established in 20 cities, working in partnership with more than 20 co-operatives. More than 20 000 tonnes of waste plastic, cardboard, toothpaste tubes and glass have been collected for recycling.



In May 2007, the project was extended to enable the collection of used cooking oil, which is sent to energy generating companies for use as a raw material in the production of biofuels. More than 23 000 litres of cooking oil have already been collected.

We are also a founding member of CEMPRE, a not-for-profit organisation working to improve recycling and waste management in Brazil. Since its inception in 1994, we have seen the initiative enhance the financial well-being and social status of more than 15 000 of Brazil's poorest people through co-operatives. It has also helped double Brazil's packaging recycling rates.

Unilever is also working with TIMPSE, a similar organisation in Thailand, to try to replicate the success of CEMPRE, and is investigating ways to roll out this kind of approach to other countries, together with other partners.

In Brazil we have worked in partnership with five small companies to boost recycling of the laminated materials that are used in products such as toothpaste tubes, sachets and soup packs. Using innovative technology and a process called thermo-compression, packaging waste generated during manufacturing and post-consumer waste can be turned into household items such as sink bowls and roof tiles.

As a founding member of the Sustainable Packaging Coalition we continue play a role by being a member of its Executive Committee. The group comprises over 160 packaging producers, users and retailers.

We are also a long standing member of EUROPEN (European Organisation for Packaging and the Environment). We are represented on its Executive and Regulatory Affairs Committees, working groups (including sustainability), and the REACH Implementation Task Force.

Available online:

Case studies

[Brazil: Recycling consumer packaging waste](#)

[Thailand: Thailand's first packaging management institute](#)

Innovation

We have been reducing the amount of packaging our products need through innovative design.

Reducing packaging through design innovations

By creating more lightweight plastic containers we can cut down on the overall amount of packaging material used. We use leading-edge computer aided engineering technology to help us.

- Our concentrated detergents, such as Persil Small & Mighty, require half the packaging.
- In Europe and South East Asia our new bottle design for Svelto detergent has helped save 220 tonnes of plastic a year.
- Suave, our North American shampoo brand, has reduced its packaging weight by 17% and is now the lightest weight bottle on the US market. This has allowed an annual saving in plastic resin of almost 150 tonnes - the equivalent of 15 million fewer shampoo bottles being thrown away each year.
- A new design for our Sure, Rexona and Dove deodorant bottles cuts plastic by 15%, saving 1 960 tons of plastic a year. As the design is more efficient to mould, it reduces energy consumption by around 6 million kilowatt hours - enough power for about 1 270 UK homes for a year.
- By eliminating an outer carton from our Knorr vegetable mix and creating a new shipping and display box, we halved the packaging, resulting in 280 fewer pallets and six fewer trucks a year to transport the same quantity.
- Reducing the width of the outer box of Lipton soup cartons saved 154 tonnes of card.
- By reducing the packaging height on Bertolli frozen meal pouches and the corresponding shipping boxes, we achieved savings of 5.3% on flexible packaging and 8.6% on corrugated material. As a result we require 397 fewer trucks a year.
- We reduced the width of our Lipton soup cartons cutting material use by 15.6%, leading to 6 437 fewer pallets and 132 fewer trucks a year.
- A new design for the Knorr Recipe Secrets soup pouch eliminates the need for an outer carton, allowing a 50% reduction in overall packaging materials.



Available online:

Case study

[Global: Design & lightweighting](#)

Sustainable agricultural sourcing

With over two-thirds of our raw materials coming from agriculture, we have a clear interest in how crops are grown and in securing future supplies.

Our aim

Unilever aims to buy all its agricultural raw materials from sustainable sources, so that

- Farmers and farm workers can obtain an income they can live on and improve their living conditions
- Soil fertility is maintained and improved
- Water availability and quality are protected and enhanced
- Nature and biodiversity are protected and enhanced.



World share of crops (volume)



Our approach

When we began our Sustainable Agriculture Programme, the theory and practice of 'sustainable agriculture' was still in its infancy. Over the years, we have built a body of knowledge on what sustainable agriculture entails for our key crops. Our approach is founded on tracking growing techniques for each crop against 11 indicators including water, energy, pesticide use, biodiversity, social capital and animal welfare.

Working in partnership with an external advisory board and expert agronomists, we have developed and published Good Agricultural Practice Guidelines for all our key crops.

Measuring change in agriculture is a slow process due to the length of growing cycles, but we have made progress. Our success has been greatest where we have most influence, notably on our own plantations and with 'contract growers' from whom we purchase directly.

The broader supply chain

However, only a small proportion of our sourcing is from our own estates or contract farming. A large part occurs either through the commodity markets or through the many thousands of third-party growers whose crops reach us through a diverse network of suppliers. Achieving sustainability in this broader supply base is a much more complex and long-term process, and one where our influence is necessarily more limited.

This is difficult not only in terms of the size and scale of the task, but also in educating and convincing farmers of the benefits of sustainable practices. Changing established methods of farming requires us to engage with growers to explain the benefits of a sustainable approach. To this end we are running workshops with suppliers to raise awareness about sustainability. To date we have run a total of nine events in six countries – the Netherlands, Italy, Germany, US, India and China. Two more events are planned for 2008.

Given the unpredictable nature of growing crops, it is rarely possible to guarantee a totally sustainable source. Nevertheless, this remains our long-term ambition.

Progress in 2007

The focus of our activities in 2007 has been to work closely with our supply-chain function to communicate our guidelines to our most significant global suppliers of fruit and vegetables – around 120 in total, representing 65% of total supply by value. Our brands, in particular, Knorr rely heavily on the ingredients these suppliers provide. We have asked our suppliers to complete a self-assessment against our guidelines and have developed a software system to enable us to store and track this information.



In 2008 we plan to fully implement the software system, building a more accurate picture of supplier networks so that we can engage more effectively with them on improvements and priority areas.

Sustainable palm oil & soy

In May 2008, we committed to purchase all our palm oil from certified sustainable sources by 2015. This commitment builds on our long-standing work on sustainable palm oil. We began by developing and sharing our own guidelines and good practices for sustainable palm oil with our growers and suppliers, leading to the setting up of the Roundtable on Sustainable Palm Oil

(RSPO) in 2004. Through the RSPO, we have continued to work hard to build an industry consensus on criteria for sustainable palm cultivation.

Currently there is no certified sustainable palm oil available on the market. However in 2007, the RSPO developed national standards, based on the generic standard, and launched its certification framework 'RSPO certified'. We expect to be able to use the first certified palm oil as it becomes available in the second half of 2008.

We are also members of the Roundtable on Responsible Soy (RTRS), which seeks to establish agreed Principles and Criteria for responsible soya production. After thorough deliberation, in 2006 participants agreed on the key sustainability issues linked to soya production. They also agreed to formalise the Roundtable as a permanent organisation. In 2007, the Roundtable set up a Criteria Development Group which has started the process of developing a sustainability standard for soy farmers.

Available online:

Agriculture case studies

[Agriculture](#)

Downloads

[Sustainable Palm Oil: Unilever takes the lead \(2008\) \(187 KB\)](#)

[Sustainable Agriculture, Sustainable Life \(2.4 MB\)](#)

[Growing for the Future, Unilever and Sustainable Agriculture. 3rd edition \(2005\) \(3.5 MB\)](#)

[Unilever's Colworth Farm Project: Putting Sustainable Agriculture to the Test \(2005\) \(2.1 MB\)](#)

[Sustainable winter oilseed rape: Good Agricultural Practice Guidelines \(2007\) \(2.2 MB\)](#)

Why it matters

Where agricultural products come from and how they are grown are issues of concern to consumers, governments and campaigning organisations.

The issues

In recent years heightened media attention and public debate have turned the spotlight on issues such as working conditions for growers and labourers, the environmental impacts of cultivating crops, the economic well-being of producer communities and animal welfare.

People are looking to companies to take responsibility for these issues in their supply chain. This is consistent with our own approach and the commitments we have made in our Code of Business Principles and Business Partner Code. Failure to act on these issues is not only an operational risk but can be a source of reputational damage.

Equally, changing weather patterns, water scarcity and unsustainable farming practices could have an impact on our business, by threatening the long-term sustainability of agricultural production. With agricultural raw materials being so important to our brands, we have a clear interest in ensuring the security of future supplies. In recognition of this we set up our Sustainable Agriculture Programme in 1995.

An evolving approach

Initially our focus was on working with our own growers to set standards and improve practice. Later we began engaging with other suppliers to scale up this work. Now, we are increasingly seeing the necessity of connecting this work more closely into our brand development and communicating it to our consumers.

An early example of the potential of this approach is Lipton's announcement to procure all its tea from sustainable, ethical sources, and to work with the Rainforest Alliance to certify our tea supply. This is the first time a major tea company has committed to introducing sustainably certified tea on such a scale and is built on our work in this area over the last 10 years. We are the world's largest purchasers of black tea, accounting for 12% of world volume. We expect our commitment to make a difference to the lives of over 2 million tea workers.

In May 2008 we also committed to buy all our palm oil from sustainable sources by 2015.

Linking our expertise to our brands

Our sustainable agriculture team has been an integral part of our Brand Imprint process. It has contributed its expertise on sustainability issues for our key crops, such as tomatoes, palm oil and tea, and has also assessed a number of other ingredients such as walnuts, coconuts, pineapple and strawberries, which we use in smaller quantities. This has provided our brand teams with valuable insights on supply-chain risks and opportunities.

Our approach

We are among the world's largest users of agricultural raw materials, and a major buyer on world agriculture markets.

In Germany, Unilever has worked with UFOP, an independent association that promotes the development of oilseeds and protein crops; the university at Halle; and farmers to develop and publish guidelines for the sustainable management of winter oilseed rape.



Sustainable agriculture programme

We have always aimed for a responsible approach to farming practices. In recent years it has become clear that increasing environmental and social pressures on agriculture (which threaten our supply chains) and growing consumer concerns about the food chain (which threaten our markets) demand a more radical attitude.

We have been working with farmers for many years in developing agricultural best practice guidelines. The guidelines, which are incorporated into our contracts with growers, define soil preparation, fertilisation regimes, harvesting and other activities for our key crops. Current best practice is mainly based on integrated farming principles, and involves appropriate use of fertilisers and pesticides to optimise yield while minimising environmental impacts. The Sustainable Agriculture Programme came into being in the mid-1990s as a continuation of this work.

Our aim

Our aim is to ensure continued access to our key agricultural raw materials, and ultimately to develop market mechanisms that allow consumers and retailers to influence the sourcing of raw materials through their buying habits. Ultimately, our long-term aim is to buy all our agricultural raw materials from sustainable sources so that:

- Farmers and farm workers can obtain an income they can live on and improve their living conditions
- Soil fertility is maintained and improved
- Water availability and quality are protected and enhanced
- Nature and biodiversity are protected and enhanced

This poses a huge challenge for those involved in agriculture: farmers, scientists, experts, governments and businesses.

Improving farming methods

We have chosen to focus on how to improve the sustainability of current farming methods in particular locations, and how to make the production of the crops we need sustainable. We have started to do this where we directly influence agricultural practices used, ie on our own plantations and where we deploy contract farming.

Our programmes

Unilever's work on sustainable agriculture has focused on five key crops – palm oil, peas, spinach, tea and tomatoes. We call these our Lead Agriculture Programmes.

Unilever's impact

Through our Lead Agriculture Programmes, we are investigating ways of farming that protect the environment and maximise social and economic benefits. We are working closely with local growers and planters, research institutes, industry and farmers' associations, local government, NGOs and sometimes community groups.

Progress is measured using our sustainable agriculture indicators (see related links for details). Sustainable agriculture protocols for all our key crops have been published as Good Agricultural Practice Guidelines (GAP guidelines). In 2004, we started engaging with our growers in the use of these guidelines, in co-operation with other partners.

Palm oil

We buy 4% of total world palm oil production – around one million tonnes – every year, mostly from Indonesia and Malaysia. The oil's unique properties make it suitable for use in many everyday products, such as margarine and soaps.

In Ghana, we manage oil palm plantations and smallholder schemes, and also buy palm oil from other Ghanaian producers, for use in our factory in Accra. We are therefore testing a variety of sustainable production techniques for palm oil in Ghana. These include research on integrated pest management for leaf miners – a serious local pest which eats the palm leaves, reduces yield and can even kill the trees if very severe. It also includes recycling organic waste from the palm trees to improve soil quality, planting ground cover crops or terracing land to prevent erosion, protecting forest biodiversity and planting native trees on plantations to act as wildlife reserves and corridors.

The roll-out of the guidelines for palm oil is particularly complicated because of the large number of small-holders involved. Whilst we are working through

the Roundtable on Sustainable Palm Oil (RSPO) to help us communicate the guidelines across our widespread supply chain, we have made our own commitment to source all our palm oil from sustainable sources by 2015. See Working with Others for more information.

Vegetables

The sale of most of our European frozen food business in 2006 means we have reduced our work programme in peas and spinach considerably. The vegetables we use in our Italian Findus brand are grown by contract farmers in Italy. Most effort is put into Integrated Pest Management, a pest control management system that involves using less chemicals to control weeds, diseases and insects, together with more cultural and biological controls such as pest and disease resistant crop varieties, crop rotation and natural predators. We have started working with our vegetable suppliers worldwide in programmes that encourage their farmers to adopt sustainable farming practices.

The focus of our activities in 2007 has been to work closely with our supply-chain function to communicate our guidelines to our most significant global suppliers of fruit and vegetables – around 120 in total, representing 65% of our total supply by value. Our brands, particularly Knorr, rely heavily on the ingredients these suppliers provide. We have asked our suppliers to complete a self-assessment against our guidelines and have developed a software system to enable us to store and track this information.

In 2008 we plan to fully implement the software system, building a more accurate picture of the supplier networks so that we can engage more effectively with them on improvements and priority areas.

Tea (Kenya, Tanzania)

After water, tea is the most popular non-alcoholic beverage in the world. Unilever is the world's largest purchaser of black leaf tea, with annual sales of around 300 000 tonnes, which accounts for 12% of world volume of black leaf tea. Unilever tea plantations in Kenya and Tanzania are researching ways to promote good agricultural practices with social and ecological benefits. These include reducing pesticide use and supporting natural diversity by maintaining forest strips in the plantations. Most of the estates are also using plantation fuel wood and hydro-electricity to generate electricity and reduce CO2 emissions.

Good practice guidelines for sustainable tea have been published as leaflets for small-holders in local languages. These help us communicate our approach to the many small tea farmers who supply us.

In 2006, we started a programme to develop farmer field schools in partnership with the Kenyan Tea Development Agency (KTDA) – the umbrella organisation of Kenyan tea grower co-operatives. With technical support from Wageningen University in the Netherlands, and financial support from the UK

Department for International Development, these schools aim to help tea growers introduce more sustainable practices. Evidence was mounting in the farmer field schools throughout 2007 that adopting these practices will help farmers improve their gross margins by 5 – 50 %, depending on their starting position. Eventually, KTDA will run the schools itself.

Most recently, in 2007 we announced that all the tea used in our Lipton Yellow Label and PG Tips brands in Western Europe will be sourced from farms certified by the Rainforest Alliance.

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.

Tomatoes (Brazil, Greece, US)

Unilever uses about 7% of the world volume of industrially processed tomatoes. Most of our tomatoes are grown under contract by farmers in Brazil, Greece and the United States. We are working with our tomato growers in these three countries to investigate a range of sustainable agriculture practices. So far the programmes have focused on improving soil fertility, water management and pest control. An initial success has been to halve water consumption by using drip irrigation.

In the US we are leading a multi-stakeholder working group to develop a common metric for measuring water use in tomato irrigation. During 2008 we will test this metric and also work with specialists to develop water efficiency advice for farm irrigation.

Extending our agricultural initiatives

We have taken steps to extend our agriculture initiative to all major vegetable oils (including rape, sunflower, soya and olive oil), gherkins in India and dairy.

In India we supply growers with agricultural advice, seeds, fertilisers and pesticides, to enable them to grow gherkins (also known as 'cornichons') for a range of approved suppliers. Unilever offers the farmer a guaranteed price fixed at the start of the season. Both parties benefit. For the farmer, it means a secure income. For Unilever, it means a secure supply for its Amora brand.

We published Good Agricultural Practice Guidelines for winter oilseed rape in spring 2007.

Ben & Jerry's Caring Dairy initiative

Ben & Jerry's promotes sustainable practices in dairy farming through its Caring Dairy programme in Europe and the Dairy Stewardship Alliance in Vermont, US.

The Dairy Stewardship Alliance has developed a self-assessment toolkit which was used by 24 Vermont farmers in 2006. The Caring Dairy programme developed individual improvement plans for all participating farmers. To make this programme visible to consumers, Ben & Jerry's launched a website on sustainable dairy farming which also allows farmers to tell their story (see related links). In 2007, Ben & Jerry's teamed up with Netherlands based cheese producer CONO. Over 500 dairy farmers in the Netherlands now participate in the programme.

The aim is for all the dairy products in Ben & Jerry's ice cream to be produced sustainably by 2008.

Eggs

We are taking animal welfare seriously as a social, ethical concern. We believe that battery cages are animal unfriendly, and in Western Europe we aim to switch entirely our dressings business to barn eggs or free-range eggs well before 2012. Our Hellmann's, Amora and Calvé brands are developing their supply chains to source cage-free the 475 million eggs they use each year. Starting in 2008, Hellmann's mayonnaise in the UK and Ireland will be made with free-range eggs. In April 2008, we received the Good Egg Award from Compassion in World Farming (CIWF) for our intention to move to cage-free eggs.

Colworth Farm Research Centre (UK)

Since 1999, Unilever has been carrying out research into sustainable agriculture on the arable farmland around its research centre at Colworth, Bedfordshire. Researchers have been investigating a range of techniques to reduce the environmental impact of farming, while maintaining yield and profits for farmers. Recently, this research has focused on Controlled Traffic Farming, a system designed to reduce machinery costs while raising crop yields and improving soil health.

Available online:

Downloads

[Sustainable Agriculture, Sustainable Life \(2.4 MB\)](#)
[Growing for the Future, Unilever and Sustainable Agriculture. 3rd edition \(2005\) \(3.5 MB\)](#)

Sustainable agriculture indicators

[Indicators \(674 KB\)](#)

Oilseed rape

[Sustainable winter oilseed rape: Good Agricultural Practice Guidelines \(2007\) \(2.2 MB\)](#)

Palm oil

[Palm Oil: A Sustainable Future \(2002\) \(302 KB\)](#)

[Sustainable palm oil – Good Agricultural Practice Guidelines \(2003\) \(769 KB\)](#)

Peas

[In pursuit of the sustainable pea \(2002\) \(1.7 MB\)](#)

[Sustainable Vining Peas – Good Agricultural Practice Guidelines \(2003\) \(974 KB\)](#)

Spinach

[Sustainable Spinach – Good Agricultural Practice Guidelines \(2003\) \(810 KB\)](#)

[Spinach – For a Sustainable Future \(2003\) \(520 KB\)](#)

Tea

[Tea - A Popular Beverage \(2003\) \(425 KB\)](#)

[Sustainable Tea – Good Agricultural Practice Guidelines \(for small farmers\) \(2003\) \(234 KB\)](#)

[Sustainable Tea – Good Agricultural Practice Guidelines \(for large tea estates\) \(2003\) \(669 KB\)](#)

Tomatoes

Case study

[Brazil: Drip irrigation cuts water & pesticides on tomato farms](#)

Downloads

[Sustainable Tomatoes – Good Agricultural Practice Guidelines \(2004\) \(1.5 MB\)](#)

[Tomatoes for a Sustainable Future \(2003\) \(1.1 MB\)](#)

Colworth Research Farm Centre

[Unilever's Colworth Farm Project: Putting Sustainable Agriculture to the Test \(2005\) \(2.1 MB\)](#)

Working with others

Strong partnerships with a wide range of stakeholders are essential if we are to contribute to sustainable agriculture practices.

Sustainable Agriculture Initiative Platform

What can be achieved at farm level by Unilever alone is limited. We need the cooperation of others in the food industry to make progress in sustainable agriculture. That is why we worked with Nestlé and Groupe Danone to establish the Sustainable Agriculture Initiative Platform (SAI Platform) in 2002. This aims to develop knowledge about sustainable agriculture and communicate widely with a range of stakeholders.

The SAI Platform has working groups on five crops: dairy, cereals, coffee, fruit and vegetables (including potatoes). A working group on water was also started in 2007. For a list of SAI members, please see the link below.

Unilever workshop on sustainable agriculture

Each year, Unilever holds a sustainable agriculture workshop for our internal agricultural experts and external advisors to review progress and plan future work. In June 2007, the workshop was held in Parma, Italy with field trips to the nearby Consorzio Interregionale Ortofrutticoli (CIO), one of our major suppliers of tomato products in Italy (and fellow SAI Platform member).

Sustainable Agriculture Advisory Board

We involve stakeholders (non-government organisations, research institutes, agricultural experts and community organisations) in all aspects of our sustainable agriculture programme. This, for example, helps us to develop indicators and assess our Lead Agriculture Programmes.

We have formed a Sustainable Agriculture Advisory Board (SAAB) which comprises individuals from research institutes in the voluntary sector, academia and NGOs. Members advise on our overall approach as well as the standards for Unilever's selected key crops. Members are selected for their individual expertise, rather than to represent their organisations. Member biographies can be found in related links below.

Sustainable Agriculture Advisory Board members

Name	Institution	Country
Janet Barber		United Kingdom
Amadou Diop	Rodale Institute	United States

Keith Goulding	Rothamstead Research	United Kingdom
Louise Luttikholt	International Federation of Organic Agriculture Movements (IFOAM)	Germany
Richard Perkins	WWF-UK	United Kingdom
Rudy Rabbinge	University of Wageningen	Netherlands
Suhas P.Wani	International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)	India
Tensie Whelan	Rainforest Alliance	US
Stephanie Williamson	Pesticides Action Network UK	United Kingdom
Mark Lundy	International Center for Tropical Agriculture (CIAT)	Colombia

Roundtable on Sustainable Palm Oil

Palm oil is used in prepared foods, such as shortening in biscuits, and in personal care products, such as bath soaps. Palm plantations provide much-needed jobs but the expansion of production threatens forests and wildlife. Since the 1990s land under palm oil cultivation has increased by about 43%, primarily in Malaysia and Indonesia where most of world's palm oil is produced.

There are concerns about the expansion of palm oil plantations which leads to the clearing of forests. This often destroys plant life and habitats for wild animals. Fire is still used to clear land, despite a ban on burning in Malaysia and Indonesia. The smoke contributes to regional smog. Expansion has led to conflicts between local communities and landowners.

Unilever was one of the founders of the global Roundtable on Sustainable Palm Oil (RSPO) – an industry-led initiative set up in co-operation with the conservation organisation WWF in 2003. The Roundtable works with plantation owners and commercial users to devise standards for sustainable production. Other NGO partners include Oxfam and Sawit Watch.

A working group produced criteria for sustainable palm oil production. These were tested by a group of Roundtable members during 2007. Unilever's Sustainable Agriculture Director, Jan Kees Vis, is president of the executive board.

RSPO developed national interpretations of the generic standard in 2007, to allow for differences in national legislation in producing countries. During the

Fifth Roundtable Conference on Sustainable Palm Oil in November 2007, RSPO also launched its certification framework. Certified sustainable palm oil is expected to reach the market in the course of 2008.

See related links below to find out more about the RSPO.

Roundtable on Responsible Soy

Soya beans are a versatile source of raw materials for us. We use the bean to produce our soya milk AdeS, in Brazil, the oil in margarines and mayonnaise (outside Europe) and the lecithin as an emulsifier in many other products.

We are members of the Roundtable on Responsible Soy which seeks to establish agreed Principles and Criteria for responsible soya production. After thorough deliberation, in 2006 participants agreed on the key sustainability issues linked to soya production. They also agreed to formalise the Roundtable as a permanent organisation. In 2007, the roundtable created a Criteria Development Group, who have started work on the development of a standard for sustainable soy farming.

Our achievements in fish sustainability

In 1996 we co-founded the Marine Stewardship Council (MSC) with the conservation organisation WWF to establish a global standard for sustainable fisheries management. In 2006 we sold a large part of our frozen foods business, including our European fish business - with the exception of the Findus brand in Italy. Despite the sale, we remain committed to the goal of sustainability for our remaining fish products and will continue to support the MSC.



We are proud of what has been achieved since 1996. Although we were not able to reach our 100% sustainable sourcing target, there are encouraging signs that consumers are making the connection between their choices and the goal of sustainable development. Retailers including Tesco, Wal-Mart and Sainsbury's, as well as many foodservice companies, now source from MSC certified fisheries.

Available online:

Downloads

[Fishing for the Future \(765 KB\)](#)

[South African Cape Hake Fishery \(642 KB\)](#)

[SAAB member biographies \(82 KB\)](#)

Eco-efficiency in manufacturing

We aim to improve the eco-efficiency of our manufacturing operations, minimising both resources used and waste created.

Our approach

Reducing the impacts of our own manufacturing operations – eco-efficiency – is a core part of our strategy. Our long-standing work in this area has helped us improve the understanding of our impacts and underpinned our commitment to reducing our environmental footprint in areas such as water, waste and greenhouse gas emissions.

Our approach is underpinned by our environmental management system which is based on ISO 14001. An essential element is the setting and reviewing of targets for our key performance indicators (KPIs). This approach has helped us set our new target of reducing our CO₂ from energy per tonne production by 25% by 2012 (against a baseline of 2004).

Every year we collect data from each of our manufacturing sites using our web-based reporting system for key measures of environmental performance. Over the past 13 years we have continually improved the way we collect and report data. In 2007 we focused on improving reporting of our energy and CO₂ emissions to allow better reporting of data on renewable energy, biomass and resulting CO₂ emissions. This brings our reporting in line with the requirements of Greenhouse Gas Reporting Protocol.

Performance in 2007

287 manufacturing sites (including some sites that closed in 2007) in 69 countries reported environmental performance data. We do not collect data from third-party companies that manufacture or pack our products.

We improved our eco-efficiency performance in all areas apart from waste and CO₂ from energy. Whilst we met our water target and narrowly missed our Boiler/Utilities SO_x target, we did not meet our other eco-efficiency targets.

During 2007, we developed an improved, more accurate, methodology for reporting CO₂ emissions. On this basis our actual CO₂ emissions in 2007 were 149.175 kg/tonne. In future we will use this basis to set targets and report performance. On a like for like basis, our CO₂ emissions in 2007 were 166.291 kg/tonne, measured using the previous methodology, and we did not meet our CO₂ from energy target nor improve on our 2006 performance.

Target scorecard

Parameter	Target Reduction	Actual Reduction	Target Met
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Chemical Oxygen Demand	16.3%	10.3%	No
Water	4.7%	7.5%	Yes
Energy	3.7%	1.3%	No
CO2 from energy	4.4%	-1.0%* (9.4%**)	No
Boiler/Utilities SOx	3.9%	3.3%	No
Non-Hazardous Waste	7.4%	-1.3%	No
Hazardous Waste	-1.0%	-2.8%	No

* CO2 reduction according to our historical reporting methodology.

** CO2 reduction using our improved reporting methodology for GHG accounting.

Reduction in load per tonne of production 2003-2007 & our targets for 2012

Expressed as % of the 2003 kg/tonne figures



Parameters	2003 %	2007 %	Target 2012 %
COD kg	100	76.9%	64.0%
Hazardous waste* kg	100	72.2%	59.2%
Non-hazardous waste* kg	100	74.2%	61.8%
Water m ³	100	81.7%	78.2%
Energy GJ	100	87.2%	79.2%
CO2 from energy kg	100	77.9%	68.4%
Boiler/Utilities SOx kg	100	73.0%	59.6%

* Table shows hazardous and non-hazardous waste disposed of to landfill/incineration (not recycling).

Training

Unilever's Safety and Environmental Assurance Centre conducts eco-efficiency training courses throughout our business. These aim to deliver tools, techniques and awareness, and share best practice directly to the people responsible for reducing the environmental impact of our manufacturing operations. In 2007 we conducted training in Turkey and Ghana to drive progress on four areas of performance: chemical oxygen demand, energy, water and waste. We also held sessions in Argentina and the US focusing on energy and CO2 emission reductions.

Environmental prosecutions & fines

While we try to maintain the highest standards of environmental management, problems sometimes occur. We monitor and report on all environmental prosecutions and resulting fines for infringement of environmental regulations. The figures shown in the table cover the 287 manufacturing sites that reported data for 2007 and include our corporate head offices and research laboratories (8). In 2007 there was one prosecution for non-compliance with liquid effluent discharge limits, resulting in a fine of €9 718.

Environmental prosecutions & fines 2003–2007

	Number of sites in Unilever	Number of sites reporting	Number of fines	Total cost of fines(€)
2003	384	383	6	3 749
2004	374	374	8	24 430
2005	345	345	5	4 226
2006	325	325	1	643
2007	295	295	1	9 718

Available online:

Our approach to eco-efficiency

[Eco-efficiency \(79 KB\)](#)

An explanation of our data parameters

[Basis of Reporting \(78 KB\)](#)

More on our performance

These charts show the eco-efficiency performance of our manufacturing sites over the past 13 years, and set out our targets towards 2012. We also explain in brief our progress in 2007.

Scope of data

In 2007, 287 manufacturing sites in 69 countries reported environmental performance data. This number included 10 sites that closed during the year; 3 sites were new reporters. We also collect data on environmental prosecutions and resulting fines, including from our corporate head offices and major research laboratories, which together represent an additional eight sites. We do not collect data from third-party companies that manufacture or pack our products (these account for approximately 15% of production).

Quality of data

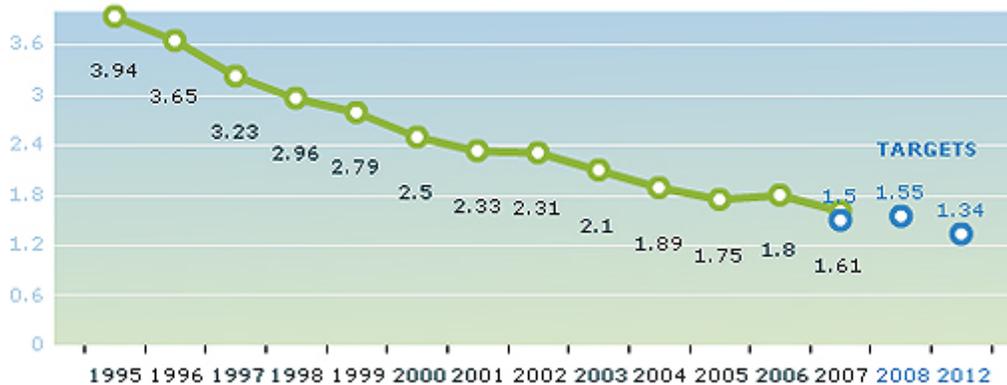
We have continued to improve our global system for the management and reporting of environmental performance data through the development and global rollout of a web-based system. This has helped improve the management and validation of site-level data and allowed us to collate worldwide data faster and more transparently. In 2007 we focused on improving reporting of our energy and CO₂ from energy emissions for specific components such as renewable energy, biomass etc in line with the Greenhouse Gas Reporting Protocol.

100% of sites reported environmental data with 98.7% of sites reporting on all key environmental parameters.

The definitions and basis of reporting of the indicators shown on these pages are described on our website under Basis of Reporting. Since the reported tonnages for 2007 and 2006 are virtually identical, the percentage change in absolute load for each KPI is very similar to the percentage change in load per tonne and therefore these values have not been covered in the following commentary.

COD (chemical oxygen demand)

Kg/tonne of production



Estimated COD to the aqueous environment

Kg/tonne of production



We achieved a 10.3% reduction of COD load per tonne in 2007, although we did not meet our stringent target for improvement compared to 2006 of 16.3%. Despite effluent treatment plant (ETP) overload in some sites (Russia, South Africa, Australia) and higher COD loads due to increased production variants and associated changeovers (Egypt, Germany), there was a good overall reduction in COD. This reduction was achieved primarily by process improvements (Netherlands, UK, US), improved cleaning processes (US), effluent reuse (Bolivia, Cote D'Ivoire), and new and improved ETPs (Germany, US, Indonesia and France). The amount of COD sent to the aqueous environment continues to decrease. Almost all (97%) of the total COD leaving our sites is subsequently treated in municipal works. We estimate that 89.8% of this COD is removed, so the COD reaching the aqueous environment is significantly less than the total COD leaving our sites.

Water

m³/tonne of production



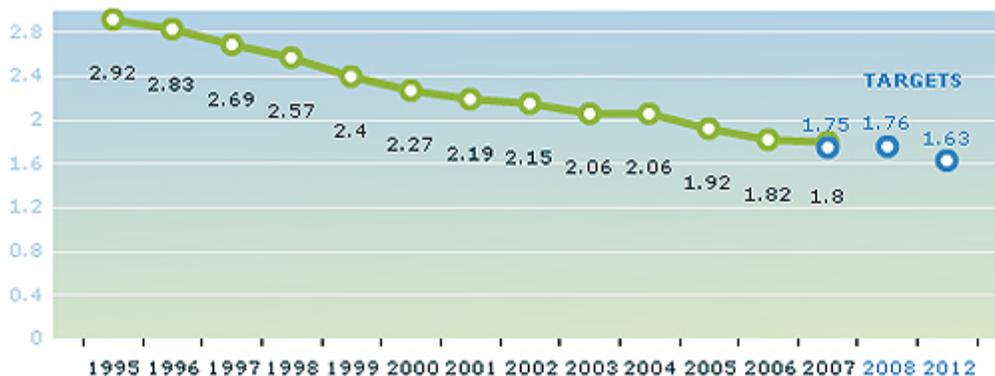
In 2007, we achieved a 7.5% reduction in total water per tonne of production, and therefore significantly exceeded our target reduction of 4.7%. The main reasons for this decrease in water use were improved process temperature control for cooling water in the US and Sweden and more efficient cleaning in Italy, Switzerland and Spain. There was also a conversion to concentrated products in the US, resulting in less water consumption. In Brazil, a number of water reduction programmes were implemented.

Ten of our sites reduced their water consumption by more than 100 000m³ and a further five sites by 50 000m³.

It should be noted that over half the water used by our factories was not of drinking quality.

Energy

GJ/tonne of production



Overall there was a 1.3% reduction in unit energy load, although we did not achieve our target energy reduction of 3.7%. The reductions in energy use were achieved primarily through increased energy efficiency in large expanding sites (Turkey and India). Energy saving measures have also been

implemented including an energy reduction programme in Mexico and removal of an energy intensive plant and improved monitoring of gas in Pakistan. Seven sites reduced their energy use by more than 50 000GJ, and a further 43 sites reduced theirs by more than 10 000GJ.

The increases in energy consumption were caused in part by reporting errors in previous years (South Africa, Nigeria and Indonesia) and better inclusion of biogenic material as an energy source (biogas in Italy and coffee husks in India).

CO₂ from energy

Kg/tonne of production



*Our 2007 data and 2012 target are shown using our improved reporting methodology (the lower figures) and previous reporting methodology (the higher values in brackets, viewed by hovering over data points). The 2007 target changed from 155.43 to 157.27 kg/tonne following an error corrected in our database target aggregation procedure.

On a like for like basis, we did not meet our CO₂ from energy target of a 4.4% reduction nor did we improve on our 2006 performance where our CO₂ from energy emissions increased by 1% per tonne of production. This was primarily due to increases in the CO₂ emission factors for electricity in some of our major manufacturing countries (US, India, China, Brazil, Argentina and South Africa). In the US, North American Electric Reliability Council (NERC) factors were introduced for more accurate reporting. NERC factors are used for calculating indirect CO₂ emissions from electricity in US and since electricity is responsible for two thirds of the CO₂ emissions in the US, this has led to a 10% increase in the reported CO₂ load for our US sites and raised the global total CO₂ level by + 1.3%.

During 2007 we improved our overall methodology for reporting Greenhouse Gas emissions and on this basis the actual load of CO₂ from energy per tonne of production is a lower figure than that reported previously. Going forward we will use this new methodology for performance reporting and we have adjusted our future targets accordingly.

Energy sources account for approximately 95% of our greenhouse gas emissions from our manufacturing sites. Of the total energy used by our sites, 15.2% comes from renewable sources, of which 8.6% comes from our own site initiatives and the remaining 6.6% is from national electricity grids. The majority of our site initiatives are in developing and emerging countries and include the burning of waste materials and fuel crops in our boilers.

Hazardous waste

Kg/tonne of production

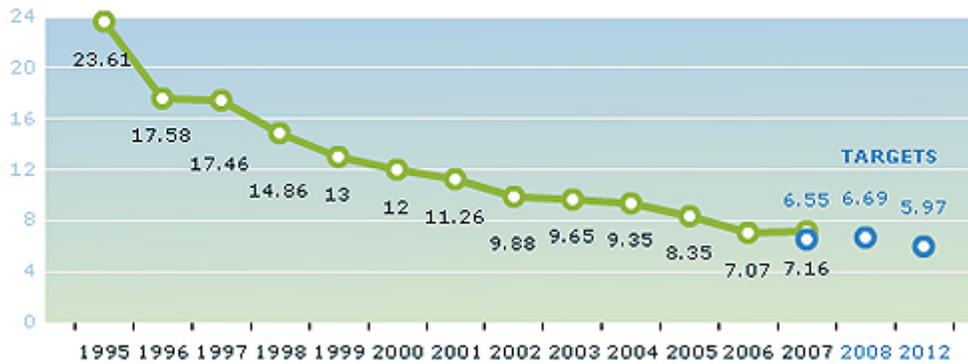


In 2007, there was an overall 2.8% increase in the disposal of hazardous waste measured as load per tonne. We had anticipated an increase during the year, because new safe disposal routes were expected to become available, but in the event exceeded our target increase of 1.0%. The main reasons for this increase were accumulated waste in India, increased site complexity (South Africa and Indonesia) that reduced the recycling of Non Soapy Detergent powders and liquid effluents, and an increase in effluent treatment plant (ETP) sludge being disposed of as hazardous waste (Indonesia, South Africa, Italy and Saudi Arabia).

In contrast, there has also been a marked reduction in hazardous waste at some sites due to reduction in ETP sludge (Hungary, India), reduced product waste (UK) and good waste reduction and recycling programmes (Mexico). Four sites managed to reduce their hazardous waste by more than 100 tonnes. Only 5.3% of our total disposed waste (hazardous & non-hazardous) comprised hazardous waste in 2007.

Non-hazardous waste

Kg/tonne of production



There was an overall increase in non-hazardous waste of 1.3% load per tonne and therefore we did not achieve our target reduction of 7.4%. The main reason for missing this target was that certain recycling routes for waste were no longer available in 2007. These included the composting route for liquid waste disposal in Argentina, the animal feed route for ice cream waste in Brazil, and the fact that effluent treatment plant (ETP) sludge could no longer be used for road building in Italy.

In addition, there was more product waste due to trials (US, China), changes in quality procedures led to less recycling (Costa Rica), more ETP sludge was generated due to better treatment (Argentina) and accumulated raw materials were disposed of in the US. However in 2007, 83.8% of our total waste (hazardous, non-hazardous and recycled waste) was sent for recycling. Two sites reduced their non-hazardous waste by more than 1 000 tonnes, and a further nine sites by more than 500 tonnes.

Boiler/Utilities SOx

Kg/tonne of production



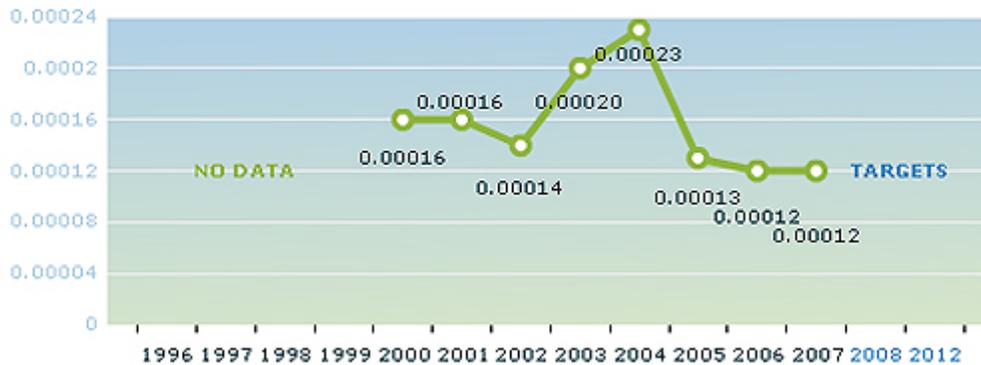
In 2007, we reduced the SOx emissions from our boiler and utility operations by 3.3% load per tonne of production and therefore we narrowly missed our target reduction of 3.9%. The main reason for the decrease in SOx emissions

was the use of lower sulphur content fuels including gas for fuel oil and using biomass (eg. bagasse, wood) as an alternative fuel in Malawi, Brazil, Cote D'Ivoire, Indonesia, Sri Lanka and India. An energy saving plan was also implemented in China, which included a new boiler, resulting in increased energy efficiency.

However further improvements in SOx emissions were hindered by an increase in the use of high sulphur fuels (Pakistan, US, Honduras and El Salvador) and the lack of available low sulphur fuel oil and coal for some sites in India and South Africa).

Ozone-depleting potential

Kg/tonne of production



We measure the amount of ozone-depleting gases (CFCs, HCFCs and mixtures) in refrigeration, air conditioning and other applications at our sites, and assess the losses each year. The emissions are expressed as kg CFCR-11 equivalent. In 2007, the amount of ozone-depleting potential decreased slightly compared with 2006 and 68 sites reduced their ozone-depleting potential by more than 50%.

Available online:

Our approach to eco-efficiency

[Eco-efficiency \(79 KB\)](#)

Foods Category data

This section shows a breakdown of environmental data for our Foods Category for the last five years, 2003–2007.

Foods Category performance

The tables below show load per tonne of production, total emission loads and environmental fines. Production tonnage is also included in the total emission load tables.

Foods Category – Load per tonne of production

Parameter	Unit	2003	2004	2005	2006	2007
Chemical oxygen demand (COD)	kg/tonne	3.32	2.86	2.79	2.93	2.58
Hazardous waste	kg/tonne	0.40	0.20	0.19	0.14	0.13
Non-hazardous waste	kg/tonne	12.96	12.39	10.86	9.33	9.41
Water	m ³ /tonne	5.27	5.02	4.98	4.59	4.23
Energy	GJ/tonne	2.43	2.39	2.23	2.10	2.06
Carbon dioxide (CO ₂) from energy	kg/tonne	223.00	214.12	202.19	193.92	162.43
Boiler/Utilities oxides of sulphur (SO _x)	kg/tonne	0.18	0.14	0.13	0.10	0.10
Ozone-depleting potential	kg/tonne	0.00027	0.00021	0.00017	0.00019	0.00019

Foods Category – Total emission load

Parameter	Unit	2003	2004	2005	2006	2007
Production	103 tonnes	10 443.3	9 946.0	9 952.6	9966.1	9932.3
Chemical oxygen demand (COD)	103 tonnes	33.7	27.7	27.4	28.9	25.4
Hazardous waste	103 tonnes	4.2	2.0	1.9	1.3	1.3

Non-hazardous waste	103 tonnes	135.3	123.2	108.1	93.0	93.4
Water	106 m3	55.0	49.9	49.5	45.7	42.0
Energy	106 GJ	25.4	23.7	22.2	20.9	20.5
Carbon dioxide (CO2) from energy	106 tonnes	2.3	2.1	2.0	1.9	1.6
Boiler/Utilities oxides of sulphur (SOx)	103 tonnes	1.8	1.4	1.3	1.0	1.0
Ozone-depleting potential	tonnes	2.8	2.1	1.7	1.8	1.9

Foods Category – Environmental fines

Year	Number of sites reporting	Number of fines	Total cost of fines (€)
2003	253	6	3 749
2004	244	3	7 449
2005	222	3	3 786
2006	206	1	643
2007	183	0	0

Home & personal care category data

This section shows a breakdown of environmental data for our Home & Personal Care (HPC) category for the last five years, 2002–2007.

HPC category performance

The tables below show load per tonne of production, total emission loads and environmental fines. Production tonnage is also included in the total emission load tables.

Home & Personal Care category – Load per tonne of production

Parameter	Unit	2003	2004	2005	2006	2007
Chemical oxygen demand (COD)	kg/tonne	0.89	0.87	0.70	0.68	0.67
Hazardous waste	kg/tonne	0.71	0.69	0.61	0.64	0.67
Non-hazardous waste	kg/tonne	6.28	6.11	5.75	4.83	4.95
Water	m ³ /tonne	2.15	2.24	2.03	2.01	1.88
Energy	GJ/tonne	1.68	1.70	1.60	1.55	1.54
Carbon dioxide (CO ₂) from energy	kg/tonne	159.28	155.27	140.48	135.47	136.10
Boiler/Utilities oxides of sulphur (SO _x)	kg/tonne	0.30	0.32	0.29	0.26	0.25
Ozone depleting potential	kg/tonne	0.00012	0.00024	0.00008	0.00006	0.00006

Home & Personal Care category – Total emission load

Parameter	Unit	2003	2004	2005	2006	2007
Production	10 ³ tonnes	10 236.9	9 316.3	9 686.7	10 041	10 071
Chemical oxygen demand (COD)	10 ³ tonnes	9.1	8.0	6.76	6.85	6.71

Hazardous waste	10 ³ tonnes	7.2	6.5	5.9	6.4	6.7
Non-hazardous waste	10 ³ tonnes	64.3	56.9	55.5	48.5	49.9
Water	10 ⁶ m ³	22.1	20.9	19.6	20.1	18.9
Energy	10 ⁶ GJ	17.2	15.9	15.5	15.5	15.5
Carbon dioxide (CO ₂) from energy	10 ⁶ tonnes	1.6	1.4	1.4	1.4	1.4
Boiler/Utilities oxides of sulphur (SOx)	10 ³ tonnes	3.1	3.0	2.8	2.6	2.5
Ozone depleting potential	tonnes	1.2	2.3	0.7	0.6	0.6

HPC fines & prosecutions

Year	Number of sites	Number of sites reporting	Number of fines	Total cost of fines (€)
2003	122	122	0	0
2004	121	121	5	16 981
2005	115	115	2	440
2006	111	111	0	0
2007	104	104	1	9 718

Specific air emission parameters for Home & Personal Care category manufacturing sites

We collect data from two processes used by our Home & Personal Care (HPC) category which produce emissions to air. These are: spray drying towers used to produce washing powder, and the production of sulphonic acid used in detergents.

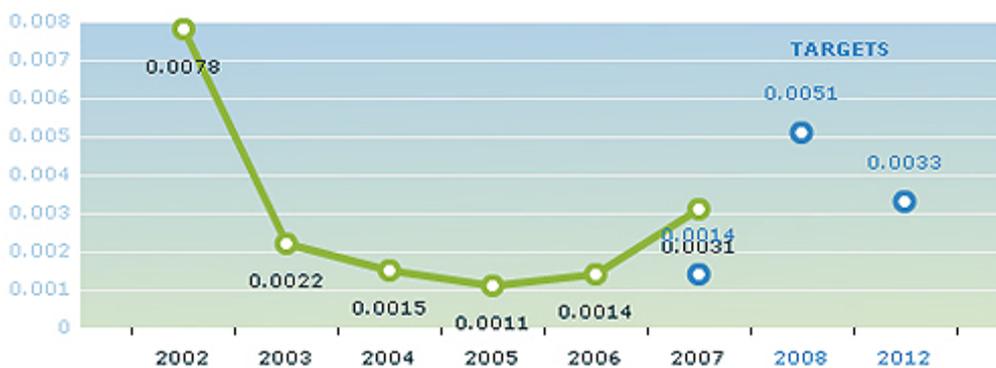
Particulates from spray drying

Kg/tonne of production



Sulphonation SOx

Kg/tonne of production



Environmental management

Our environmental management system underpins our environment policy and strategy.

Our policy

Unilever is committed to meeting the needs of customers and consumers in an environmentally sound and sustainable manner, through continuous improvement in environmental performance in all our activities. See related links for full details.

Our strategy

Our corporate responsibility strategy has at its heart environmental themes such as climate change, water, packaging and sustainable agricultural sourcing. This strategy also sets out our commitment to making continuous progress in the area of eco-efficiency in manufacturing and integrating environmental considerations into product innovation and marketing plans. For more information see Strategy and governance.

Our management system

All Unilever companies must comply with the Unilever standards for occupational safety and health, environmental care (SHE) and our Consumer Safety Policy, in a manner that recognises, and is consistent with, local legislation. Our environmental management systems are designed to achieve continuous improvement and are based on, and compatible with, ISO 14001. A diagram showing the various elements of the Environmental Management System is shown below.

Unilever's environmental management system



Framework standards

All manufacturing sites have implemented our Environmental Care Framework Standards, which require all Unilever operations to establish a formal environmental management system. The framework is based on the

ISO 14001 management systems standard, and is ultimately applicable to all parts of the business.

The Framework Standards (which also cover occupational health) are supported by specific standards and guidance documents. These include specific standards covering third-party manufacturing, SHE management systems auditing / positive assurance, environmental performance reporting and for the notification and investigation of SHE incidents. Detailed guidance documents have also been generated to cover areas such as environmental aspects evaluation, incident investigation and audit protocols to assess compliance with the SHE framework standards.

ISO 14001

The number of ISO 14001 certified sites decreased slightly in 2007 from 143 to 136 based on the number of physically separate Unilever sites. This represents 47% of our manufacturing sites worldwide. During the year, a further five sites were certified, but six ISO certified sites were closed or sold, and a further six sites decided not to renew their certification. The decision whether or not to seek external certification to ISO 14001 lies with the specific region, operating company and/or manufacturing site, and is based purely on local business relevance.

Training & awareness

While all sites have a person responsible for environmental (or SHE) performance, by the end of 2007, 88% of our manufacturing sites had a trained environmental manager. A further 5% of the sites had managers who had been in the job for less than six months, and had not yet received specific training. The remaining sites – some of which are new to Unilever – will be providing appropriate training for their environmental managers as part of the requirements of the framework standards, except where there are plans to sell or close a site.

Various environmental training courses have been developed and implemented using a 'train the trainers' approach. Examples include: a course on how to implement the Unilever Environmental Care Framework standards; awareness training for senior managers (half day) and operational staff (two hours); specific eco-efficiency workshops on waste and water minimisation and energy efficiency plus a course for SHE auditors within each of our regions/business groups. Compact disks (CDs) with training material have been widely disseminated throughout the business.

An eco-efficiency training course, internally developed by our Safety and Environmental Assurance Centre (SEAC), has been run throughout Unilever since June 2003. The course aims to give employees the tools, techniques and awareness needed to reduce the environmental impact of our manufacturing operations, and provides a forum where good environmental practices (GEP) can be shared and discussed for implementation. Special emphasis is put on reducing water use, waste and energy consumption. The course is particularly effective when used as a starting point for the launch of collaborative projects such as Project

Electra (energy in Latin America), Project Triple R (waste in Asia Africa), and the award winning Project Medusa (see related links). During 2007 eco-efficiency training courses were held in Turkey, Ghana, Argentina and the US.

A Total Productive Maintenance (TPM) programme has been implemented throughout our business. This has improved our eco-efficiency performance. See the Eco-efficiency in related links for more information.

Sharing best practice

We have established intranet sites for SHE at corporate and business group level to help share best practice around the world. One example of this is a searchable web portal that has been developed with over 350 examples of good practice covering water, waste, chemical oxygen demand (COD) and general environmental issues. Our global network of senior SHE professionals also meets regularly to agree SHE programmes and identify future needs. Environmental awareness workshops are co-ordinated at a regional level.

In 2006 we rolled out our Triple R waste reduction programme at sites in Africa, the Middle East and Turkey. By sharing best practice and setting targets, these sites achieved a significant 27.5% reduction in total waste per tonne of production, narrowly missing their target of 30% reduction by the end of 2006. Through this project, our sites are finding ways of reusing waste, which can also have economic benefits. For example, spent bleaching earth is being used by local brick companies as fuel for kilns and as a filler for bricks.

Assurance

At least once a year, all operating units conduct a review of their business risks and their compliance with corporate policies. They also conduct a continuous self-assessment of their operating controls. These exercises are summarised in a Positive Assurance letter that is sent to the Corporate Risk Committee each year. This assurance covers all aspects of corporate responsibility, including compliance with the Unilever SHE framework standards (that cover environmental care and occupational health and safety) and the Consumer Safety Policy.

Supporting this assurance process is the principle that managers stand accountable for all aspects of corporate behaviour and performance in their units.

Audits & targets

Environmental auditing programmes have been implemented within each region to help sites achieve continuous improvement in environmental performance. Auditing is carried out by trained Unilever employees external to the site being audited. All Unilever manufacturing sites which are not certified to ISO 14001 are subject to an environmental audit at least once every three years. ISO 14001 certified sites are audited every year by the certifying body.

By the end of 2007, 93% of manufacturing sites owned by Unilever for more than a year had been audited. The non-audited sites are either new or less strategic and have yet to be included in the regional programmes, which are on a three-year cycle.

We are committed to improve the environmental efficiency of our manufacturing operations and all sites are required to set improvement targets. See Eco-efficiency below for more details.

Available online:

Downloads

Our approach to eco-efficiency

[Eco-efficiency \(79 KB\)](#)

Project Medusa

[Project Medusa: Saving water in Latin America \(365 KB\)](#)

[Environmental policy \(332 KB\)](#)

[ISO 14001 certified sites \(278 KB\)](#)

Life-cycle assessment

Our aim is reduce the impact of our products and processes on the environment. By understanding our environmental impact we can reduce waste, conserve energy and explore opportunities for reuse and recycling.

Our approach to life-cycle assessment

Life-cycle assessment (LCA) is one of a number of techniques we use to help us understand our environmental impacts. We use LCA in three ways:

1. Product innovation

When designing new products we routinely use LCAs to compare new and existing products and to measure the differences in their respective environmental profiles. This information is used to help guide product developers to support the launch of new products, and to inform consumers of the environmental performance of our products.

2. Product category analysis

We conduct LCAs on product categories or portfolios to help raise environmental awareness and to identify improvement opportunities. We support our sustainable agriculture initiative activities by completing studies on key crops and product categories, such as margarines and oils, tomato sauces, and dressings. In the Home and Personal Care business we have continued to build on over two decades of LCA experience with studies on the laundry, deodorant and skin care product categories.

3. Strategic studies

We have carried out a number of strategic studies using LCAs to help us to understand our environmental impacts. These include a study based on a methodology that assesses the potential impact of our annual business activities scaled against our contribution to the world economy. We have also carried out studies on our global water imprint, greenhouse gas emissions and aspects relating to transport.

Promoting eco-innovation

We recognise that many new opportunities will arise from increased consumer concern for the environment and changing environmental circumstances around the world.

We continue to promote the concept of eco-innovation, to improve the environmental performance of our brands and develop eco-efficient products and services. Activities include awareness-raising among our innovators and marketers; integration of eco-efficiency assessments into innovation programmes; research into consumer attitudes and behaviour on the environment; and developing partnerships with industry and retailers to foster the uptake of products with lower environmental impacts.

Strengthening our approach

This long-standing approach to life-cycle assessment has been crucial to the recent work we are doing on assessing the impacts of our brands through our Brand Imprint methodology, as well as the greenhouse gas profiling tool we have developed. With the growing interest in sustainability issues among our retail customers, we have also been able to share our expertise with companies like Wal-Mart and Tesco.

Available online:

Downloads

[Eco-efficiency \(79 KB\)](#)

[Environmental policy \(332 KB\)](#)

Examples of our life-cycle assessments

We have carried out detailed life-cycle assessments of our fabric detergents (tablets and capsules) and machine dishwash detergents. See these three reports (in pdf format) for further details:

[Tablet Detergents: Towards a More Sustainable Future \(2000\) \(403 KB\)](#)

[Unit Dose: A Sustainability Step for Fabrics Liquids \(2001\) \(2.3 MB\)](#)

[Machine Dishwash Developments Steps Towards a Sustainable Future \(2001\) \(3 MB\)](#)

Other environmental topics

Read about our approach to other environmental issues relevant to us and to our stakeholders.

Managing our impacts

We are conscious of our dependence on a healthy environment and the need to keep it that way with sound environmental practices of our own.

Many of the issues we face are outside our direct control – either at the beginning of the supply chain or at the end. Our Environmental policy requires us to remain alert and responsive to developing issues, latest knowledge and insight, and public concerns.

In addition to the key environmental issues we cover in this Sustainable Development Report, such as climate change, water, packaging and sustainable agricultural sourcing, we have identified other issues that are also relevant to us and our stakeholders.

These issues range from GMOs to ozone depletion. Here we describe how we manage these issues, present data and trends, and show how we act to reduce our impact.

Acidification

Emissions from burning fossil fuel react with other gases in the atmosphere to form acids.

Unilever's impact

Sulphur and nitrogen oxides – often referred to as SO_x and NO_x – from (vehicle exhaust fumes, industrial boilers and power stations) These fall in the form of acid rain and contribute to increased acidity in rivers and lakes. Other industrial acidic effluents also contribute. Acid emissions are a shared problem because of the universal use of fossil fuels.

We use fossil fuels in our factories to provide heat and some electricity. The fuels vary in the amount of acid gas they produce. Natural gas contains only a small amount of sulphur, whereas fuel oils can contain up to 3% sulphur. Some fuels, such as coal, vary in their makeup from one region to another.

We also release some sulphur gases from the sulphonation process that converts hydrocarbons to surfactants. Indirectly, we are responsible for emissions from the operations of our contractors and suppliers, mainly in the generation of electricity, transport activities and farmers' use of fertilisers.

Action being taken

Acidification potential is a key theme in the life-cycle assessment studies used to evaluate our products. As well as environmental factors, the choice of fuel will depend on availability, cost and ease of use. Our global supply chain network has a programme to reduce emissions from sulphonation by sharing best practice.

Most of our manufacturing sites have a boiler for generating steam. Around half of the boilers use fuel oil or coal and therefore emit SO_x and NO_x. In some cases diesel generators are also used for electricity generation. The SO_x and NO_x data are calculated from the total mass of fuel consumed, and its sulphur content and typical NO_x emission factors. The data are expressed in terms of a mass of sulphur dioxide (SO₂).

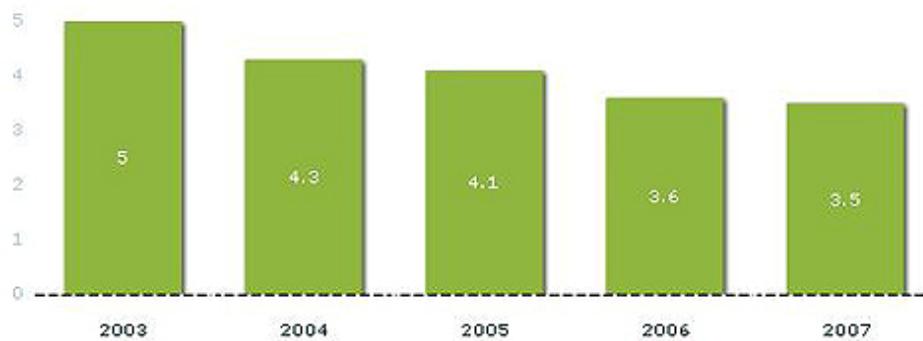
Boiler/Utilities SOx

Kg/tonne of production



Boiler/Utilities SOx

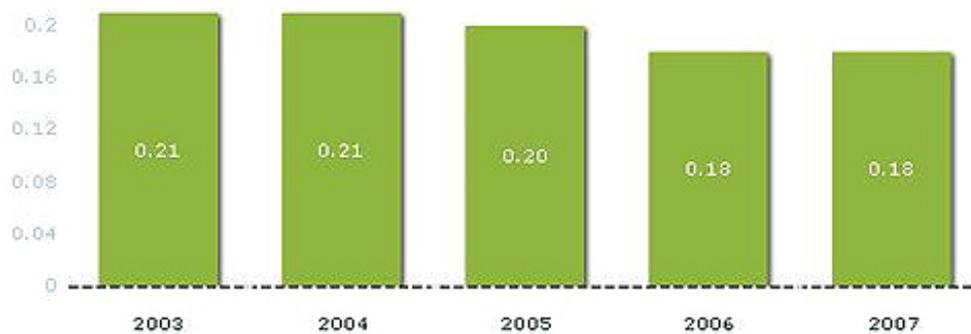
10³ tonnes



In 2002, Boiler/Utilities SOx was 6.4 10³ tonnes.

Boiler NOx

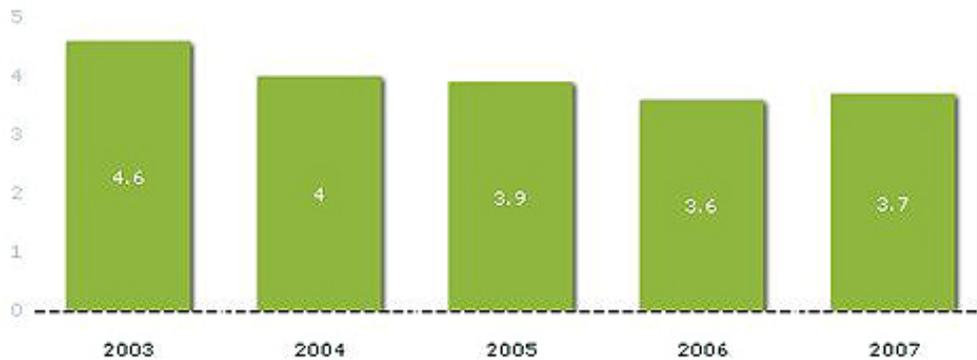
Kg/tonne of production



In 2002, Boiler NOx was 0.24 kg/tonne of production.

Boiler NOx

10³ tonnes



In 2002, Boiler NOx was 5.3 10³ tonnes.

In 2007, we reduced the SOx emissions from our boiler and utility operations by 3.3% load per tonne, therefore just narrowly missing our target reduction of 3.9%. The main reasons for the decrease in SOx emissions were due to selecting lower sulphur content fuels including gas for fuel oil and using biomass (eg bagasse, wood) as an alternative fuel in Malawi, Brazil, Cote D'Ivoire, Indonesia, Sri Lanka and India. An energy saving plan was also implemented in China, which included a new boiler, resulting in increased energy efficiency. However further improvements in SOx emissions were hindered by an increase in the use of high sulphur fuels (Pakistan, US, Honduras and El Salvador) and the lack of available low sulphur fuel oil and coal (India and South Africa).

SOx emissions from sulphonation are about 0.32% of the SOx load emitted from our boilers. See sulphonation SOx in the HPC Category data we collect.

Biodiversity

Biodiversity – the richness and variety of nature – is essential to the preservation of a healthy environment. Its decline reduces the pool of biological resources available to future generations.

Unilever's impact

The UN Convention on Biological Diversity – which aims to preserve biodiversity – has been signed by over 160 countries.

Human activity can reduce biodiversity through, for example, intensive agriculture, destructive fishing practices or over-exploitation of natural resources such as forests and water. This is an issue for Unilever. Agriculture provides more than two-thirds of the raw materials for our branded goods. We are among the world's largest users of agricultural raw materials such as tea, vegetables and vegetable oils. Growing our business – while conserving biodiversity – is a substantial challenge.

Agriculture

Protecting biodiversity is central to our sustainable agriculture initiative. Sustainable agriculture is ultimately about sustainable use of biological resources. One of four principles in Unilever's sustainable agriculture programme is: "Ensuring any adverse effects on... biodiversity from agricultural activities are minimised and positive contributions are made where possible". Biodiversity is one of the 11 indicators used to manage our programmes covering our key crops.

We have developed biodiversity action plans (BAPs) for Unilever tea estates in Tanzania and Kenya, our farm research site at Colworth in the UK, Unilever palm oil plantations in Ghana, and our suppliers' tomato farms. See Biodiversity case studies for more information.

Biodiversity impact studies have also been carried out in Ghana and Tanzania where we are working with local smallholder farmers on the cultivation of allanblackia, a crop which provides a new type of oil that can be used to make margarines and spreads with lower saturated fat content. On the basis of this and in collaboration with the IUCN World Conservation Organisation we have developed and are implementing landscape restoration programs.

Fish

The preservation of biodiversity has been integral to our fish sustainability initiative. Despite the sale of parts of our European fish business, we will continue to work towards the goal of ensuring all the fish we buy comes from sustainable sources.

Available online:

Biodiversity case studies

[USA: Protecting wild birds on tomato farms](#)

[Ghana: Promoting biodiversity on palm oil plantations](#)

[Kenya: Tree planting & monkey sanctuary raise biodiversity profile](#)

[Tanzania: Biodiversity action plan](#)

[UK: Encouraging biodiversity at Colworth Estate](#)

GMOs

Unilever's position statement on genetically modified crops (GMOs)

Our approach

We support the responsible use of modern biotechnology within the framework of effective regulatory control and provision of information about its use. The use of this technology to improve food crops can bring important benefits to mankind and individual applications should be judged on their own merits.

We acknowledge that the public's view of biotechnology (such as the use of GM ingredients) in foods is still evolving and that the debate and public acceptance is at different stages in countries both in Europe and the world where we sell products.

We believe consumers should have the necessary information they need to choose the food they wish to buy. Therefore, we support initiatives such as the toll-free carelines, in-store leaflets, product information via the web sites or the appropriate labelling of products.

Our companies are free to use ingredients derived from modified crops which have been approved by the regulatory authorities and our own clearance procedures for quality and acceptability.

Ozone depletion

A layer of ozone in the upper atmosphere filters out ultraviolet radiation from the sun before it reaches the earth's surface, preventing serious harm to humans, animals and plants.

The issue

Certain man-made chemicals, once used in aerosol dispensers and now mainly used in air conditioning, refrigeration and fire protection systems, have caused thinning of the ozone layer. The main gases responsible are chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs) and Halons.

The Montreal Protocol agreements have led to the phasing out of the most damaging chemicals, including Halons and CFCs. Although manufacture has ceased in developed nations, the use of existing stocks is permitted. HCFCs, a less ozone depleting alternative to CFCs, remain in widespread use in refrigeration equipment.

Alternative refrigerants to CFCs and HCFCs include hydrofluorocarbons (HFCs) and hydrocarbons (HCs) – both are ozone-benign. However, HFCs have a high greenhouse gas potential and contribute to climate change. Although hydrocarbon gases, such as butane and pentane, are volatile organic compounds and flammable, they have been safely introduced in domestic refrigerators and freezers, and are starting to be used in commercial refrigeration. They are now permitted for new equipment under certain conditions in all countries except the United States.

Unilever's impact

We use refrigeration in three areas: manufacturing, transport and retail (e.g. the freezer cabinets in which our ice cream is displayed for sale).

We have not used ozone-depleting gases in aerosols for many years.

Action being taken

Life-cycle assessments show that we can reduce our contribution to ozone depletion most by improving the environmental performance of our refrigeration in manufacturing and our ice cream cabinets.

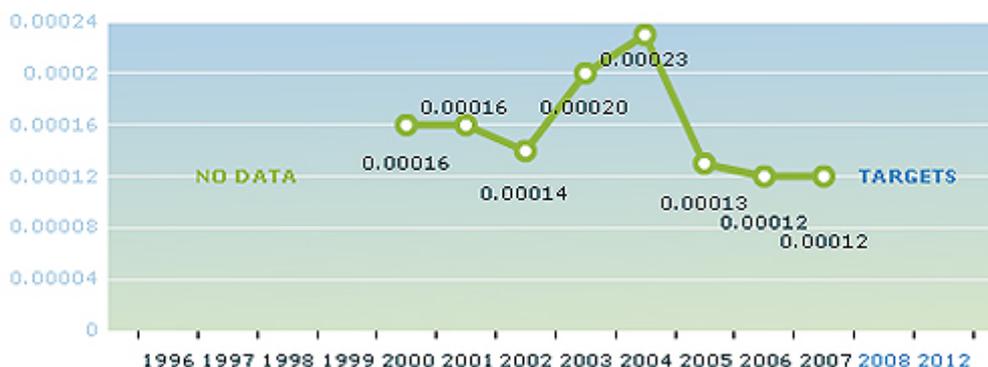
Manufacturing

The data shows our ozone-depleting potential (ODP), expressed as kg of CFC R-11 equivalent, of releases from refrigeration and air conditioning systems at our manufacturing sites only (not our ice cream freezer cabinets or uses in transportation).

Ozone-depleting potential

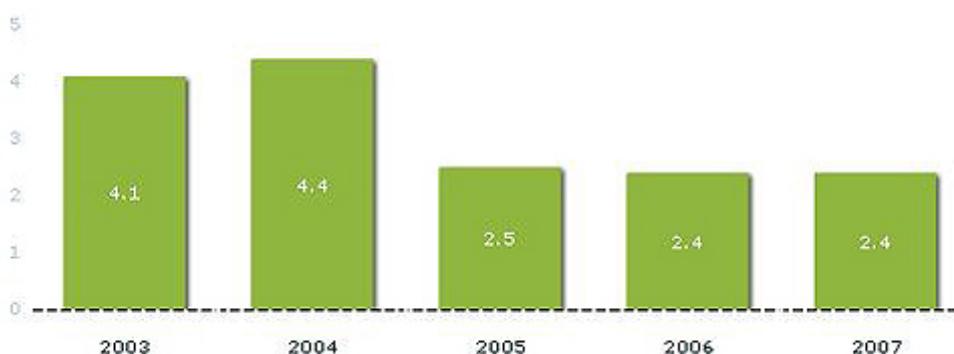
Ozone-depleting potential

Kg/tonne of production



Ozone-depleting potential

tonnes



In 2002, ozone depleting potential was 3.0 tonnes.

We measure the amount of ozone-depleting gases (CFCs, HCFCs and mixtures) in refrigeration, air conditioning and other applications at our manufacturing sites, and assess the losses each year. The emissions are expressed as kg CFC-11 equivalent. In 2007, the amount of ozone-depleting potential decreased slightly compared with 2006. This was largely due to improved maintenance (resulting in reduced losses). The improved management of ODP was reflected in the fact that 68 sites reduced their ODP by more than 50%

Breakdown of Ozone-depleting substance emissions (2007)

Refrigerant	Type	ODP of refrigerant (as kg R-11)	Annual Consumption (Kg)	Total Unilever ODP (as Kg R-11)
R-11	CFC	1	196.2	196.2
R-113	CFC	0.9	15	13.5
R-12	CFC	0.82	321	283.22
R-123	HCFC	0.014	36	0.5
R-134a	HFC	0	1750.11	0
R-141	HCFC	0.1	3	0.3

R-143a	HCFC	0	1.5	0
R-22	HCFC	0.04	22687	907.5
R-401a	CFC / HCFC Containing Mixture	0.03	40.82	1.23
R-402a	CFC / HCFC Containing Mixture	0.02	343.22	6.86
R-402b	CFC / HCFC Containing Mixture	0.03	50	1.5
R-404a	CFC / HCFC Free Mixture	0	1138.02	0
R-407a	CFC / HCFC Free Mixture	0	207.4	0
R-407c	CFC / HCFC Free Mixture	0	417.81	0
R-409a	CFC / HCFC Containing Mixture	0.04	8	0.32
R-410a	CFC / HCFC Free Mixture	0	24.82	0
R-500	CFC / HCFC containing mixture	0.605	10.82	6.55
R-502	CFC / HCFC containing Mixture	0.25	67.65	16.91
R-507	CFC / HCFC Free Mixture	0	193.7	0
R-509	CFC / HCFC containing Mixture	0.018	76	1.37
Others	Methyl Bromide	0.4	2 540	1.016
Total			30127.49	2430.98

In 1996, we banned the use of CFCs in new refrigeration systems in factories and committed to minimise their use in existing systems, when and where technology permits. The main ozone-depleting refrigerant used is now HCFC R-22. Although R-22 has less impact on the ozone layer than CFCs, our long-term aim is to use substitutes that have no ozone-depleting potential. See Climate Change section for information about refrigerants and global warming.

In our ice cream factories and frozen foods factories in Italy we use ammonia for industrial refrigeration. This refrigerant does not contribute to either ozone depletion or global warming.

Ice cream freezer cabinets

Our ice cream business has had a policy since 1995 to buy ice cream freezer cabinets that use ozone-friendly refrigerants and blowing gas for the insulation foam. At the time we decided to use HFC refrigerants and hydrocarbon (HC) blowing gas. HFCs do not contribute to ozone depletion but have a high global warming potential (GWP). HCs do not contribute to ozone depletion and have a very low GWP.

The number of cabinets using (H)CFCs continues to decline year on year as they are replaced with new models. We have a clear policy covering their disposal which specifies how (H)CFC gases should be recovered and disposed of.

HFC refrigerated cabinets now represent the highest proportion of cabinets in our fleet. They are now being replaced by HC refrigerated cabinets in line with our aim to implement a non-HFC purchasing policy for ice cream cabinets worldwide.

Please see Climate Change section for information on our work to eliminate the use of HFCs in ice cream freezer cabinets.

Photochemical smog

Certain volatile chemicals react with oxides of nitrogen in the presence of sunlight to form 'episodes' of ozone in the lower atmosphere. This episodic low-level ozone is a component of photochemical smog.

The issue

High levels of ground level ozone can damage some leafy plants, irritate people's breathing systems and create a haze over the landscape.

Chemicals implemented in the formation of photochemical smog are generally called volatile organic compounds (VOCs) – these include among other components, solvents and propellants used in aerosol and non-aerosol based consumer products, such as hair sprays and deodorants. As they are released, they combine with nitrous oxides already present in the atmosphere from car emissions, factories and power plants for form low level ozone.

Unilever's impact

Consumer products emit very small amounts of VOCs compared with natural and other man-made emissions, such as car exhaust fumes. This means the contribution from Unilever products is relatively insignificant. Nevertheless, we recognise the seriousness of the smog problem and want to do what we can to contribute to a solution.

Action being taken

We reduce VOC emissions from our products where possible, while continuing to satisfy our consumers and keeping quality high. For example, in the USA the VOC levels of many consumer products, including our hairsprays have been reduced to meet strict regulations in California.

We continue to work with others in the industry to find ways to reduce VOC emissions.

Waste & effluent

Waste materials from manufacturing are a financial cost to a company and a burden on the environment because of the energy used in their production and the pollution caused in their disposal.

Unilever's impact

Waste is classified according to its potential for causing harm, usually as hazardous and non-hazardous.

Typical examples of manufacturing wastes are wash waters, waste packaging (some is recycled), and spent materials used in some processes. We are indirectly responsible for the waste produced by consumers when using our products. Please see the Packaging issues section for our approach to responsible packaging and issues related to packaging waste after consumer use of our products. In this section, we deal with manufacturing waste and effluent.

Action being taken

We maximise the efficiency of the materials we use through:

- Best practice in design and manufacture
- Waste minimisation studies and guidance
- Imaginative ways of incorporating waste into recycling uses.

Our environmental management system provides the framework for continuous improvement in this area.

We report hazardous and non-hazardous waste 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 (not including recycling).

Hazardous waste comprises 5.3% of the total waste from our manufacturing sites that is sent for disposal (i.e. is not recycled), with non-hazardous making up the remainder. We intend to focus on decreasing both hazardous and non-hazardous waste.

In 2007, 11% of our sites did not dispose of any waste to landfill or incineration.

Hazardous waste

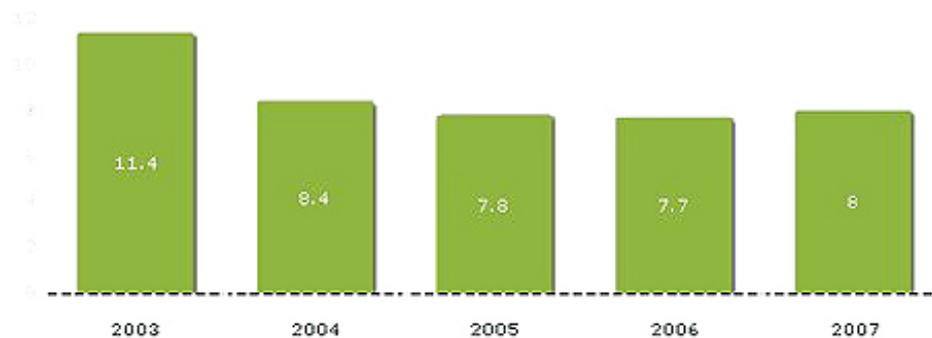
Hazardous waste

Kg/tonne of production



Hazardous waste

10³ tonnes



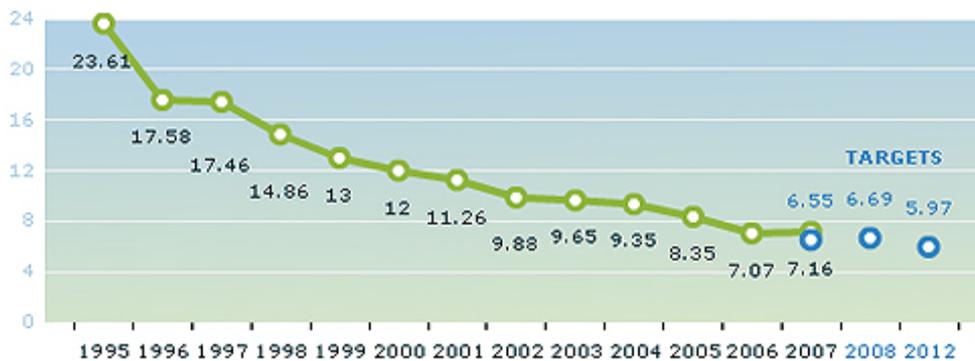
In 2002, total hazardous waste was 12.2 10³ tonnes, of which 2.8 10³ tonnes was contaminated soil from one site.

In 2007, there was an overall 2.8% increase in hazardous waste load per tonne and therefore we did not achieve our target increase of 1.0%. The main reasons for this increase were accumulated waste in India, increased site complexity in South Africa and Indonesia, which has reduced the recycling of NSD powders and liquid effluents, and an increase in Effluent Treatment Plant Sludge being disposed of as hazardous waste (Indonesia, South Africa, Italy and Saudi Arabia). In contrast, there has been a marked reduction in hazardous waste at some sites due to reduction in ETP sludge (Hungary and India), reduced product waste (UK) and good waste reduction and recycling programmes in Mexico. Four sites managed to reduce their hazardous waste by more than 100 tonnes. Only 5.3% of our total disposed waste (hazardous and non-hazardous) was hazardous.

Non-hazardous waste

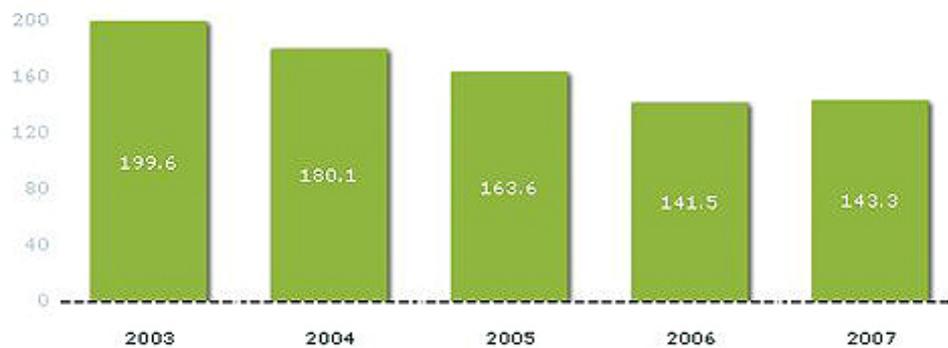
Non-hazardous waste

Kg/tonne of production



Non-hazardous waste

10³ tonnes



In 2002, total non-hazardous waste was 218.8 10³ tonnes.

There was an overall increase in non-hazardous waste of 1.3% load per tonne and therefore we did not achieve our target reduction of 7.4%. The main reason for missing this target was that certain recycling routes for waste were no longer available in 2007, including the composting route for liquid waste disposal in Argentina, the animal feed route for ice cream waste in Brazil, and Effluent Treatment Plant (ETP) sludge could no longer be used for road building in Italy. In addition, there was more product waste due to trials (US and China), changes in quality procedures in Costa Rica meant less recycling, more ETP sludge was generated due to better treatment (Argentina) and accumulated raw materials were disposed of in the US. However, two sites reduced their non-hazardous waste by more than 1,000 tonnes, and a further nine sites by more than 500 tonnes.

Recycling solid waste

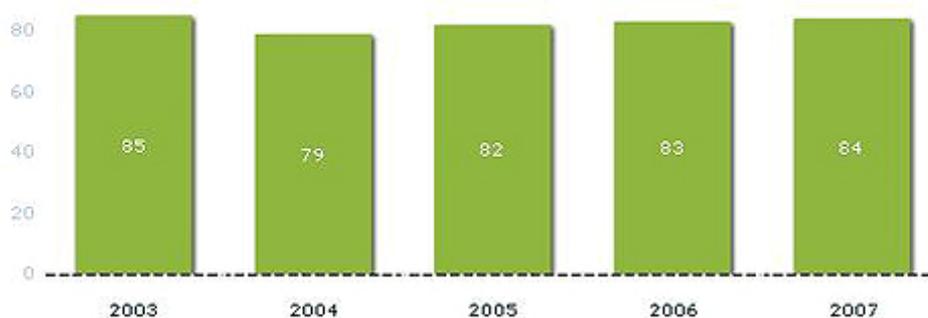
A significant amount of waste from our factories is sent for recycling instead of landfilling or incineration. Recycling data excludes materials or effluent that are reused or recycled within the factory. Most of the waste sent for recycling is food processing waste. In 2007, 11% of our sites (some 34 sites in total) did not dispose of any waste to landfill or incineration.

Year	Waste sent for disposal (10 ³ Tonnes)	Waste sent for off-site recycling (10 ³ Tonnes)	Total waste (10 ³ Tonnes)	Recycling (%)
1999	313.8	724.6	1 038.4	70.0
2000	287.0	1 122.4	1 410.1	80.0
2001	278.3	1 729.9	2 008.2	86.0
2002	231.0	1 249.8	1 480.8	84.4
2003	210.9	1 227.6	1 438.5	85.3
2004	188.5	717.0	905.5	79.2
2005	171.3	764.9	936.2	81.7
2006	149.2	744.9	894.2	83.3
2007	151.2	782.2	933.4	83.8

Waste material recycled

Waste material recycled

% of the total waste



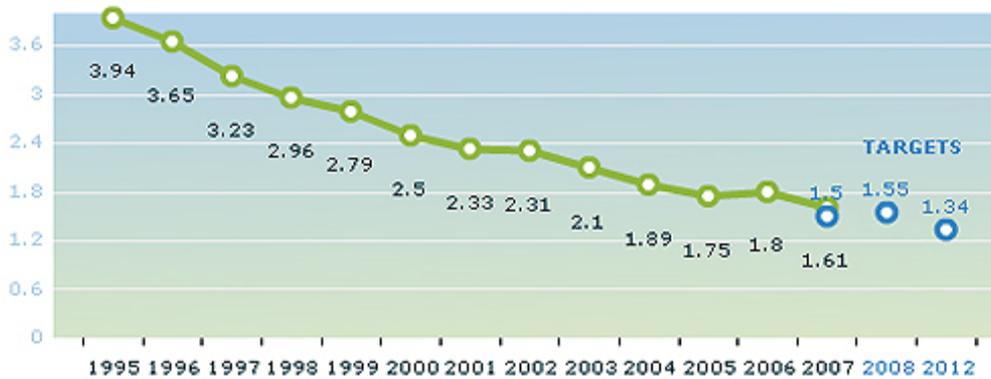
In 2002, waste material recycled was 84% of total waste.

In 2007, 83.8% of our total waste (non-hazardous and hazardous) was sent for recycling. The amount recycled excludes materials or effluent that are reused or recycled within the factory.

COD (Chemical oxygen demand)

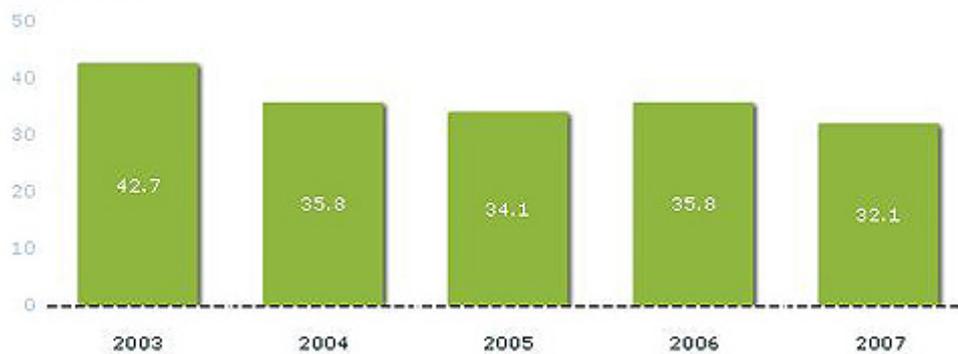
COD (chemical oxygen demand)

Kg/tonne of production



COD

10³ tonnes



In 2002, total COD was 50.0 10³ tonnes.

Chemical Oxygen Demand (COD) represents the ingredients and product lost during manufacturing, mainly in cleaning. The COD measure is widely used by regulatory bodies to control industrial wastewaters, and to calculate the correct level of charges for downstream municipal wastewater treatment.

Whilst there was a 10.3% reduction of COD load per tonne in 2007, we did not meet our stringent target of 16.3%. Despite effluent treatment plant (ETP) overload in some sites (Russia, South Africa and Australia) and higher COD loads due to increased production variants and associated changeovers (Egypt and Germany), there was a good overall reduction in COD. This reduction was achieved primarily by process improvements (Netherlands, UK and US), improved cleaning processes (US), effluent reuse (Bolivia and Cote D'Ivoire), and new and improved ETPs (Germany, US, Indonesia and France).

COD to the aqueous environment

Estimated COD to the aqueous environment

Kg/tonne of production



The amount of COD sent to the aqueous environment continues to decrease. 97% of the total COD leaving our sites is subsequently treated in municipal works. We estimate that 89.8% of this COD is removed, so the COD reaching the aqueous environment is significantly less than the total COD leaving our sites.

In 2007, 85 of our manufacturing sites (approx 30% of the total) did not discharge any industrial effluent. This was because they did not produce any effluent, eg some plantations and factories producing products such as tea, or they recycle it, eg some sites reuse treated effluent for onsite irrigation or in cooling.

See below for charts on COD to watercourses, COD to municipal treatment and proportion of COD removed by municipal treatment.

Liquid Effluent – COD discharged directly to the environment & COD to municipal treatment

We collect separate data on COD: one set is for effluent discharged directly to the environment, the second is COD from effluent sent to municipal sewage works. Based on individual site data, we estimate that municipal treatment typically removes 89.8% of the COD before final discharge to the environment.

COD discharged directly to the aqueous environment

Kg/tonne of production



COD discharged to municipal treatment

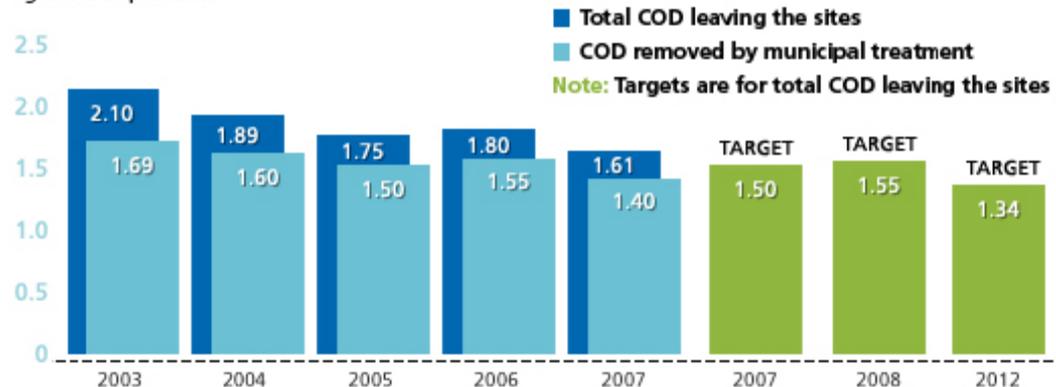
Kg/tonne of production



The following chart shows the total COD leaving Unilever's factories and the proportion that we estimate is removed by municipal treatment works.

Breakdown of total COD removed by municipal treatment

Kg/tonne of production



In 2002, total COD leaving the sites was 2.31 kg/tonne of production, COD removed by municipal treatment was 1.82 kg/tonne of production.

Available online:

Our approach to eco-efficiency

[Eco-efficiency \(79 KB\)](#)



Unilever

Sustainable
Development
Report 2007:
People &
partners



People & partners

The success of our business relies on a range of stakeholders, including our consumers, customers, employees, suppliers, communities and public bodies.

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This section of the online Sustainable Development Report 2007 is available at: www.unilever.com/ourvalues/environment-society/sustainable-development-report/people-partners

Consumers

We work hard to ensure our products are safe and effective. We are committed to making our products accessible and affordable, and to marketing and communicating their benefits responsibly.

Meeting consumer needs

As one of the world's leading consumer goods companies, we use many forms of brand communication. Advertising helps inform people about the benefits of our products and innovations. It is also a way for us to engage with consumers on issues that matter to them. Dove's successful Campaign for Real Beauty broke current stereotypes about beauty. Omo/Persil's 'Dirt is good' campaign emphasises the importance for children of feeling free to play outdoors as part of their learning and development.

At the same time we recognise the influence of marketing and advertising on consumers and take our responsibilities seriously. We have a set of Food and Beverage Marketing Principles to guide our approach to advertising our foods. We do not advertise to children under six years of age. We recently extended this commitment to restrict marketing to children between the ages of 6 and 12, for all products except those that qualify for our Choices stamp.

As part of our commitment to portray healthy images of beauty, our advertising and marketing principles now state we will not use size-zero models to promote any of our brands.

Online advertising and communication are a growing trend. With people everywhere being able to access online material, our new internet marketing guidelines ensure that campaigns aimed at a particular market are sensitive to cultural differences in other parts of the world.

Advertising & promotions 2003 - 2007

% of turnover



*Unilever adopted International Financial Reporting Standards (IFRS) with effect from 1 January 2005, with a transition date of 1 January 2004. This chart shows 2004 as IFRS and pre-IFRS to allow comparison with previous years.

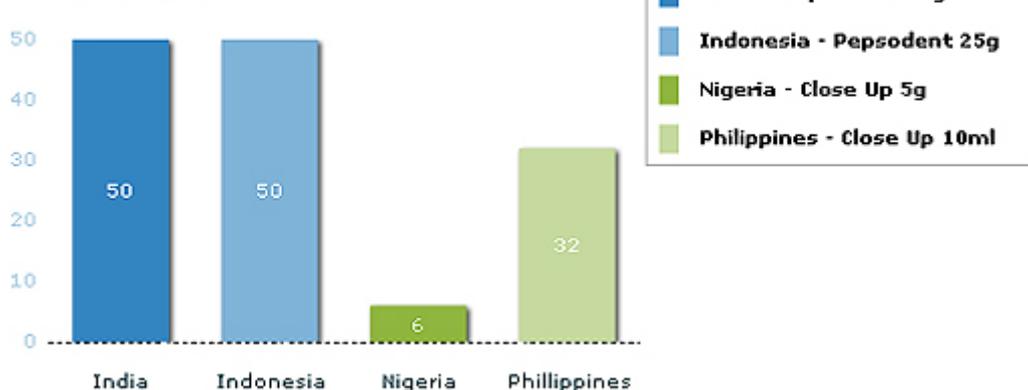
Accessibility & affordability

We continue to seek new ways of bringing our products within the reach of people of all income levels. One way we have done this is by offering our products in small, low-cost packs. This makes them more affordable for consumers on limited incomes and those with only small amounts of cash to spend daily.

For example, our 30g pack of Pepsodent toothpaste in India – enough for a family of five to clean their teeth once a day for ten days – costs just six rupees (around €0.11). Six rupees is also what three eggs would cost locally. The chart below compares the cost of toothpaste with a common staple food – eggs – as an illustration of affordability.

Cost of toothpaste in four countries 2006

% price of six eggs



Consumer safety

Consumers trust us to provide them and their families with products that are safe for their intended use. Safety is always considered at the design stage of a new product or process. Safety approval decisions are made

through our Safety and Environmental Assurance Centre (SEAC), which handles over 10 000 approvals a year.

Incidents can occur if we accidentally release a product to the market that does not conform to the standards applicable to the product. Examples can include quality defects, contamination of raw materials or mislabelling of ingredients. Globally, in 2007 we had 10 public recalls because of a deviation in quality or a potential risk to public health (compared to 12 in 2006). All incidents were successfully managed, risk reduction measures taken and follow-up actions carried out to prevent future occurrence.

We recognise that consumers may be concerned about the use of certain chemicals in products. We continue to work with research organisations, industry partners, NGOs and regulators towards enhancing consumer confidence in chemicals, while trying to find alternatives, where appropriate. (See the Public policy engagement section of this report for REACH legislation.)

Assuring safety without animal testing

Consumers trust us to provide them and their families with products that are safe for their intended use. Safety is always considered at the design stage of a new product or process. The vast majority of our products reach consumers without testing any material on animals. We are committed to eliminating animal testing for our business and we are at the forefront of a Europe-wide initiative to find new ways to ensure products are safe without animal testing.

See the Animal Testing section of this report for more on our approach and policy.

Consumer communications

We are guided by four principles in our communications with consumers:

- we are committed to building trust through responsible practices and through transparent communication – both directly to consumers and indirectly through other key stakeholders and thought-leaders;
- it is our responsibility to ensure that our products are safe and that we provide clear information on their use and any risks that are associated with their use;
- we fully support a consumer's right to know what is in our products and will be transparent in terms of ingredients, nutrition values and the health and beauty properties of our products;
- we will use a combination of channels, which includes product labels, websites, carelines and/or consumer leaflets to communicate openly with our consumers.

Animal testing

We are committed to eliminating animal testing for our business.

Alternatives to animal testing

We are committed to eliminating animal testing for our business. The vast majority of our products reach consumers without testing any material on animals. Today we are at the forefront of a Europe-wide initiative to find new ways to ensure products are safe without animal testing.

Our commitment is underpinned by our work since the 1980s in developing and using alternatives to animal tests including new approaches to risk assessment, biological and computer-based modelling and 'non animal' methods for data generation.

Starting in 2004 we have made an additional €3 million a year investment in an innovative research programme on novel non-animal approaches to assure consumer safety. We have made good progress in developing a non-animal approach for assessing skin allergy risk. For example, in collaboration with Entelos Inc, we have built a computer-based model of the biological processes involved in skin allergy. We have presented and published our results, and are working with international research and policy groups to share our experience and encourage acceptance of this new approach.

The global regulatory framework for animal testing is becoming increasingly complex. In Europe, the use of animal testing for assuring the safety of cosmetic ingredients will soon be banned, while in some countries such as China and Mexico, the law demands it. This poses huge challenges when developing new products and innovations for our global brands.

Our policy

Unilever is committed to the elimination of animal testing. It is equally committed to consumer health and safety, and to the safety of its workforce and the environment. Where some testing is required by law or currently unavoidable, we aim to minimise the number of animals used.

In pursuit of these goals, Unilever on the one hand applies strict internal control procedures to ensure that animal testing is only carried out when no alternatives are available, and on the other hand invests in developing and applying alternative approaches to replace animal testing in safety assessments for consumer products.

By adopting this dual approach, we advance the elimination of animal testing and reduce the number of tests to the absolute minimum. We provide transparency both in the use of animals and in the progress made in developing alternative approaches.

How we act

At Unilever, using non-animal approaches is the norm and animal testing is the exception. Before any animal testing is carried out, Unilever's internal control procedures require senior management to certify that there is no other way of proceeding. Unilever does not undertake animal testing, or commission others to do testing on its behalf, unless it is necessary to meet its health, safety and environmental obligations or it is demanded by government regulators or other official bodies. We do not test finished products on animals unless demanded by the regulatory authorities in the few countries where this is the law. In such cases, we try to convince the local authorities to change the law.

Developing new products

When there is a need to generate new safety and efficacy data in support of product development, non-animal methods and studies with human volunteers are used to the maximum extent. Unilever develops products which can contribute positively to the health and well-being of consumers. When developing these products, for ethical reasons it is not always possible to carry out tests directly on humans. Therefore, novel ingredients may have to be tested in animals first. Animal studies may need to be performed to establish the mechanism of action underpinning the health benefits of these ingredients as well as to assess their safety.

It has been Unilever policy to reduce and replace animal testing for many years. We have reduced considerably the amount of animal testing required to meet our commitment to the health and safety of our consumers. The vast majority of Unilever products have in the past reached, and will in the future reach, our consumers without any testing of any material on animals.

Developing new approaches

Unilever has a substantial programme on developing new (non-animal) approaches to provide data for safety risk assessments. We continue to publish many papers in the scientific literature, so that our progress can be seen and others may benefit from our work. Two examples include our presentation at the 6th World Congress on Alternatives to Animal Use in the Life Sciences in August 2007 in Tokyo, and the discussion paper Risk Assessment + New Technologies: Opportunities to Assure Safety Without Animal Testing and Better Protect Public Health. Unilever collaborates with other companies and plays a leading role with trade associations and government bodies seeking to achieve safety without animal testing. We are always prepared to explain our position, concerns and approach.

Available online:

Download

[RISK ASSESSMENT + NEW TECHNOLOGIES: Opportunities to Assure Safety Without Animal Testing and Better Protect Public Health](#)

Chemicals in products

Our lives are filled with hazards and we can't live without taking risks. Crossing the road, walking down stairs, fixing a light bulb and gardening pose potential risk of injury.

Managing risk

We live healthy, safe lives by avoiding danger and taking precautions. In other words, we live with hazards by managing the risks they pose – looking before we cross the road, holding the stair rail, turning off the light switch before changing a bulb and wearing gloves in the garden.

Touch, taste, feel

This also applies to chemicals. Everything we touch, taste and feel – natural or man-made – is a chemical. Some of the chemicals we use in the home, like bleach, are potentially hazardous. But this does not necessarily mean that the products containing them are dangerous when used correctly.

Unilever determines the safety of chemicals in our products by assessing the risk – taking into account both the inherent properties of the chemicals (hazard) and the way they are used (the exposure to the hazard).

We carefully choose the chemicals we use to ensure they do their job and are safe for people and the environment.

This section describes our approach to managing chemicals and includes some frequently asked questions about specific ingredients.

Available online:

Details of what is in our European home & personal care products

[What's in our products?](#)

Download

This report explains our approach to ensuring that consumers can have confidence in our home and personal care products.

[Consumer confidence \(1.2 MB\)](#)

What is the concern

The chemicals used in a wide range of everyday products have brought enormous benefits to society.

Potential effects

Although, strictly, everything is hazardous – you can drown in water - most of the chemicals that Unilever needs to use are not considered to be hazardous. But some people worry that scientists don't know enough about the long-term effects of some chemicals.

It can be difficult to predict the exact behaviour of certain chemicals in the environment – making it hard to assess the precise risks that they might pose to human health and the environment.

There is considerable debate among scientists, lawmakers, campaigners and those in business about the potential effects of some chemicals, grouped in four main categories:

- chemicals that are persistent, bioaccumulative and toxic (PBT). These don't break down quickly, accumulate in wildlife and humans, and are known to be toxic
- chemicals that are very persistent and very bioaccumulative (vPvB). These break down very slowly and accumulate more in wildlife and humans, but are not known to be particularly toxic
- carcinogenic, mutagenic and reprotoxic chemicals (CMRs). In animals and people these can cause cancer, DNA mutations or reproductive damage (impairing fertility or affecting foetal development)
- endocrine disrupters. Some chemicals are suspected of interfering with the hormonal systems of people and animals

Taking concerns seriously

Unilever is aware of these concerns and takes them very seriously. Because we place the highest priority on consumer safety and environmental protection we carry out rigorous science-based risk assessments to ensure that our products are safe. We are keen to eliminate the use of PBTs and vPvBs. We aim to avoid using any chemicals classified as carcinogenic to humans as well as those probably or possibly carcinogenic to humans. Our risk assessments use up-to-date screening methods to identify potential endocrine disruptors. We do not, for example, use nonylphenol ethoxylates (NPEs) as surfactants, which have been implicated in endocrine disruption. For greater detail on how we deal with chemicals of concern, please see our Frequently Asked Questions.

Our cautious approach

We place the highest priority on safety and environmental protection.

Ensuring safety

As well as complying with all laws we assess all our products thoroughly. We have a long and proven track record of ensuring that our products are safe and can be trusted.

Our Safety and Environmental Assurance Centre (SEAC) ensures that safety and environmental decisions are made independently of commercial considerations. Unilever products must be approved by SEAC. Internationally recognised risk assessment methods are used to objectively and impartially assess the safety of our ingredients and products. For more information, read our safety testing section.

In addition, we have a network of experts throughout the company who work closely with SEAC to make safety an integral part of the design of new products.

Precaution & substitution

We recognise that the science surrounding chemicals and their impacts is sometimes not fully understood. This is why we support:

- the Precautionary Principle – for every new product or change in product, we act on the side of caution if there are uncertainties over whether a chemical or product poses unacceptable risks to the environment or the health of people or animals. If it does we will not put the product onto market. We continuously monitor scientific developments and in-field experience by post-launch monitoring and surveillance processes, and we re-assess our existing products in the light of new information.
- the Substitution Principle –, we replace safe but hazardous substances with less hazardous substitutes, if they deliver the necessary benefits robustly and cost-effectively. We also apply the substitution principle to new product launches

There are a number of controversial ingredients associated with home, personal care and food products that we no longer use. However, it is not always easy to find suitable alternatives. In some cases, we need to balance risks and benefits. For example, we are conscious of concerns from some stakeholders about synthetic musks used in fragrances.

Increasing safety margins

An environmental risk assessment of polycyclic musks (PCMs), conducted in the mid-1990s, indicated that European safety margins were quite small under specific conditions (for example, where sewage was discharged untreated into the environment). There were also concerns about

bioaccumulation. This is why we phased out the use of PCMs in our European home and personal care products. This voluntary reduction has lowered environmental concentrations and improved safety margins. We are progressively reducing the amount of PCMs in our home and personal care products world-wide.

Although we do not use synthetic musks in most new perfume formulations, we have not replaced them in some older perfumes that are produced in limited quantities. This is because they are an essential part of the product's unique character and our risk assessments show they are safe at the levels – and under the conditions – used.

Promoting consumer protection

Of course we comply fully with all relevant legislation but we also support the development of new laws to enhance consumer protection. For example, we welcome the EU legislation on chemicals – known as REACH (Registration, Evaluation and Authorisation of Chemicals). We have supported its development since 1999 when we were instrumental in initiating the voluntary Human and Environmental Risk Assessment initiative (HERA). This effectively served as a model for REACH. We also took a leading role in the EU strategic partnership called PRODUCE, set up to test and establish the workability of REACH among downstream users.

We believe that REACH provides a unique opportunity to enhance consumer confidence in chemicals.

Transparency of information

Our responsibility does not end with making sure the products we place on the shelves are safe for people to use. We make sure that we communicate clearly with consumers to help ensure they can make an informed choice based on the benefits and risks when they select our products, and that they use them safely and effectively.

We also aim to be totally transparent about the chemicals we use. For example, we answer queries received through our Carelines and provide information on our websites. The ingredients in our home and personal care products sold in Europe are available on this website.

Safety testing

We carry out scientific assessments of all new and reformulated products to ensure they are safe. We apply the precautionary principle and do not launch a product if there is insufficient data or if we consider the risk to be high.

Risk assessment

Our risk assessments take into account both the inherent properties of chemicals (hazard) and the way they are used (the exposure to the hazard) to determine if a product is safe. The internationally recognised formula to calculate risk is:

Risk = hazard x exposure

All risk assessments are undertaken by our Safety and Environmental Assurance Centre (SEAC). The welfare of vulnerable groups, such as young children, pregnant women and old people, is always taken into account. We keep a constant watch on scientific developments and review our findings in the light of new information.

Safe for people

We carry out safety risk assessments to establish whether products are safe for consumers.

First, we find out if there are any hazards associated with the ingredients in the products and then establish the level at which the ingredients have 'no effect'. For many commonly used ingredients we will already know the hazard and 'no effect' level, but for new ingredients we may have to identify potential hazards.

Second, we calculate the level of exposure to the ingredients (via skin, breathing, swallowing). This will depend on the type of product we are assessing and the amount of each ingredient in the product. For example, a person's exposure to ingredients in a skin cream will be higher than those in a laundry detergent. In this part of the risk assessment we also take into account the possibility of accidents or misuse of the product.

We then compare the predicted exposure with the 'no effect' level for any potential hazard. This gives us the margin of safety representing the risk for the user. Our experts make a judgement on the required margin of safety – taking into account a range of factors including the quality of the data and the nature of the hazard. We do not use an ingredient if the margin of safety is too small.

We also monitor the product in the market to confirm its safety. We do this by reviewing feedback from our consumer Carelines as well as information from poison centres.

Safe for the environment

We carry out environmental risk assessments to establish if our products are safe for the environment. We use accepted scientific techniques to work out the amount of our ingredients that will end up in the environment and whether this poses a risk of toxic effects. An example would be a threat to the health of fish in rivers. This assessment is done by estimating and comparing two concentrations.

First, the tonnage of each ingredient we sell in a country is matched with population demographics, water use and connection to sewage treatment. This helps us calculate a predicted environmental concentration (PEC) – the concentration of a chemical that ends up in the environment after use, for example when washing machine water goes down the drain. The PEC is largely influenced by the biodegradability of ingredients (the natural way organic materials are broken down into carbon dioxide, water and salts) and adsorption (adhering) of ingredients to particulate matter, such as sewage sludge. We have state-of-the-art testing facilities, including a purpose-built laboratory with small-scale sewage treatment plants to enable us to measure both biodegradation and adsorption.

Accurate data

In addition to estimating the PECs resulting from the use of chemicals in a specific type of Unilever product, we also estimate the total concentration of each chemical resulting from all the different products we make and other sources. For example, we work with other companies to assess the total releases of some chemicals into the environment, to gather more accurate data on total loads (see below). This helps us to determine our own impact in the context of society's wider emissions and the capacity of the environment to break them down.

Second, we calculate the predicted no-effect concentration (PNEC). This is the highest concentration of a chemical in the environment that has no adverse effects on plants or animals.

Ingredients are deemed safe if their predicted environmental concentrations (their PEC) are lower than those concentrations known to have no effect on the environment (their PNEC).

Working in partnership

We work in close partnership with a wide range of research organisations and industry partners on safety and environmental issues.

Close partnership

For example, our European Home & Personal Care (HPC) business is a founding partner in the Human and Environmental Risk Assessment (HERA) project. This is a European voluntary industry programme that has carried out human and environmental risk assessments on ingredients used in household products.

The assessments took into account the concentrations of chemicals in the environment. This is a partnership between the European Soap and Detergents Industry Association (AISE) and the chemical manufacturers federation (CEFIC). Results are available on the HERA website.

Unilever also supports the US High Production Volume Chemicals Programme and the United Nations OECD Screening Assessment programme. These aim to provide hazard data to help assess risk. This information will be published. See the OECD website.

In collaboration with the detergents industry, academic institutes and government agencies across Europe, Unilever is developing a new tool for predicting the environmental concentration of household products on rivers. It is called GREAT-ER (Geography-referenced Regional Exposure Assessment Tool for European Rivers).

Unilever was instrumental in creating the European Partnership on Alternative Approaches to Animal Testing (EPAA). This is a joint initiative between the European Commission and over 30 companies from seven industrial sectors. Its purpose is to promote the development of new 3R methods (refine, reduce, replace) in safety testing.

REACH

We promote partnership as a way of making sure REACH is successful in ensuring public confidence about chemicals and the products that contain them. In particular:

- we are using HERA as a platform to build expertise in the development and promotion of risk-based communication
- we are extending the strategic partnership between regulators and industry to communication

We are employing appropriate communication tools to build a common basis for a risk-based labelling system that supports the objectives of REACH, and builds on the Globally Harmonised System of labelling.

Advertising and marketing

We are committed to responsible marketing and have clearly defined principles which guide our communications.

Responsible marketing

As one of the world's leading consumer goods companies, we use many forms of brand communication to connect with those who buy our products. Advertising helps inform people about the benefits of our products and innovations. It is also a way for us to engage with consumers on issues that matter to them. For example, Dove's Campaign for Real Beauty challenges current stereotypes about beauty. Omo/Persil's 'Dirt is good' campaign emphasises the importance for children of feeling free to play outdoors as part of their learning and development.

At the same time, we recognise the influence of marketing and advertising on consumers and take our responsibilities seriously. This means ensuring that all claims we make have a sound scientific basis and that all such communication passes the baseline test of being 'legal, decent and honest'.

International self-regulatory codes

We support the development of international self-regulatory codes for all marketing and advertising and apply these across our business.

Working through our industry trade bodies, such as the World Federation of Advertisers and the International Chamber of Commerce, we have supported the development of general principles in this area and their integration into advertising and marketing self-regulatory codes and systems around the world.

Food & Beverage Marketing Principles

In 2003, in addition to national laws and international self-regulatory codes, we chose to apply our own principles to the marketing and advertising of all our food and beverage products. These Food and Beverage Marketing Principles are rolled out by our Marketing Lawyers Network, our global network of marketing legal experts, in collaboration with our marketing teams.

We strive to ensure that our messages are appropriate in the light of obesity issues (avoiding the depiction of over-sized portions for example) and that our marketing materials exclude anything that undermines the promotion of healthy balanced diets and healthy lifestyles, or misrepresents snacks as meals.

Marketing food & beverages to children

Our Food and Beverage Marketing Principles contain additional principles for marketing foods and beverages directed at children. They require that our marketing practices:

- do not convey misleading messages
- do not undermine parental influence
- do not encourage pester power
- do not suggest time or price pressure
- do not encourage unhealthy dietary habits
- do not blur the boundary between promotion and content.

In 2005, we committed to voluntarily restricting all paid marketing communications directed primarily at children under the age of six years. This measure reflects a commitment to act responsibly because of increasing evidence showing that children below six years do not have the cognitive ability to distinguish between advertising/marketing and programming.

In 2007 we extended this commitment to further restrict marketing to children between the ages of 6 and 11 for all products except those that qualify for our Choices stamp. Our aim is to help parents and their children towards healthier choices. This will cover all forms of communication to consumers including packaging, labelling, in-store activities, consumer, trade/sales and professional promotions, TV, radio and outdoor and internet marketing as well as other forms of communication such as product placements. This commitment will be implemented by the end of 2008 in all our markets.

Promoting healthy body images

In May 2007 Unilever adopted a global guideline to prevent the use of 'size zero' models or actors in its advertising to ensure that our advertising does not promote 'unhealthy' slimness. All brand directors and agencies will be expected to use models and actors with a Body Mass Index (BMI) of between 18.5 and 25 as a guideline. This is in line with United Nations guidance of what level of BMI can be considered healthy.

Dove continues to challenge beauty norms

There is much debate around the fashion and marketing industries' portrayal of unrealistic images of beauty through media and advertising. In 2004 Dove launched its Campaign for Real Beauty, featuring women of all shapes and sizes, to challenge stereotypical perceptions of beauty.

In 2007 Dove's short film "Evolution" was one of the most downloaded clips on YouTube. The video shows a woman being transformed through make-up, lighting and airbrushing. A second Dove film, called Onslaught, showed a young girl being bombarded by advertising campaigns portraying unrealistic images of beauty. Both videos go on to promote self-esteem workshops.

New internet marketing guidelines

Online advertising and communication is a growing trend. With people everywhere being able to access online material, our new internet marketing guidelines, published internally in early 2008, ensure that campaigns aimed at a particular market are sensitive to cultural differences in other parts of the world.

Available online:

Download

[Unilever Global Principles for Food and Beverage Marketing \(318 KB\)](#)

Affordability

People everywhere, whatever their income level, aspire to use high-quality and innovative products on occasions when looking good and feeling good are important.

Making our products more affordable

Every day around the world, 160 million people choose a Unilever brand. People have different lifestyles, tastes, preferences and budgets. By providing high-quality, innovative brands that offer value for money, we aim to meet the different needs of consumers around the world.

We also seek to tailor our brands to meet the specific and varying needs of our consumers. Tea, for example, is drunk in different styles around the world and we offer varieties to suit local tastes and customs.

Everyone needs to wash, but they do it in various ways. Much depends on the availability and cost of water, as well as the affordability of soap. In Iceland, 70% of people use a bath; in Israel, 82% use a shower; in Iran, two-thirds use a shower too, but another third use a mug; in Cambodia, half use a klong jar (a water container), and the rest use the river; and in Ethiopia, 69% use a bucket.

We need to be sensitive to such local conditions when designing our soap bars or shower gels. We use our global knowledge and experience to address local issues, and deliver local solutions at an affordable price.

It is sometimes suggested that people living on low incomes should not seek to buy global brands. We disagree. Our research and experience has shown us that poorer consumers are often the most discerning. When spending from a limited budget, they cannot afford to waste money on products they do not trust to be effective. The Unilever brand gives them the confidence to know that the product will deliver on its promise, so their money will be well spent.

Small pack sizes

In several markets our best-known brands are available in small sachets, offering a small amount of shampoo or detergent at a low cost. This makes our quality brands attainable by people with low or irregular incomes.



In many countries, small sachets of shampoo or washing powder cost less than the equivalent of 10 US cents, and their sales can account for a significant proportion of turnover.

Examples of small pack sizes costing less than 10 US cents include:

- Royco soups, Close Up toothpaste and Omo laundry powder in Africa
- One-rupee sachets of Lux and Sunsilk shampoo in India

- Our 30g pack of Pepsodent toothpaste in India – enough for a family of five to clean their teeth once a day for ten days – costs just six rupees (around €0.11).

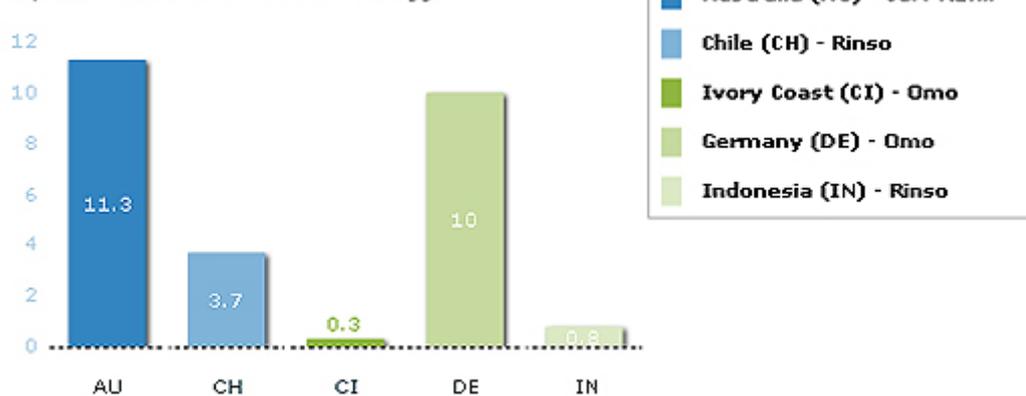
As well as small pack sizes we are developing new products. Launched in early 2006, the Pepsodent Fighter toothbrush is a quality, low-cost toothbrush which brings better oral care within the reach of low-income consumers. Priced at 20-70 euro cents, in 2007 we sold 40 million of these toothbrushes in 30 countries across Asia, Africa and Europe.

Understanding affordability

In order to understand better the affordability of our products, we have compared the cost of some of our lowest-priced foods and home and personal care products with the price of an egg in that country – a common staple food – as a measure of affordability.

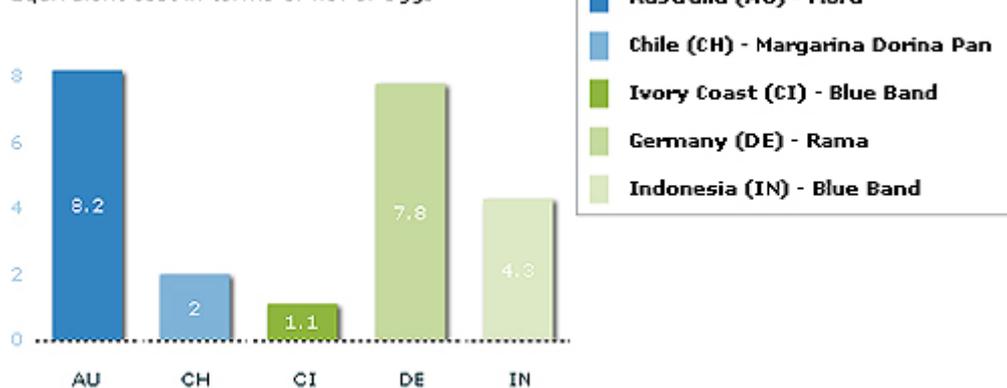
Lowest-priced laundry detergent in five countries 2005

Equivalent cost in terms of no. of eggs



Lowest-priced spreads in five countries 2005

Equivalent cost in terms of no. of eggs

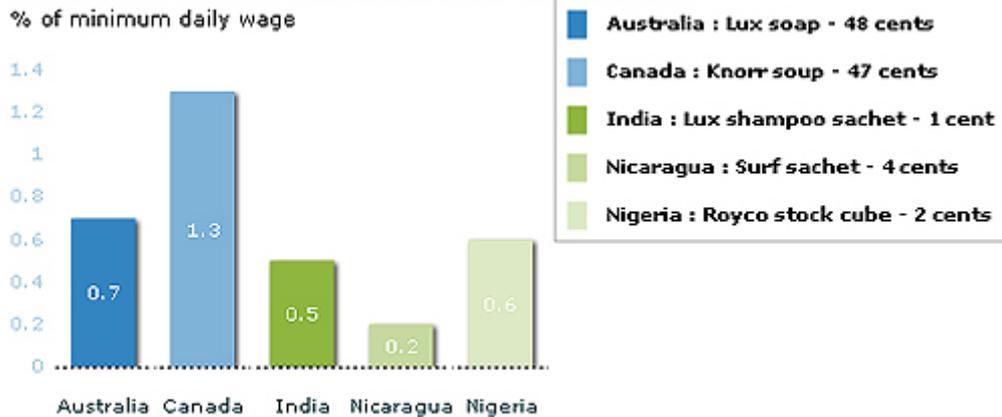


Our research showed that for example, in the Ivory Coast, our lowest-priced spread, Blue Band, costs the same as 1.1 eggs. In Germany, our lowest-priced spread, Rama, is equivalent to the local cost of 7.8 eggs.

This analysis builds on work we did in 2004 looking at our products in 82 countries, and comparing the price of the lowest-price product with the daily minimum wage. We found that in 6 out of 10 countries, our cheapest

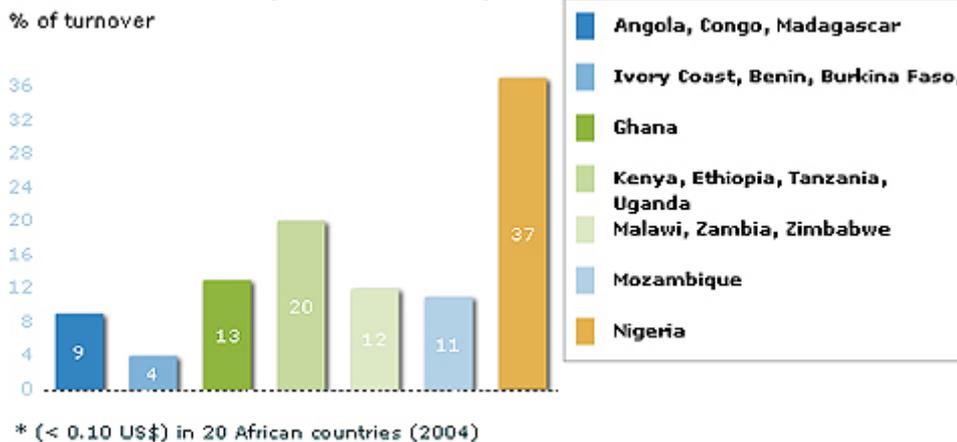
home and personal care (HPC) product cost less than 5% of the local minimum daily wage. In Nigeria our cheapest HPC product was a sachet of Omo laundry powder. The sachet retailed at 5 Naira (4 US cents), equivalent to 1% of the minimum daily wage. Our cheapest food product was our Royco soup cube, which retailed at 2.3 Naira (2 US cents), equivalent to 0.61% of the minimum daily wage. In 50 countries our lowest priced food product cost less than 5% of the local minimum daily wage.

Lowest-priced Unilever product in five countries 2004



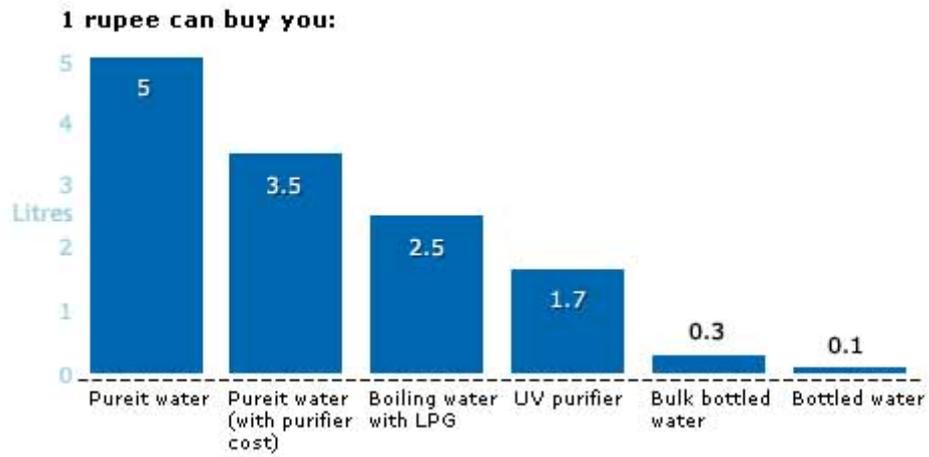
We also looked at the proportion of our total sales income from these lowest-priced products in 20 African countries.

Sales from small unit packs at low unit prices*



Pureit

Our Pureit in-home purifier provides water that is 'as safe as boiled', without needing electricity or pressurised tap water, for low and middle-income families in India. One rupee buys 3.5 litres of Pureit safe drinking water (including the initial one-off costs of the purifier unit). This makes it a more affordable alternative to boiling water or bottled water, where one rupee buys 2.5 litres or just 0.3 litres respectively. The chart below compares the cost of Pureit to other alternatives.



Available online:

Download

[Project Shakti: creating rural entrepreneurs in India \(2005\) \(526 KB\)](#)

Customers

In a rapidly changing customer landscape, sustainability issues are becoming a much bigger part of our interaction with large retailers.

Our retail customers

Our products reach consumers through a network of retailers and distributors. International retail customers, such as Wal-Mart, Tesco, Carrefour and Metro predominate in the US and Europe and are a growing presence in Asia. They account for a significant proportion of our sales, with over a fifth of our worldwide revenues channelled through ten major retail chains.



Our products also reach consumers through a more diverse group of distributors, wholesalers and small, independent retailers, outlets and kiosks. This more traditional route to market remains important to our business especially in developing and emerging markets.

Our goal is to ensure that Unilever is the partner of choice for our smaller as well as our large international customers. With our expertise, wide-ranging portfolio of products and international network of businesses, we are well placed to work with retail groups in innovative ways to meet shoppers' needs.

Working with customers on sustainability

The past few years have seen many of our large international customers taking a strong stance on sustainability issues, with some ambitious targets in areas such as energy use, greenhouse gas emissions and waste.

The sustainability strategies of global retailers can have significant impacts on their supply chains. We welcome this development as a powerful driver for improving sustainability knowledge and performance across a wide range of companies and sectors.

With our long-standing activities in the area of sustainability, we can not only respond to the growing requirements of customers, but share our expertise and explore opportunities for joint initiatives.

In early 2008 Wal-Mart named Unilever its 2007 Supplier of the Year for Sustainable Engagement. We continue to provide expert support to their sustainable value networks in the areas of chemical intensive products, packaging, sustainable agriculture and climate change. We began a joint study to pilot a methodology for calculating carbon footprint, basing the study on our Lever 2000 soap.

Our country operations have also engaged with Wal-Mart to carry out in-store activities with a sustainability focus. During 2007, campaigns to reach consumers were launched in China, Brazil, Argentina, Mexico and Puerto Rico (see below).

During 2007 we also worked with Tesco on ways to put measures of carbon intensity on product packs, including participation in a review of carbon labelling and methodological issues with Oxford University's Environmental Change Institute.

<p>Working with Wal-Mart</p> <p>"Unilever is a valuable partner for us in terms of sharing Wal-Mart's vision for sustainability with our customers. Our teams are working together to encourage sustainable practices and behaviours worldwide."</p> <p>Paul Lewellen, Senior Director of Supplier Development, Wal-Mart International.</p>	<p>All Small & Mighty</p> <p>The consumer and environmental benefits of our all Small & Mighty triple concentrated laundry detergent were profiled by Wal-Mart in its stores over 2006-2007. This collaborative approach helped to grow sales of all Small & Mighty in the US to \$140 million in 2007.</p>
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Communicating with consumers

Unilever Brazil teamed up with Wal-Mart to create a 'Sustainability House' - an innovative and educational in-store display, giving consumers tips on saving energy and water and recycling in the home. The campaign was launched to commemorate World Environment Day in June 2007 with a two-week event at three Wal-Mart hypermarkets in São Paulo. The displays will roll out to 11 other stores throughout the country, supported by a 'virtual' house online. As part of the campaign Unilever distributed more than 25 000 environmental education booklets and 50 000 leaflets with sustainability tips.



Unilever China has been working with Wal-Mart to raise consumer awareness of environmental challenges while raising the profile of both the retailer and our brands in local communities. In August 2006 we launched an in-store recycling campaign to encourage consumers to deposit their used packaging in Unilever and Wal-Mart branded waste collection containers. The campaign reached around 100 000 consumers and increased sales dramatically for Omo (183%) and Lux (70%) products during the promotional period.

Available online:

Case study

[Brazil: Unilever & Wal-Mart demonstrate sustainable living](#)

Download

[Project Shakti: creating rural entrepreneurs in India \(2005\) \(526 KB\)](#)

Employees

We have made good progress on transforming Unilever to meet the needs of the changing business environment. This has at times involved difficult decisions, but ones that are right for the long-term health of our business.

A changing business environment

As a company we have to keep pace with our competitors. We need to offer consumers affordable prices at a time when the cost of raw materials continues to rise.



To achieve this we have had to transform our structures and ways of working. Our aim has been to create a leaner, more flexible structure which will enable us to compete more effectively and help us maximise the advantages of our buying, manufacturing and marketing scale.

As well as transforming our portfolio of brands, we have focused on three major areas: restructuring our organisation, developing employee skills and capabilities and looking at our culture and behaviours.

A leaner, fitter business

Our One Unilever programme is already streamlining our business by creating single operating companies for each country and outsourcing parts of our information technology, human resources (HR) and finance functions.

In 2007 we announced plans to accelerate our change programme further by developing more 'multi-country organisations' (MCOs) – clusters of countries with a single centralised management. MCOs reduce duplication and free up resources to focus on customers and consumers. In Europe, for example, we consolidated our operations in Belgium and the Netherlands into one MCO and in Africa, we formed an MCO from operations in six countries.

We continue to work with Accenture to outsource HR support services. Accenture is now running core HR and recruitment services in 17 countries and our new web-based learning management system brought access to training to 81 000 employees in its first year.

Leadership development

A key part of the business transformation has been equipping our people with the skills they need to help deliver our business strategy. Our focus has been on developing our leadership teams and investing in the skills of those working in consumer marketing and customer development.

All Unilever Executive members as well as 26 senior leadership teams from across the business underwent team effectiveness training. An updated

training programme for high-potential managers was rolled out to help build a strong pipeline of future business leaders. Around 600 managers went through this programme in 2007.

In 2007, we revitalised our in-house leadership learning institute at Four Acres in the UK, transforming it into a centre of excellence for our managers worldwide.

During 2007 our new 'Standards of Leadership' framework was rolled out across our operations and is now being used by more than 90% of our managers. This programme promotes a set of behaviours aimed at ensuring that every manager takes personal responsibility for delivering Unilever's strategy. This programme uses the new learning capability, with a single curriculum (addressing General Management and Leadership Skills), one technology infrastructure and one learning process.

Restructuring

Some of the restructuring has led to a reduction in employee numbers. Decisions which have an impact on employees' lives and livelihoods are never taken lightly. We always seek to uphold our values and treat people with respect, integrity and fairness. During the process of restructuring our approach is to communicate regularly to ensure that people understand what is happening. Where redundancy is necessary we make every effort to help employees find alternative employment.

As a result of restructuring and divestments in 2007, the number of people we employed worldwide decreased by around 5 000. Europe was most strongly affected with a number of factories and offices being closed, leading to a reduction of 2 200 employees. Further closures were also announced for 2008.

Health & safety

In the midst of this change, the safety and well being of our employees remains a priority. A key measure of our progress is our total recordable accident frequency rate, which decreased from 0.33 accidents per 100 000 hours worked in 2006 to 0.26 in 2007. Most regrettably, in 2007, three employees and one contractor lost their lives. The lessons from these incidents have been learned and will be communicated throughout the organisation.

For more on our health and safety performance and activities in 2007 see Health, Safety and Well-being section of this report.

People vitality

Our People Vitality Charter was finalised in 2007. This sets out the range of health and well-being benefits that all our companies will offer to employees by 2010. It will include coaching on exercise, nutrition and mental resilience, and monitoring progress through regular follow-ups.

This programme also has clear business benefits with evidence showing that it can lead to more productive and engaged employees and lower

levels of absence due to ill health. A study carried out by our UK business, and published in the American Journal of Health Promotion, found that the return on investment for such programmes was around £3.70 for every £1 invested.

New video conferencing facilities at four of our regional headquarters are also encouraging people to travel less and improve their work-life balance. In their first six months of operation, these facilities saved €1.5 million in travel costs and lowered our carbon footprint by 425 tonnes of CO₂.

Listening to employees

We have been keen to continue listening to our employees. In 2007 we carried out our biennial Global People Survey.

The survey was open to all Unilever employees and it was translated into 52 languages reaching over 2 500 sites around the world. 100 156 people responded to the survey, a response rate of 78%.

The 2007 survey was significantly revised and enhanced, principally to introduce the new concept of employee 'engagement', a broader concept than just measuring employee 'satisfaction'. 'Engagement' measures the extent to which employees feel satisfied with Unilever as a place to work, feel willing to refer friends and family to work here, intend to remain employed here and feel proud of working for the company.

The results gave Unilever a score of 66% on employee engagement which is higher than the external benchmarks. There are positive trends in the areas of 'job satisfaction' (71%) and 'opportunities for growth and development' (64%). There is room for improvement in areas such as employees feeling their 'contribution is recognised' (47%) and having 'opportunities for advancement' (45%).

Diversity

We embrace diversity across our business. Diversity at Unilever is about inclusion and embracing differences. More than physical differences – such as race, gender and nationality – it is about creating an atmosphere that inspires different individuals to contribute in their different ways within a framework of shared values and goals.

Our leadership has made diversity a core business priority. Among our top level group of 113 managers we have 21 nationalities. Our Global Diversity Board draws together 15 leaders from all business functions and is chaired by our Group Chief Executive. The board focuses on driving our diversity agenda into our business processes and tracking the progress of our initiatives. It also champions new ways of working to boost employees' personal vitality.

Living our values

Each year, country chairmen provide positive assurance that their business adheres to our Code of Business Principles. The Code provides a clear set of ethical guidelines to enable employees to uphold our business integrity.

Our prohibition against the giving or receiving of bribes is absolute. Moreover, we make clear that no employee will be penalised for any loss of business resulting from the rejection of bribery. The Code is communicated to all employees and translated into 47 languages, with processes in place to raise concerns and report breaches. In 2007, we dismissed 54 people (compared to 68 in 2006) for breaches of our Code.

We abide by core ILO labour standards and our Code sets out requirements on protecting labour rights. In 2007 we surveyed our 45 largest businesses which showed that our youngest employee, aged 15, is in Germany, compliant with local legislation.

In all these countries, wages paid by Unilever is at least equal to, and in most cases exceeds, the minimum wage established by the relevant national authority. It is not always possible to collect information about the number of employees who are members of trade unions for legal reasons; however, in the countries where this information is available it reveals 37.1% of our eligible employees are members of trade unions.

Safeguarding human rights

Our Code of Business Principles sets out our stance on human rights, including our prohibition of child and forced labour and our support for freedom of association and collective bargaining. We take these commitments seriously and in 2007 strengthened our approach by clarifying our management guidelines and reviewing compliance monitoring.

Since November 2006, three separate complaints have been brought to our attention by the International Union of Food Workers (IUF), regarding site closure, freedom of association and collective bargaining at factories in India and Pakistan. Under the terms of the OECD's Guidelines for Multinational Enterprises, the IUF has referred its complaints to the OECD's national contact point in the United Kingdom for further investigation. We are in dialogue with both organisations to provide information and seek resolution to each of these cases.

Available online:

More on our approach to diversity

[Embracing difference](#)

Downloads

[How mentoring is helping Unilever's board address its diversity challenge \(437 KB\)](#)

[South Africa: Combating HIV/AIDS \(313 KB\)](#)

Health, safety & well-being

We are committed to the continuous improvement of our health and safety performance, and the well-being of our employees.

Enhancing the health & safety of our employees

The health and safety of our workforce is a core priority and we apply the same standards at all our offices and factories across the world. Our goal is the total elimination of all employee and contractor fatalities with continual improvements in our overall health and safety performance. Our internal global health and safety standards are based on the international standard OHSAS 18001.

Our performance in 2007

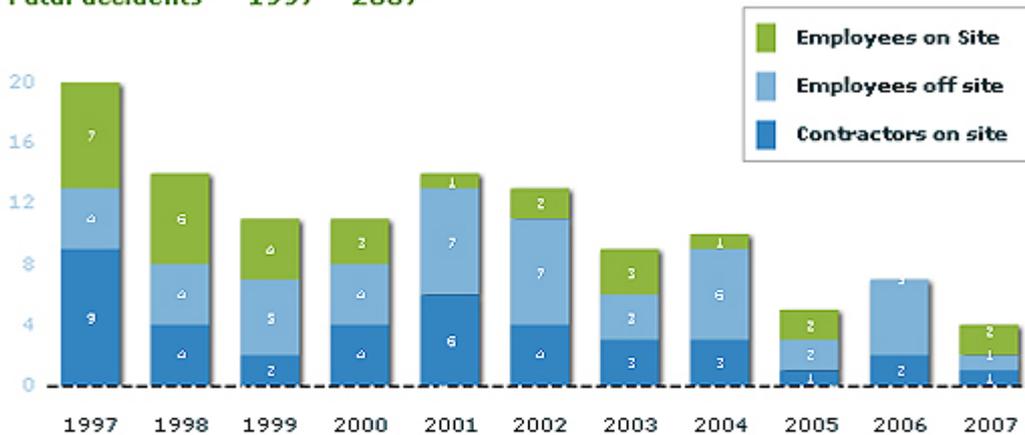
A key measure of our progress is our total recordable accident frequency rate (TRFR), which in 2007 decreased to 0.26 accidents per 100 000 hours worked from 0.33 in 2006.



*Accident Frequency Rate (AFR) – Workplace accidents resulting in time off work or some temporary restriction in the work that the injured person can undertake. Total Recordable Frequency Rates (TRFR) – All workplace accidents, excluding only those that require simple first aid treatment. In line with industry best practice, we include in our definition of an 'employee', temporary staff and contractors who work under our direct supervision.

Most regrettably, in 2007, three employees and one contractor lost their lives. The lessons from these incidents have been learned and are being communicated throughout the organisation.

Fatal accidents** 1997 – 2007



** In addition to the recordable fatality data in the chart, where such accidents may be deemed associated with our operations, Unilever requires its 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 Unilever. In common with the other companies in our industrial sector, these incidents are only reportable internally.

Improving our performance

We are developing new indicators for occupational health performance. Following a successful project in the UK during 2007, a global pilot is being undertaken during 2008 on leading and lagging indicators. These include compliance with health and safety audits, as well as the prevalence of occupational illness.

Safe travel & transport

Safe travel and transport continue to be a priority for us. The greatest challenge we face is in countries that lack basic road safety infrastructure and enforcement. Our intention is to send a clear signal to our workforce that safe conduct while driving is a matter we take seriously.

In 2006 we established our Safe Driving Teams initiative. This was implemented in all our regions throughout 2007. Led by a senior manager in each country, these teams identified local risk, then developed and implemented tough safe driving standards. These were published in local languages so they could be communicated to all our drivers. We have also banned the use of mobile phones while driving except for a limited number of drivers who are provided with proper hands free equipment.

We also require all our professional drivers worldwide to have regular medical check-ups to ensure their fitness to drive.

Where accidents do occur we are keen that any lessons can be learned swiftly and the findings shared throughout the company. In 2007 we began work on a new data collection system to develop a set of performance indicators for safe driving. These will capture data on all collisions, whether they lead to injury or not.

Site safety

Site safety is another issue of paramount importance for us at Unilever. Throughout 2007 we have had a special focus on any sites where safety records have fallen short of our high standards. Here we have seen significant improvements.

Good internal governance systems are necessary to check the robustness of our safety processes. Throughout 2007 we have been strengthening these processes to ensure compliance with our own internal health and safety standards. This is essential across all our factories and offices, but especially important where manufacturing processes involve hazardous materials.

Looking forward

Our overarching goal for 2008 is to continue improving our health and safety performance across all areas of our business. Because safe travel and transport remains a key area, we will continue to embed our global standard on safe travel in vehicles, and develop our data collection on collisions.

Promoting employee health & well-being

We believe that healthy employees contribute to a healthy company. Our Personal Vitality charter was finalised and rolled out in 2007. This focuses on employee health and well-being and ways of working. We now have a global framework of health and well-being benefits which each Unilever operating company will have to make available to all its employees by 2010. This framework involves coaching people on their exercise, nutrition and mental resilience, and monitoring their progress through an initial check-up and six-monthly follow ups.

Our challenge is to encourage people to change their behaviour and sustain new habits, whether it be how often they exercise or their eating habits. We have found that if we can keep people motivated on a programme of change for six months, then the habits are likely to stay. Another important factor is leadership behaviours. People at work tend to mirror patterns of behaviour set by their managers, which is why all our programmes start with senior managers.

These programmes have important short- and long-term business as well as health benefits. In the short term we expect to see healthier, more motivated and productive employees, with lower levels of absence due to ill health. The long-term benefits are in lower healthcare costs for companies and society. A study we conducted in the UK, and which was published in the American Journal of Health Promotion, estimated that the return on investment for these kinds of employee well-being programmes is in the region of £3.70 for every £1 invested.

Supporting work-life balance

New state-of-the-art video conferencing facilities at four of our regional headquarters are also encouraging people to travel less and improve their work-life balance. During 2007 alone, these facilities have saved €1.5

million in travel costs, and resulted in lowering our business travel carbon footprint by 425 tonnes of CO2. We are in the planning phase for installing similar facilities in 15 more locations around the world.

In 2007 we also made new software available to enable employees to hold virtual meetings through online discussion forums, document-sharing and presentation capability. The software was used successfully for a virtual global conference of Unilever's top 50 human resources managers, who would otherwise have had to travel from around the world for a 2-day meeting.

Available online:

More on our approach to employee health & safety

[Safe working, healthy employees](#)

Respecting rights

We have reviewed our approach to human rights to ensure that the human dignity and labour rights of our employees are maintained. Our Code of Business Principles embodies our commitment to human rights.

Our commitment to human rights

The Universal Declaration of Human Rights calls upon "every individual and every organ of society" to promote respect for human rights.

The foundation of international human rights law is the United Nations' 1948 Universal Declaration of Human Rights (UDHR). The UDHR is not legally binding but is an aspirational set of standards and principles. Securing and delivering human rights is ultimately the responsibility of government, but businesses can play their part too by upholding and promoting human rights within their spheres of influence.

We seek to do this in three ways: in our operations by upholding our values and standards, in our relationships with our suppliers, and by working through external initiatives, such as the United Nations Global Compact.

Our Code of Business Principles

Our Code of Business Principles sets out our commitment to human rights. It confirms that "We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees".

The section of our Code dealing with employees takes into account the core International Labour Organisation labour standards: it clearly states our opposition to forced and child labour and sets out our respect for employees' right to freedom of association.

In 2007 we surveyed our 45 largest businesses which showed that our youngest employee, aged 15, is in Germany, compliant with local legislation. In all these countries, wages paid by Unilever is at least equal to, and in most cases exceed, the minimum wage established by the relevant national authority. For legal reasons, it is not always possible to collect information about the number of employees who are members of trade unions, however, in the countries where this information is available it reveals 37.1% of our eligible employees are members of trade unions.

Reviewing our approach

In 2007, we reviewed our approach to human rights. The aim of the review was to ensure that Unilever continues to live up to its standards as set out in our Code of Business Principles and that effective communications and compliance mechanisms are in place.

The review concluded that further training would be beneficial to explain the different elements of human rights. Employees would also benefit from clearer definitions of these elements, such as freedom of association, collective bargaining, forced/bonded labour and child labour.

Compliance monitoring of our human rights obligations is delivered via our positive assurance process. This will be complemented by a system of continuous improvement (akin to the systems we use for safety, health and environment), based primarily on self-assessment at site level and supported by periodic external audits. (The self-assessment methodology is designed to be consistent with that used to monitor our suppliers' compliance with our Business Partner Code.) We will pilot test this enhancement to our processes in 2008.

Human rights & our business partners

Our human rights commitment is also reflected in the way we work with our business partners and suppliers. Our Business Partner Code makes clear the standards to which we expect our business partners to adhere. It contains 10 principles covering business integrity and responsibilities relating to employees, consumers and the environment. Four of its principles address human rights:

- there shall be respect for human rights, and no employee shall suffer harassment, physical or mental punishment, or other form of abuse
- there shall be no use of forced or compulsory labour, and employees shall be free to leave employment after reasonable notice
- there shall be no use of child labour, and specifically there will be compliance with relevant ILO standards
- there shall be respect for the right of employees to freedom of association.

Living out our commitments

These commitments are of no practical use unless they are part of an active process of compliance, monitoring and reporting. The board of Unilever is responsible for this process and day-to-day responsibility lies with senior management around the world. As part of our worldwide positive assurance process, each year our company chairmen give written assurance that their business is in compliance with our Code of Business Principles.

Breaches of the Code are reported to the Group Secretary of Unilever. We expect and encourage employees to bring to our attention any breach of the Code. All our employees can access our 'ethics hotline' – a 24-hour toll-free number through which they can raise any concerns in complete confidence and, if they so wish, on an anonymous basis. In 2007, 54 employees were dismissed as a result of breaches of the Code. None of these breaches were related to labour rights.

We also use a positive assurance process with our suppliers. We have communicated our Business Partner Code to all our current suppliers of 'production items' (ie the raw materials and packaging we use to make our

products) to gain their assurance that they adhere to its principles. We are now following up with those suppliers we have prioritised for more detailed assessment and a programme of audits.

In 2007, together with some of our peer companies, we established a global Programme for Responsible Sourcing (PROGRESS). As part of this, we have agreed on a common approach to evaluate the social and environmental performance of suppliers across specific groups of goods and services. We believe this collaborative approach will help reduce duplicated effort for PROGRESS members and suppliers alike, accelerating the process of assessing suppliers and freeing up resources to focus on implementing improvements within the supply chain.

Promoting human rights

We seek to work with other companies, labour and civil society organisations on human rights issues. For example, the United Nations Global Compact principles set out commitments for business in relation to human rights and labour standards. As a founding signatory to the Compact, we are committed to upholding these principles.

Safeguarding human rights & labour standards

Since November 2006, three separate complaints have been brought to our attention by the International Union of Food Workers (IUF), regarding site closure, freedom of association and collective bargaining at our factories in India and Pakistan. Under the terms of the OECD's Guidelines for Multinational Enterprises, the IUF has referred its complaints to the OECD's national contact point in the UK for further investigation. We are in dialogue with both organisations to provide information and seek resolution to each of these cases.

See also the Suppliers section below.

HIV/AIDS

HIV/AIDS has an impact on our business, not only in terms of our own employees, but also in wider socio-economic terms in many of our markets.

HIV/AIDS & occupational health

Occupational health is a worldwide responsibility for Unilever and covers:

- access to primary health care
- protecting health in the workplace
- ensuring medical fitness for the job, and
- actively promoting health and well-being.
- Unilever HIV/AIDS programmes are an integral component of our Occupational Health strategy.

As there is currently no cure for AIDS, education and prevention are critical to halt the spread of the disease and are the main line of defence: these should be supported by counselling and sustainable programmes to care for those already infected. Therefore, in the fight against HIV/AIDS, Unilever is committed to deploy effective programmes of health education (using our skills in communication), and to secure access to appropriate treatment for our employees at all stages of the disease.

Countries differ greatly in the quality of clinical infrastructure, in national health priorities, and in the cultural sensitivities which surround HIV/AIDS. The role of the private sector varies accordingly: where public health systems prevail, for example, Unilever's contribution will concentrate on schemes of education and prevention. Elsewhere, direct involvement in treatment and care may be necessary. Unilever's policies respond to these differences, and adapt to fit local needs: in each country, health professionals are responsible for determining the mix of provision for employees in line with local cultural, social and operating requirements.

Our policies have been furthest developed in sub-Saharan Africa, where the company's programmes have been developed over many years, and are shared widely both with other companies and in society.

Unilever's approach to HIV/AIDS in sub-Saharan Africa

In sub-Saharan Africa, Unilever companies have developed a comprehensive framework to manage the HIV/AIDS programme, which addresses the needs of individuals at key stages of prevention and treatment. These are:

- awareness (through educational programmes for all employees)
- prevention (including prevention and treatment of occupational exposures; distribution of condoms)
- establishing HIV status of individuals (through voluntary testing)

- acceptance of status (encouraging HIV+ individuals to seek treatment), and
- treatment and care (including access to anti-retroviral therapy).
- The framework encourages the building of joint programmes within local communities, and may provide a useful model to assist Unilever companies elsewhere in the world in developing appropriate programmes.

These policies are aligned with the key principles of the ILO Code of Practice on HIV/AIDS.

We are sharing our learning with other businesses – our programmes are available as models on both the Global Business Coalition and the Global Health Initiative websites.

Activity in 2007

On December 1st 2007, World Aids Day was marked by Unilever operations around the world with awareness-raising events for employees across America, Asia and Africa. Workers were involved in a range of activities, including a play about HIV/AIDS staged by employees in Mexico, and a Unilever Walk for People Living with HIV/AIDS in Ghana. In Vietnam, more than 400 workers took part in a HIV/AIDS knowledge competition and then joined a photoshoot forming the red-ribbon symbol. In many places red ribbons, posters and free condoms were distributed and HIV/AIDS testing made available for staff.

Engaging with others

Given the scale of the challenge, our approach is to work in partnership with others, and share expertise and learning. We engage with organisations such as the Global Business Coalition on HIV/AIDs and the Grote Onderneming, a Dutch organisation working to tackle HIV/AIDS. We also take part in international conferences such as the International Aids Conference, which will take place in August 2008.

Available online:

Case study

[Kenya: Fighting HIV/AIDS](#)

People profile

[Harold Bokaba – South Africa](#)

Downloads

Our Global Challenges – Local Actions series of articles looks at how our companies around the world are tackling global social & environmental concerns with local actions & by working in partnership with local, national & international agencies, governments & NGOs.

[South Africa: Combating HIV/AIDS \(313 KB\)](#)

Restructuring

Change is an inevitable part of doing business today. We are committed to acting responsibly towards our employees whenever we implement changes.

Our One Unilever approach

Our 'One Unilever' programme is already streamlining our business by creating single operating companies for each country and outsourcing parts of our information technology, human resources (HR) and finance functions. Since 2004, we have reduced our senior management headcount by around 40%.

In 2007 we announced plans to accelerate our change programme further by developing more 'multi-country organisations' (MCOs) – clusters of countries with a single centralised management. MCOs reduce duplication and free up resources to focus on customers and consumers. In Europe, for example, we consolidated our operations in Belgium and the Netherlands into one MCO and in Africa, we formed an MCO from operations in six countries.

During the year we also divested some parts of our business including our Boursin, Lawry's and Adolph's brands.

As a result of restructuring and divestments in 2007, the number of people we employed worldwide decreased by around 5 000. Europe was strongly affected with a number of factories and offices being closed, leading to a reduction of 2 200 employees. Further changes were announced for 2008.

Outsourcing

Outsourcing provides a better service to our business and allows us to concentrate on our core activities. In 2006 we signed a seven-year outsourcing contract with Accenture to handle all transaction processing and administration support services for our human resources function. We have minimised the impact of the change by transferring staff to Accenture as well as providing early retirement, retraining and exploring alternative roles and voluntary programmes. Accenture is now running core HR and recruitment services in 17 countries. Our new web-based learning management system (LMS) brought access to training to 81 000 employees in its first year.

Responsible restructuring

In implementing our restructuring programmes we seek to act with integrity and follow agreed consultation processes. We make every effort to treat those affected fairly – and help them to find alternative employment if redundancy is necessary. From employee consultation, we recognise that this level of organisational change is a source of concern. We take these concerns seriously and throughout the process we

communicate regularly to ensure that people understand what is happening.

When carrying out restructuring operations, our approach is to adhere to our values, as embodied in our Corporate Purpose and Code of Business Principles and treat people with respect, integrity and fairness. We seek to act in a socially responsible manner when we close plants or dispose of businesses.

As a general principle, we aim to safeguard the interests of our employees. Disposal of a company is preferable to closure, but if closure is unavoidable, other mechanisms are used to mitigate the effects on employees. Depending on local legislation, culture and circumstances, we seek to consult on measures to manage these effects.

Changes to the business are inevitable in a competitive marketplace, so we invest in employees' life-long learning. Training and personal development focus on the continuous updating of skills each individual can use, whether inside or outside Unilever.

Recent examples of our approach:

India

In India, when we divested our tea estates business, we sold the business to three separate companies, each of whom is in the plantation/tea business. In each case, the acquisition helped them strengthen their business presence and performance. As part of the agreement with the new owners we explicitly covered the continuance of service of all these employees and the protection of their employment terms and conditions. Apart from normal attrition, no employees lost their jobs as a result of this transfer.

Romania

In March 2006, Unilever Romania announced the consolidation of three of its factories onto one site in Ploesti. Recognising that the closure of the factories in Targu Mures and Bucharest would have a significant impact on our employees and local communities, Unilever Romania was committed to treating people fairly throughout the process of change. As a result, all employees at the affected sites (127 in total) were offered jobs within our new operations at Ploesti. To compensate them for the move to a new town, they were offered a 'disturbance allowance', rent contributions for a year, a retention bonus and a commitment to career development within the new plant. Over a fifth of affected employees accepted this offer and agreed to move to Ploesti.

For those who chose not to move, Unilever Romania set up a programme, Orizont 2007 (Horizon 2007), to support them in finding new jobs. To implement Orizont 2007, we commissioned an external agency to provide training and support for employees for a period of six months. We set the agency challenging performance targets to ensure that genuine efforts were made to find new jobs for our employees. For example, each person

should receive at least three attractive job offers and a total of 60% of those that sought help should be re-employed. The agency set up centres at both the affected factories, and delivered over 1 500 hours of training, including training for new skills such as crane driving and vehicle servicing. Over 90% of employees used these services, with a high success rate in finding new jobs.

South Africa

The closure of part of our Home and Personal Care (HPC) operations plant in Boksburg, South Africa meant that a large number of people were to lose their jobs. The process of change was managed carefully by working with the union and employees over a three-year period. Many employees were retrained and so were able to stay on as Unilever employees in other parts of our business. The people who did lose their jobs were placed into small businesses linked to our HPC operations, for example with a local packing business. To help with the transition, the Boksburg site provided training and financial support to these employees and businesses.

Suppliers

We continue to assess our suppliers against our Business Partner Code. In addition we are working with our peers to create a common approach to supplier assessment.

Working with our suppliers

The Unilever Business Partner Code outlines our requirements on health and safety at work, business ethics, labour standards, consumer safety and the environment. We continue to assess our suppliers against this Code.

The scale and complexity of the task have been a challenge for our global business. Unilever sources from more than 10 000 suppliers of raw materials and packaging, and up to 100 000 suppliers of 'non-production' goods and services. Having made good progress in mapping and engaging with this vast network of suppliers through our supplier assurance process, we are now moving forward on specific improvement initiatives with individual suppliers. We have also founded a collaborative industry approach with several peer companies to accelerate the programme further still.

Supplier assurance

In early 2007, we completed the process of communicating with our 'first-tier' suppliers of raw materials and packaging. This was followed by a risk assessment of supplier sites that presented potential concerns in terms of their compliance with our Code. During the course of 2007, approximately 15% of these sites were prioritised for more detailed assessment, and a programme of audits has been initiated, using third-party auditors, to identify areas for improvement and remediation. This programme, involving approximately 50 sites as a pilot, will continue through 2008 and the learning used to embed this procedure into our ongoing process of supplier assurance.

In common with other large firms, we are increasingly buying in goods and services, such as plant and equipment, human resources, information technology and finance support. This supply base for such non-production items is large, often highly localised and complex. In 2007 we also completed a prioritisation of this group of suppliers. They are now integrated within our overall supplier assurance process, and site audits are being carried out as part of the pilot programme.

Though in its early stages, preliminary findings from the audit programme have yet to reveal areas of critical non-compliance. However, in a number of cases the management systems and capacity of suppliers, especially in developing markets, will need to be addressed and more consideration given on how this may be best achieved.

Embedding our approach

We are embedding the procedures for supplier assurance against our Business Partner Code within routine supplier management processes. Purchasing departments are being trained so that these considerations are taken on board when supplier approvals are being made.

We are also working with our Sustainable Agriculture Programme team, who are proceeding with an in-depth assessment of suppliers of fruit and vegetables against their Good Agricultural Practice Guidelines.

Working with others

It is clear that building management capacity within the supply chain will require a common approach and focused, sector-based initiatives involving many participants. Moreover, suppliers of all types are encountering difficulties with the multiplicity of information requests from companies like us. In 2007, together with some of our peer companies, we established a global Programme for Responsible Sourcing (PROGRESS). As part of this, we have agreed on a common approach to evaluate the social and environmental performance of suppliers across specific groups of goods and services. We have also agreed to share the data that results from the assessment and audit process.

This will help reduce duplicated effort for PROGRESS members and suppliers alike, accelerate the process of assessing suppliers and free up resources to focus on implementing improvements within the supply chain.

To facilitate this process, PROGRESS members decided to join the Supplier Ethical Data Exchange (SEDEX) system and use its well-established evaluation methodologies. Almost 20 000 supplier production sites are already registered within SEDEX. PROGRESS members are now in the process of requesting their suppliers to register on SEDEX in order to complete the social and environmental assessment of their sites.

Stakeholder feedback

"We are proud to have collaborated with Unilever and the other consumer products firms in the PROGRESS Initiative to develop a common supply chain platform that promotes responsible sourcing practices. Working together, PROGRESS is a great example of how our industry can balance financial results with corporate citizenship. Unilever has been a strong partner in advancing improvement in this area and we look forward to continued collaboration." John C Scott, Director, Responsible & Sustainable Sourcing, PepsiCo & Vice-Chair, AIM-PROGRESS Initiative.

Supplier code assurance

We are committed to working with our business partners to achieve high standards and to provide greater transparency on how we work together.

Our approach

Our Code of Business Principles commits us to establishing mutually beneficial relations with our suppliers, customers and business partners. In our business dealings we expect our partners to adhere to business principles consistent with our own.

We have formalised these expectations of our suppliers in our separate Business Partner Code. This Code makes clear the principles to which we expect our business partners to adhere, covering business integrity and responsibilities relating to employees, consumers and the environment.

Business Partner Code

Our Business Partner Code states that:

- There shall be compliance with all applicable laws and regulations of the country where operations are undertaken
- There shall be respect for human rights, and no employee shall suffer harassment, physical or mental punishment, or other form of abuse.
- Wages and working hours will, as a minimum, comply with all applicable wage and hour laws, and rules and regulations, including minimum wage, overtime and maximum hours in the country concerned.
- There shall be no use of forced or compulsory labour, and employees shall be free to leave employment after reasonable notice.
- There shall be no use of child labour, and specifically there will be compliance with relevant ILO standards.
- There shall be respect for the right of employees to freedom of association.*
- Safe and healthy working conditions will be provided for all employees.
- Operations will be carried out with care for the environment and will include compliance with all relevant legislation in the country concerned.
- All products and services will be delivered to meet the quality and safety criteria specified in relevant contract elements, and will be safe for their intended use.
- There shall be no improper advantage sought, including the payment of bribes, to secure delivery of goods or services to Unilever companies.

* The right to collective bargaining is implicit in the recognition of freedom of association. In line with its own long-standing practice and its adherence

to the United Nations Global Compact, Unilever expects its suppliers to recognise the right to collective bargaining (where allowable by law).

Communities

We seek to make positive contributions to the communities where we operate, engaging the talents and resources of our people and partners to ensure the success of our projects.

Our contribution

In 2007 we contributed €89 million to communities, equivalent to 1.72% of pre-tax profit (compared to €78 million in 2006). This helped us support around 14 660 community organisations around the world, through cash contributions and support in kind.

The majority of our giving (67%) goes to long-term community investment partnerships with mutual benefits for both our business and our partners. A third takes the form of charitable donations in response to pressing social needs. Just under a quarter (24%) of our projects seek clear commercial benefits alongside positive community impacts.

Responding to the troubles in Kenya

It was with great sadness that we learned in January 2008 of the deaths of nine of our employees on the Unilever tea plantation in Kericho, Kenya. All of them were victims of the violence which followed the presidential elections.

Following the troubles, Unilever announced a \$1 million donation to the World Food Programme, who were providing aid to those affected by the country's political unrest.

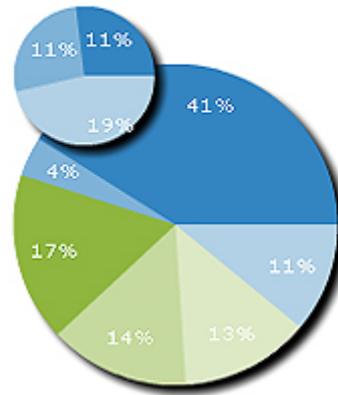
In addition, we provided direct help to people on our own plantations with an extra €500 000 donation. Local management decided the best way of using this money to make good the losses suffered by our employees such as damage to homes and property.

Employee engagement

We continue to encourage our employees to get involved in community programmes. This provides new ways of connecting with our consumers in local communities. Our employees gain skills and motivation and enjoy 'making a difference'. In 2007, we estimate that around 16 400 people took part in community activity.

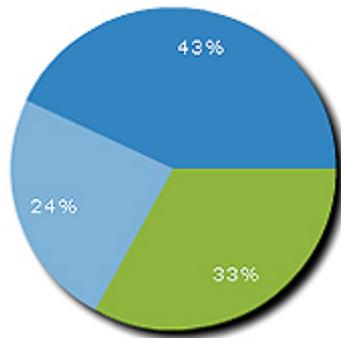
Community spend by subject 2007

% of total (€89 million)



Community spend by motivation 2007

% of total (€89 million)



In 2007 30% of our giving went to projects that support our Vitality themes of nutrition and hygiene. This reflects the increasingly close alignment of our community investment with social issues relevant to our business.

We use the London Benchmarking Group (LBG) international benchmarking model to evaluate our activity.

Our partnerships

Working with partners is central to our approach to delivering our commitments on all levels. We focus our international partnerships on our Vitality themes of nutrition, hygiene and sustainability.

Global partnerships

Our global partnerships with UNICEF, the World Heart Federation, the FDI World Dental Federation and the UN World Food Programme, support our health, nutrition and hygiene Vitality themes. Key global partnerships in the area of sustainability include the Rainforest Alliance, Roundtable on Sustainable Palm Oil (RSPO) and Water and Sanitation for the Urban Poor (WSUP).

Local activities

As well as implementing projects as part of our global partnerships, our local businesses are involved in a wide range of community activities that respond to specific local needs. Given the diverse communities and markets in which we operate, our approach as a 'multi-local' multinational is to encourage our local managers to define which needs they are best placed to address.

Public policy engagement

We strive to be trusted members of society wherever we operate, working transparently with governments and other partners to fulfil our responsibilities and achieve our goals.

Our approach

Our Code of Business Principles guides our behaviour in all aspects of our work, both within our business and externally with others. It commits us to obey the laws of the countries in which we operate and, more broadly, behave with honesty, integrity and openness, and with respect for the human rights and interests of our employees and other stakeholders. In line with our Code, we do not support political parties or fund groups that promote party interests.

We recognise that business has an important role in promoting good governance in society. For example, we are supporting the work of Business Action Against Corruption in Africa which aims to embed best practice across our supply chain and more widely.

External relationships

We encourage our companies to take part in the development of public policy that may affect our business. We engage with governments and other organisations, both directly and through bodies such as trade associations. We take part in multi-stakeholder debates and when relevant respond to public consultations. We also engage with organisations that are critical of our actions and seek to understand and address their concerns. Our aim is to find workable solutions that benefit stakeholders such as consumers, and give incentives to businesses like ours to invest in research and innovation.

In 2007 we completed mapping our main external relationships, including trade associations, intergovernmental organisations and NGOs. We list some of our principal memberships of business associations at EU and international level (please see the Engaging with Stakeholders section of this report). With operations in around 100 countries, we have many hundreds of separate memberships and dialogues at national level.

Encouraging trade liberalisation

Governments provide the economic framework within which companies like ours operate. They decide on domestic market reform, provide funding for infrastructure and set trade and investment rules.

Actions by national governments and international trade bodies like the World Trade Organization to liberalise trade flows have led to significant economic growth in many developing and emerging markets. While these countries continue to face grave social, economic and environmental challenges, we believe that market-based growth within effective regulatory frameworks can make a significant impact on poverty reduction. We continue to engage in discussions with national and international

organisations on trade liberalisation. For example, we are exploring customs facilitation projects in Africa to identify specific barriers and opportunities. This is supported by the Investment Climate Facility, a public–private partnership which aims to promote economic development as the most sustainable way out of poverty. We commit €400 000 a year to this partnership as one of eight corporate partners.

Combating counterfeiting

Counterfeiting is a global issue which affects all sectors and industries around the globe. It can pose serious health and safety risks to consumers, damage the reputation of our brands and is a serious threat to global trade. We have established an internal steering committee and a global strategy to address this growing problem. We contributed to build and drive international industry alliances (such as the TransAtlantic Business Dialogue, the International Chamber of Commerce/BASCAP and the International Trademark Association). Through this we aim to engage governments and a broader spectrum of stakeholders to take serious action such as better intellectual property protection, enforcement as well as improving consumer awareness.

Chemicals in products

The REACH regulation has now entered into force. Unilever has supported this regulation since its inception in 2002 and is contributing to its successful implementation, working with others in the industry.

Unilever is also working with other stakeholders to promote the implementation in Europe of the United Nations' global harmonised system (GHS) for classification and labelling of chemicals.

We believe that both these systems help promote consumer confidence in chemicals. REACH helps guarantee safety through a system of rigorous safety assessments and GHS provides a framework for communicating with consumers on chemical content, enabling them to feel safe.

Both must work together to form a strong framework which will give consumers the confidence to use products safely and in an environmentally sustainable manner.

The United Nations Global Compact

As a signatory of the United Nations Global Compact, Unilever is committed to living out the Compact's ten principles on human rights, labour, environment and anti-corruption in our everyday business operations.

Our own Code of Business Principles has long reflected the Compact's goals. We provide an annual update in our Communication on Progress, explaining how we are implementing the principles across our business.