



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.

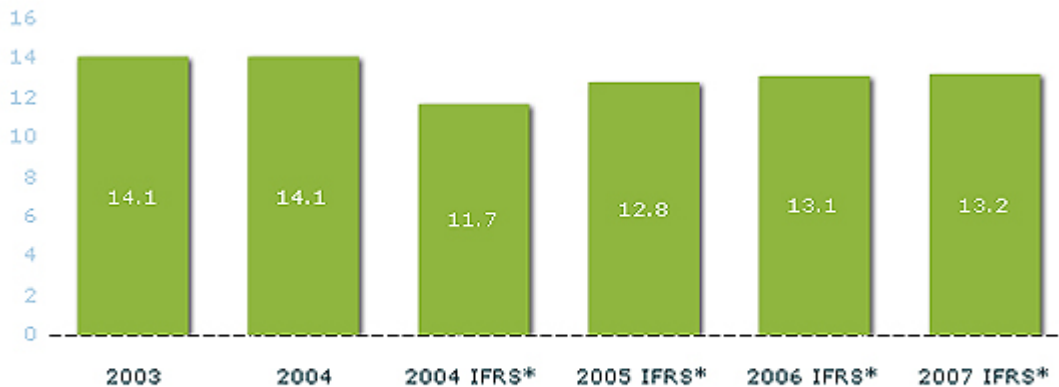
At the same time we recognise the influence of marketing and advertising on consumers and take our responsibilities seriously. We have a set of Food and Beverage Marketing Principles to guide our approach to advertising our foods. We do not advertise to children under six years of age. We recently extended 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.

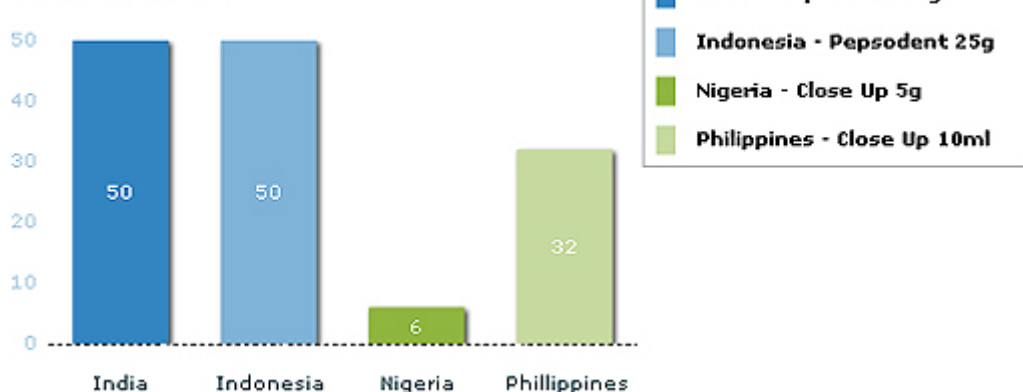
Accessibility & affordability

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).

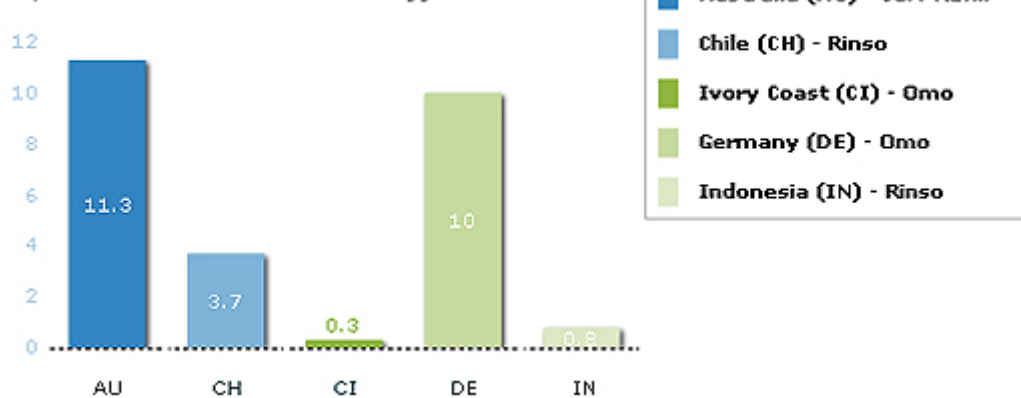
As well as small pack sizes we are developing new products. Launched in early 2006, the Pepsodent Fighter toothbrush is a quality, low-cost toothbrush which brings better oral care within the reach of low-income consumers. Priced at 20-70 euro cents, in 2007 we sold 40 million of these toothbrushes in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

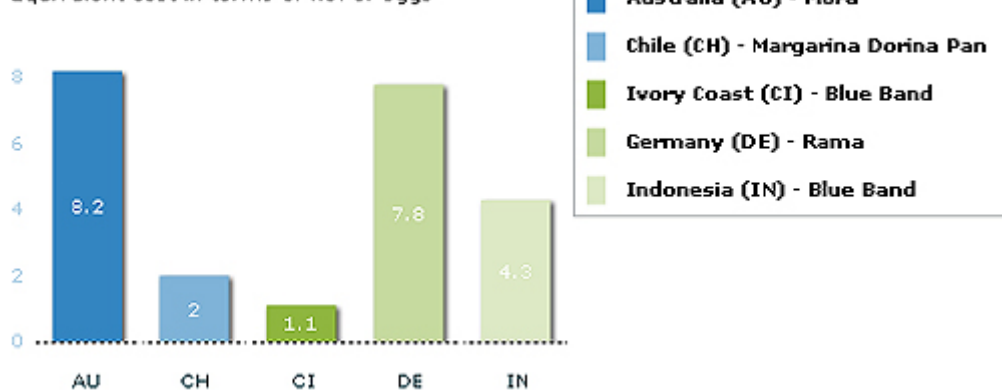
Lowest-priced laundry detergent in five countries 2005

Equivalent cost in terms of no. of eggs



Lowest-priced spreads in five countries 2005

Equivalent cost in terms of no. of eggs

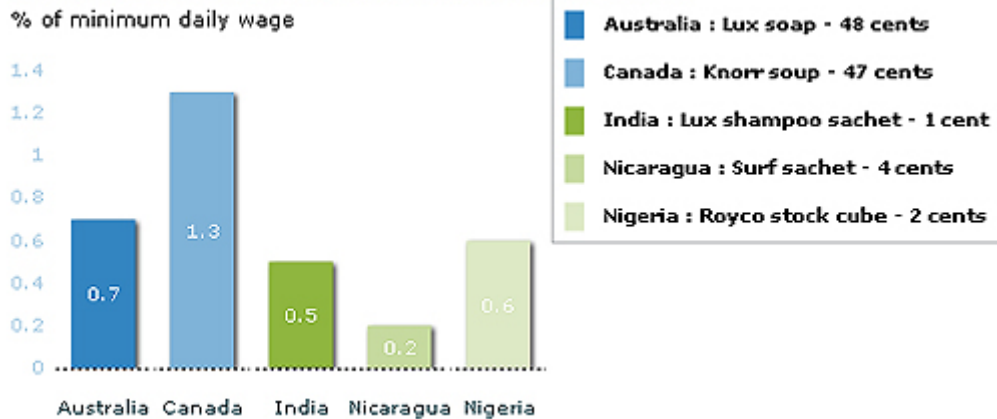


Our research showed that for example, in the Ivory Coast, our lowest-priced spread, Blue Band, costs the same as 1.1 eggs. In Germany, our lowest-priced spread, Rama, is equivalent to the local cost of 7.8 eggs.

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

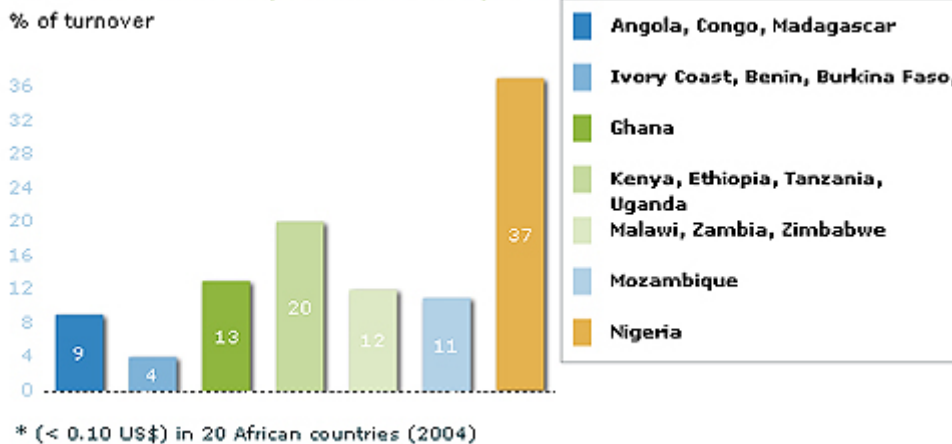
home and personal care (HPC) product cost less than 5% of the local minimum daily wage. In Nigeria our cheapest HPC product was a sachet of Omo laundry powder. The sachet retailed at 5 Naira (4 US cents), equivalent to 1% of the minimum daily wage. Our cheapest food product was our Royco soup cube, which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



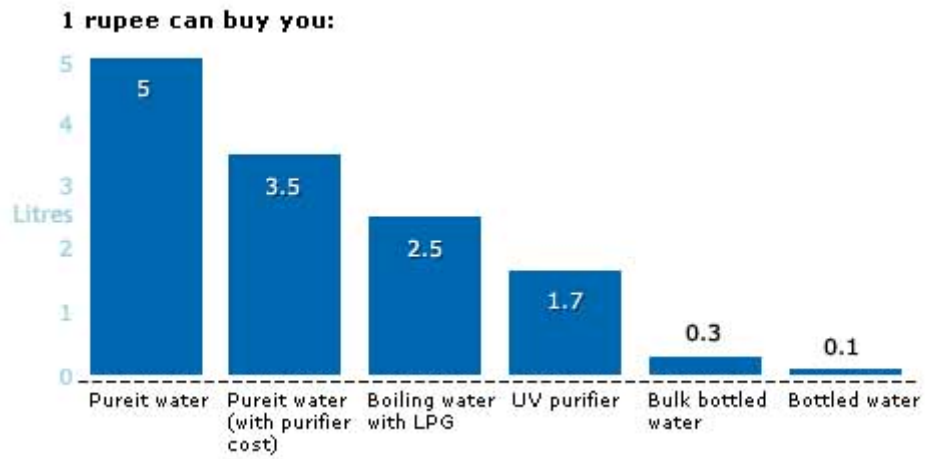
We also looked at the proportion of our total sales income from these lowest-priced products in 20 African countries.

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> |
|--|--|

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

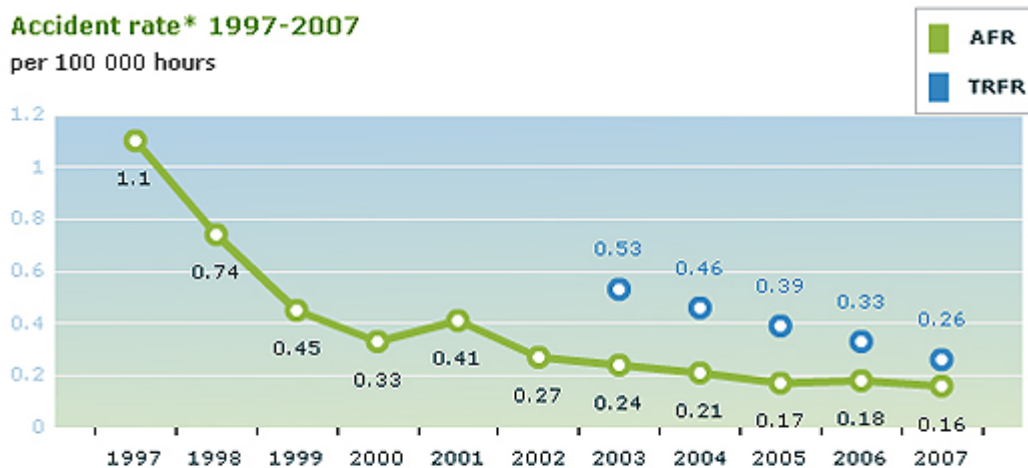
We are committed to the continuous improvement of our health and safety performance, and the well-being of our employees.

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

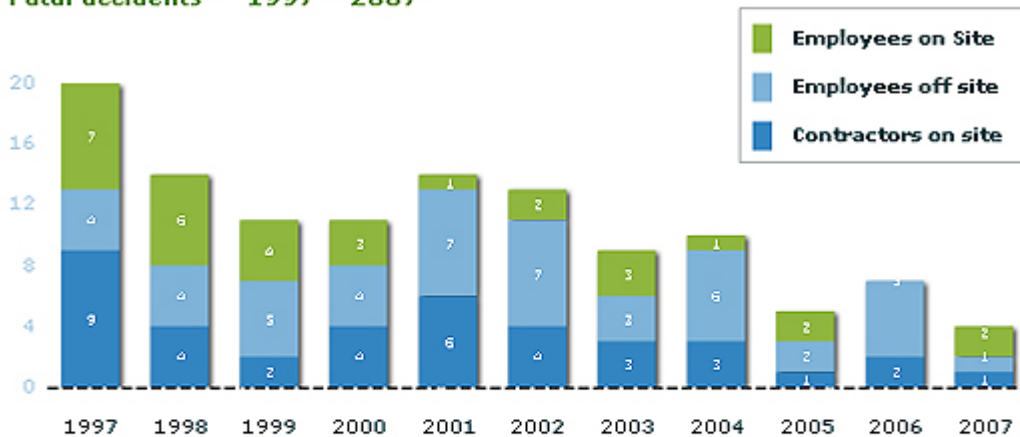
A key measure of our progress is our total recordable accident frequency rate (TRFR), which in 2007 decreased to 0.26 accidents per 100 000 hours worked from 0.33 in 2006.



*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.

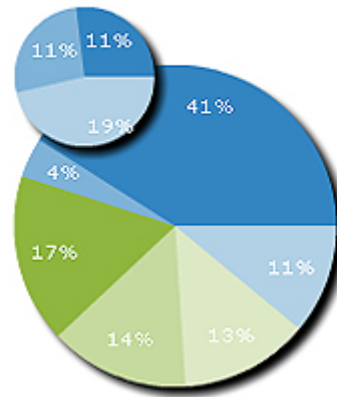
In addition, we provided direct help to people on our own plantations with an extra €500 000 donation. Local management decided the best way of using this money to make good the losses suffered by our employees such as damage to homes and property.

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.

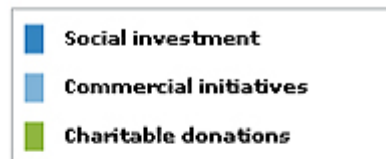
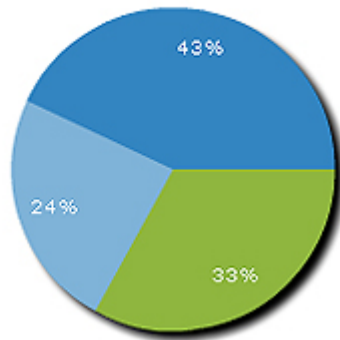
Community spend by subject 2007

% 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.