

Summary **social** review



Contents



This Summary Social Review acts as a signpost to further information and case studies on our website. For details see the index at www.unilever.com/environmentsociety/socialreporting.

| Management and performance | | Perspectives on progress | |
|---|---|--|----|
| <i>About this Review</i> | 2 | <i>Meeting everyday needs</i> | 7 |
| <i>Values in action</i> | 2 | <i>Focus on food</i> | 8 |
| <i>Creating value, sharing wealth</i> | 3 | <i>Focus on health and hygiene</i> | 10 |
| <i>Ensuring consumer safety</i> | 3 | <i>Global business, local benefits</i> | 12 |
| <i>Safe working, healthy employees</i> | 4 | | |
| <i>Valuing diversity, respecting rights</i> | 5 | Progress report and looking forward | 13 |
| <i>Engaging with communities</i> | 5 | <i>External assessment</i> | 13 |
| <i>Listening and learning</i> | 6 | | |

Our business

Unilever is a multi-local multinational with consumers, employees, business partners and shareholders on every continent.

The Unilever Group* was created in 1930 when the British soap-maker Lever Brothers merged its businesses

with those of the Dutch margarine producer Margarine Unie. Unilever now has operations in around 100 countries and our products are on sale in around 50 more. In 2003 our turnover was €42,942 million and we employed 234,000 people.

Unilever has two divisions – Foods and Home & Personal Care. Food brands include such well-known names as *Lipton, Knorr, Hellmann's, Magnum, Floral/Becel* and *Bertolli*. Home & Personal Care brands include *Dove, Rexona, Omo, Cif, Pond's* and *Sunsilk*.

| Turnover and operating profit 2003 € million | |
|---|---------------|
| Turnover | 42,942 |
| Operating profit | 5,529 |
| Operating profit BEIA** | 6,772 |

** BEIA = Before exceptional items and amortisation of goodwill and intangible assets.



For more information on our financial performance, please see our Annual Review and Summary Financial Statement 2003 and our Annual Report & Accounts 2003 or visit www.unilever.com/investorcentre/financialreports.

Front cover photograph

This photograph was taken by Adriana-Maria Santos, an employee at our home and personal care products factory in Recife, Brazil and the winner of the Unilever corporate social responsibility (CSR) photographic competition in 2003.

We asked employees to take photos representing CSR in action around our business. The picture shows our on-site fire fighting team – which is staffed entirely by employee volunteers – practising their skills at their monthly training session.

* The Unilever Group, also referred to as Unilever or the Group, consists of the two parent companies, Unilever N.V. and Unilever PLC, which, together with their group companies, operate as nearly as practicable as a single entity.

Chairmen's introduction

The world in which we operate is changing. Consumers are increasingly bringing their views as citizens into their buying decisions, demanding more from the companies behind the brands. They want companies and brands they can trust.

In this Summary Social Review, we offer an update on the progress we are making in Unilever to listen and learn from our consumers and our other stakeholders, as we strive to be both a successful business and a responsible corporate citizen.

In the last five years we have become a more focused, streamlined business concentrating on fewer, stronger brands. Now is the right time to restate our mission, which can be summed up in one word: vitality.

Unilever's mission is to add vitality to life. We meet everyday needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.

Taken together with our established statements of values as a business – the Corporate Purpose and Code of Business Principles – this increased clarity about what we stand for puts us in a better position to succeed in the years to come. Our mission is important because it aligns our employees with a clear aspiration and focuses us all on serving our consumers.

Yet restating our mission and values and asking our employees to adhere to them is only a first step. The challenge comes in living them out in day-to-day business decisions, and doing so in a way that is both internationally acceptable and locally appropriate. The long-term success of our business is intimately connected with the vitality of the communities and the environment in which we operate.

As Unilever's most senior executives, our responsibility is to show leadership. One way we do this is to join groups of eighty or so young business managers from all over the world who come together on a



week-long 'Leadership Growth Journey', held last year in Portugal (see photo). One of the journey's aims is to help managers to reconnect with what is important in our own lives, with our sense of values and purpose, and then reflect on our leadership responsibilities. Just as with individual managers, so with the business as a whole: we need to invest the effort to make explicit this sense of being on a journey with a clear purpose, connected to the communities and environment in which we live.

Among the tasks we addressed during 2003 was to set out more clearly how we apply our business principles to the marketing of food and beverages, including principles for advertising to children. We also worked on ways to achieve greater transparency on social and environmental standards in our supply chains. We highlight key aspects of our performance and our continuing work with employees and communities in this Summary Review, trying to show the dilemmas as well as successes.

The fact that we don't always get everything right is one reason why we are committed to transparency, dialogue

Our Leadership Growth Journey programme involves groups of future business leaders in a challenge that includes community and outdoor assignments. Here Co-chairmen Antony Burgmans (left) and Niall FitzGerald lead the group in 2003's journey in Portugal's mountainous Peneda-Geres national park.

and a multi-stakeholder approach. This Summary Review and additional information on our website give an overview of our global performance. Just as important is the local engagement that each of our companies has in every country where we operate. It is at country and community level where the benefits of responsible business are felt, and where negative impacts must be managed. It is there that business, working with governments and civil society organisations, must strive to spread prosperity, protect and preserve the environment and enhance long-term sustainability.

We are committed to open engagement with our partners, locally and globally. Thank you for taking an interest. Please tell us what you think – we welcome your views.

Antony Burgmans
Chairmen of Unilever

Niall FitzGerald
Chairmen of Unilever

Management and performance

About this Review

A message from Clive Butler,
Corporate Development Director



This Summary Social Review provides an update on our progress in 2003 in managing Unilever's social impacts around the world. It follows our second Unilever-wide Social Review, published in 2002, and complements our Environmental Report 2003 (both available at www.unilever.com).

In the first half, we set out our performance where we already have group-wide data, such as health and safety. We continue to work on better ways to measure our group-wide impacts, taking into account that Unilever is a highly decentralised business operating in around 100 countries. We also touch on some of our external partnerships from the Global Compact through to local community initiatives.

In the second half of the Review, we look at some of the issues currently under debate in our industry sectors,

and how we are approaching them. These cover topics as diverse as nutrition, health and hygiene and the internationalisation of business.

Our aim in this Review has been to explore the proposition put forward by some that we should focus on a few key issues rather than try to cover the whole terrain. It is just one tool to improve the transparency of our activities, share good practice and report on performance. Around the world, our local companies are engaging with their stakeholders, including through social reports of their own. We welcome feedback on how we are meeting stakeholders' interest in our business.

For more information on these and other initiatives not included in this Summary Review, please see the index at www.unilever.com/environmentsociety/socialreporting.

Values in action

In Unilever we are guided by a clear set of values and standards that governs the way we do business around the world. They are set out in our Corporate Purpose and Code of Business Principles.

Our Code of Business Principles sets out our high standards of business conduct, based on integrity and openness. By putting these shared values into everyday working practice, we can operate successfully as a multinational company, at home as a trusted corporate citizen in diverse local societies.

Our Code Committee oversees the operation of the Code throughout our business, providing guidance and education on its use. It reports directly to the Board. Any breaches are reported through local management, where most issues are resolved; any serious issues are referred upwards to regional group management and if necessary to the Code Committee.

During early 2004, our 'ethics hotline' was extended to cover all our business. The confidential, independently run

hotline is an important addition in helping us uphold the Code, as it provides an extra way for employees to report breaches. We have set ourselves the challenging target of offering a 24-hour service, in every main language of our 234,000 employees. In 2003 we introduced e:learning programmes to support new employees in better understanding the Code.

During the year we also completed work on a set of key principles to achieve greater transparency of social and environmental standards in our supply chains. These steps clarify and build on our established supplier management practices. Unilever's major suppliers and partners are expected to adhere to business principles consistent with our own. We are working on processes to make these standards transparent.

Creating value, sharing wealth

Every day, around the world, 150 million people choose our products to feed their families and clean themselves and their homes. By making and selling brands that meet people's everyday needs, we have grown into one of the world's largest consumer goods companies.

Our continuing success in meeting consumer needs is essential if we are to thrive as a business and so be able to pay our employees, suppliers and distributors, develop new products, create value for shareholders, pay taxes and invest in the future.

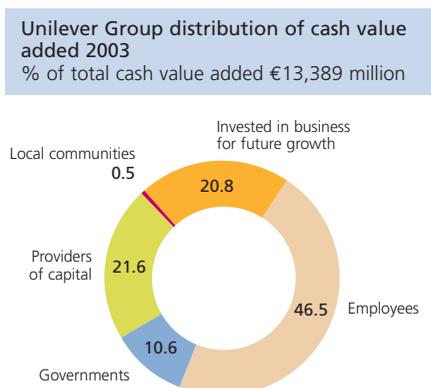
One measure of our success is the wealth created for shareholders, expressed as 'total shareholder return' (TSR), which combines share price appreciation and dividends paid. In 2003 our TSR performance improved (see chart),



The reference group, including Unilever, consists of 21 companies. Unilever's position is based on TSR over a three-year rolling period.

putting us back in the top third of our peer group (see also our Annual Review 2003 for more details of our financial performance).

Unilever generates wealth by adding value to raw materials as they are processed into branded goods and effectively marketed to meet consumer needs. This value is shared among stakeholders in the business. The cash value added statement (above right) shows how this value is distributed, with employees the largest single beneficiary through the wages and benefits they earn. The share for governments



represents direct corporate taxation alone, while the amount shown for communities is only our voluntary contributions to charities and non-profit groups.

Unilever has a broad international shareholder base. Unilever companies are listed on the local stock market in 14 countries. Around a quarter of Unilever shares are held outside the UK, Netherlands and USA. In 16 countries we offer our All Employee Option Plan, giving employees the opportunity to become shareholders, involved directly in the financial performance of the business.

Ensuring consumer safety

Unilever is committed to the human and environmental safety of all our products.

Consumers trust us to provide them and their families with products that are safe for their intended use. Our safety policy applies equally to all our products wherever in the world they are manufactured. We design them to be safe, and consistently strive to control ingredients, the supply chain and manufacturing processes.

We set universal standards on critical safety issues that have to be taken into account in all product development work. We carry out much of our work in this area through the Unilever global Safety and Environmental Assurance Centre (see box).

Animal testing

The vast majority of Unilever products reach consumers without testing any

material on animals. We are committed to eliminating animal testing from our business. Equally, we must uphold our commitment to consumer health and safety and to the safety of our workforce and the environment. So we apply the strictest internal control procedures to ensure animal testing is carried out only when no alternatives are available.

Over the last 15 years we have spent more than €15 million on developing alternative methods. Our ongoing programme includes both in-house research, and funding and collaboration with universities and other research organisations. We also continue to invest in having these alternative methods accepted by the academic and regulatory communities, since only once this acceptance is achieved can animal testing be replaced.

A recent amendment to the EU Cosmetics Directive has emphasised the relevance of this approach. We are working to eliminate animal testing as soon as we can.



Unilever's global Safety and Environmental Assurance Centre (SEAC) plays a central role in assuring human and environmental safety, ensuring that safety decisions are made independently of commercial considerations.

SEAC is responsible for carrying out the mandatory assessment of product and supply chain technology design, considering consumer safety, occupational safety and the environment.

SEAC reports to our Corporate Development Director, as the Board member responsible for safety and environmental matters.

Safe working, healthy employees

Unilever strives to provide a safe and healthy workplace and to maintain consistently high standards worldwide. Our goal is to achieve a safe working environment and a world-class reputation for health and safety at work.

In 2003 we met our target of full compliance with the Unilever Occupational Health and Safety Framework Standards in all companies and all countries. These standards require each organisation to establish an occupational health and safety management system that will deliver continuous improvement. Based on the internationally recognised standard OHSAS 18001, they mandate the same global standards for all Unilever organisations worldwide.

Our approach to preventing occupational injury and illness is to identify and address health and safety risks before serious incidents can occur. Our accident frequency rate fell during 2003 compared to the year before (see chart). The number of fatal accidents among our employees and contractors also fell (see chart). However, the only acceptable target is zero fatalities. Given the high number of road accidents, we have focused our efforts on improving safe driving standards in all regions, especially in those countries where most of our road traffic fatalities occur.

In 2003 Unilever organised an occupational health and safety

benchmarking study among its industry peer group. Although this positioned us in the upper quartile of the group, we are still falling short of our ambition of being best in class.

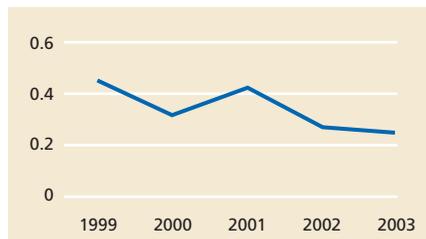
As a result, in 2004 we are focusing on the role of leadership, at all levels in the organisation, in ensuring that our health and safety standards are consistently communicated and then enforced. Within each region, additional support is being provided to those organisations whose performance is below the Unilever average. We will also focus on safe driving, contractor management, the use of predictive rather than reactive performance indicators, and on harmonising our global standards for certain classes of process plant and equipment.

HIV/AIDS

In some regions of the world the HIV/AIDS pandemic is a grave risk to employees and communities. As there is currently no cure for AIDS, education and prevention are critical to halt the spread of the disease, supported by counselling and sustainable care programmes for those already infected. Unilever is committed to deploying effective programmes of health education and to securing 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 that surround HIV/AIDS. Our policies respond and adapt to fit local needs and have been furthest advanced in sub-Saharan Africa. They are aligned with the key principles of the ILO Code of Practice on HIV/AIDS, and, where relevant, provide models for businesses worldwide.

Unilever accident frequency rate 1999-2003
Lost time accidents & restricted work cases per 100,000 hours



Fatal accidents 1999-2003



Company programmes are developed on the basis of a comprehensive framework of HIV/AIDS interventions. These include the establishment of a programme infrastructure, education, prevention, treatment and care – including anti-retroviral therapy where an appropriate infrastructure exists – and the building of joint programmes with the local community. Unilever programmes are available as models on both the Global Business Coalition and Global Health Initiative websites (www.businessfightsaids.org & www.weforum.org) and have been recognised in the Global Business Coalition's Awards for Business Excellence.

Unilever five-stage framework of HIV/AIDS interventions in sub-Saharan Africa

Awareness
through educational programmes for all employees

Prevention
including prevention and treatment of occupational exposures and distribution of condoms

Establishing status
establishing HIV status of individuals through voluntary testing

Acceptance of status
encouraging HIV+ individuals to seek treatment

Treatment and care
including access to anti-retroviral therapy

Employees at our Boksburg factory, South Africa, hold a candlelit vigil to remember AIDS victims. CSR photo competition entry from Juanita van Rooyen, Boksburg.



Valuing diversity, respecting rights

Diversity is not an optional add-on to our business. It is an imperative to ensure sustained growth, as it is integral to an intimate understanding of our consumers.

Unilever is an international company by design. Today, there are 32 nationalities among our top 200 leaders, and the Executive Committee of seven comprises five nationalities. Across Unilever, we employ around 100 nationalities.

By the end of 2003, more than 30% of our managers worldwide were women, up from 25% when we last reported (2001 figures). The proportion at senior levels, however, is still low at around 5% among the top 200 managers. The position is improving slowly and by the start of 2004, women led our businesses

in the Czech Republic, Pakistan, South Central Europe and South Africa.

Such numbers are important for monitoring progress, but real change is achieved by changing our internal culture, not simply setting targets. So our approach to diversity centres on creating an environment that inspires different individuals to contribute in their own ways within a framework of shared values and goals.

This starts at the top: our Executive Committee has set out a vision of diversity for the company and uses a seven-point 'diversity scorecard' to assess its own decisions. A progress report is published every six months on our intranet for employees to see.

During 2003, we developed a toolkit to enable all employees to understand the importance of diversity, and then to act. Launched worldwide early in 2004, it includes a tool for self-assessment of

personal awareness and a practical planning guide for reciprocal mentoring.

Respect for rights

Our Code of Business Principles sets out our commitment to diversity in a working environment where there is mutual trust and respect for human rights. This means that we respect the dignity of the individual, and will not use any form of forced, compulsory or child labour. We recognise the right of employees to freedom of association.

Over the last four years we have integrated new businesses worth €30 billion into the group and made over €7 billion of disposals, closing or selling 138 factories and 140 businesses. Our commitment to employees recognises that change is inevitable, so we invest in life-long learning, with the training and personal development of each individual in skills they can use, whether inside or outside Unilever.

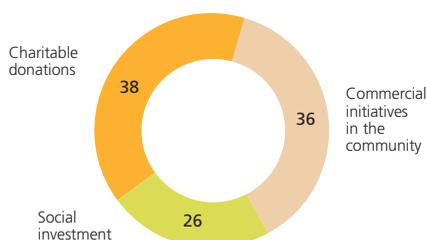
Engaging with communities

Unilever is deeply rooted in the communities where it does business.

Around the world, we make voluntary contributions to charities, and work in partnership with non-profit organisations. We focus on meeting local needs and aim to use our skills to make a real difference.

In 2003 we undertook a special study of our existing partnerships, looking for best practice lessons from those that are strategic and involve business, civil society organisations and the public sector working together. One example is Project Shakti in India, where Unilever works in close partnership with local government and NGOs to empower underprivileged rural women by

Community spend by motivation 2003
% of total €66 million



providing income-generating opportunities (see page 12).

In 2003, we committed €66 million to community involvement, equivalent to 1.5% of pre-tax profits. Our study shows that at least 9,000 charities and non-profit groups of many different sizes around the world benefited from this commitment. We estimate that more than 125 million people are touched by these projects, three quarters through our hygiene campaigns.

We estimate that in 2003 more than 42,000 Unilever employees – nearly one in five – were involved in community activities with company support and encouragement.

Partnerships in action

In Brazil, Unilever provided financial and strategic support to Ecotropica, a local NGO focused on conserving the quality of life of tropical ecosystems, which links closely to Unilever's partnership with the Living Lakes network.

In Kenya Brooke Bond employees completed the planting of over 100,000 indigenous trees within our tea estates. In partnership with the local community, the company is helping to conserve biodiversity in tea-growing areas.

In Canada our household cleaner brand, *Vim*, works with Habitat for Humanity to build affordable housing for families who would not otherwise be able to buy a home of their own. Money is donated via the sale of *Vim* products and employees volunteer to give a hand in helping to construct the homes (see left).



Listening and learning

Many people and organisations affect our business or are affected by it. Listening to and learning from our stakeholders informs our decision-making, strengthens relationships and helps us succeed as a business.

Different groups inevitably have differing perspectives and approaches. Engaging in challenging partnerships requires all parties to respect genuinely held beliefs and expertise, if each is to benefit and learn. Sometimes different parties have to agree to disagree so that progress can be made.

Our engagement processes include formal consumer and customer research, initiating and responding to surveys, contributions to public policy debates, partnership research projects, community meetings, and formal and informal dialogues with NGOs and special interest groups. In 2003 we commenced a joint research project with Oxfam to explore the links between wealth creation and poverty reduction. We will report on findings in 2004. Our partnership work on environmental issues is summarised in our Environmental Report, published alongside this Review.

Listening to investors

We have a continuing dialogue with socially responsible investment (SRI) analysts, who use a variety of methods to assess our environmental, social and financial performance. In developing our worldwide key performance monitoring, we are seeking a balance between broad global data on externally set common indicators and the need to focus in depth on material issues of direct relevance to Unilever and our industry sectors (see box).

Listening to consumers

Consumers are at the heart of our business: listening to their views is the key to our success. We are engaged in an ongoing conversation with consumers all over the world, to understand their diverse tastes and needs. For example, all new Unilever business leadership trainee recruits in India spend six weeks living in a village interacting directly with rural consumers to develop a sound understanding of their needs.



Listening to employees

Following a pilot employee survey in 2002, we plan to take the survey worldwide in 2004. All employees can contribute to our improvement process and this tool will give them a clear voice on issues such as leadership and opportunities for personal development.

Listening to international organisations

Unilever is a founder signatory of the UN Global Compact, a multi-sector forum which brings together business, international and civil society organisations to address issues of sustainable development and poverty alleviation. We are committed to living out the Compact's nine founding Principles (covering the three areas of human rights, labour and the environment) in our everyday business operations, and furthering the Compact's objectives by participating actively in its programmes.



We engage with the Global Compact directly in policy dialogues, in particular those on Sustainable Development and Development of Small and Medium-Sized Enterprises. We contribute to Compact learning forums, engage in UN partnership initiatives, and encourage advocacy through our senior executives' speeches and Unilever publications and website. Several of our local businesses are also members of the Compact's local networks. Examples of the projects and case studies we have submitted to the Compact are available at www.unglobalcompact.org.

Unilever supports and learns from many of the organisations that promote corporate social responsibility and encourage multi-sector co-operation and partnership. Internationally, we are members of Business for Social Responsibility in the USA, CSR Europe and the International Business Leaders Forum. Our local companies are also active, for example as founder members of the Brazil-based Instituto Ethos and through Philippine Business for Social Progress.

Recognising responsible business practice

We are included in two international stock market indexes, the Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good Index Series. In 2003, for the fifth year running, we led the food industry category of the DJSI. An analyst at Dow Jones commented: "The successful execution of its sustainability strategy positions Unilever among the leaders of its industry. This is supported by Unilever's high level of engagement across all three corporate sustainability dimensions – economic, environmental and social."

Unilever was ranked third out of the top 100 'companies that count' for corporate responsibility in the second CR Index, published early in 2004 in the UK by Business in the Community (BITC), an independent business-led organisation.

Unilever also led the food producers and processors sector of the Business in the Environment Index – BITC's annual survey of corporate environmental engagement – and was placed in the Premier League of companies with an overall score greater than 95%.



Perspectives on progress

Meeting everyday needs

Unilever products are sold in 150 different countries. To succeed, we must listen to consumers and tailor our products to suit different markets, tastes, habits and pockets. Respecting these differences, not imposing a single global viewpoint, is at the core of our business approach.

People the world over aspire to improve the quality of their lives and gain access to basic consumer goods. By 2006, purchasing power in developing and emerging economies is expected to exceed that of the developed world. We believe that central to our continued success in these growing markets are our longstanding local presence and in-depth understanding of consumers' needs, our extensive local distribution networks and above all our investment in people – 90% of management, for example, is locally recruited.

Responding to local needs

Our purpose in Unilever is to meet the everyday needs of people everywhere. We invest in consumer research in all the countries where we operate, to understand better those needs. As part of our 'Path to Growth' business strategy, we are reducing the number of our brands, down from more than 1,600 to 400 by the end of 2004. By concentrating on strong brands, we are able to focus resources and fund competitive levels of innovation. This

smaller portfolio comprises both brands with global scope or potential and 'local jewels' that are strong in a particular country or region.

Strong brands build greater trust with the consumer. The brand is the guarantee of consistent quality, ensuring the product will always meet consumer expectations. Brands are as important for people on limited incomes who cannot afford to risk money on unreliable products as they are for discerning, affluent consumers.

As consumer tastes and needs vary greatly, products within some international brands are tailored to meet local preferences. For example in Brazil, sales of *Sunsilk* more than doubled following the introduction of new products responding to differing hair types in the region. In other cases, where there are distinctive local needs, we have developed and maintain strong local brands – our local jewels. One example is *Joko* tea in South Africa, which meets consumers' specific demands for a strong black tea and is the market leader in its sector.

In a growing number of cases, we are able to deliver additional social benefits by reformulating products. For example, we have enriched products with minerals and vitamins to contribute to preventative healthcare efforts and combat deficiencies in local diets. Working closely with UNICEF, Unilever in Ghana has launched a brand of salt fortified with iodine called *Annapurna*. Following its success in tackling iodine deficiency in Ghana, in 2003 we introduced it in Nigeria, Africa's largest salt market. In Asia, we reduced the lather of *Surf* washing powder, saving

consumers time and effort, and reducing the amount of water needed for rinsing. In several markets, we offer products in small, affordable sachets, so lower-income consumers can purchase quality shampoo, for example, or foodstuffs. In Ghana, *Annapurna* salt is made available in 200g sachets to place it within the price reach of some of the country's poorest families.

We recognise that the issue of consumer packaging is a complex one, sometimes requiring us to balance the need to ensure product safety (for example through tamper-proof fittings) or affordability (through small portion size), with social and environmental concerns. Unilever's approach to these challenges is to invest in scientific research and innovation, while working closely with stakeholders in local markets, including consumers, governments and other agencies to minimise negative impacts.

Consumer understanding

In seeking to meet and anticipate consumers' needs, our consumer science team uses sensory and behavioural research techniques in testing new products and in understanding how our products can improve people's quality of life.

An example of our sensory research is our work to translate the ordinary words our consumers use to describe foods – such as smooth, refreshing and thick – into a common technical language that our product developers can use to improve our products. Using this technique, our researchers identified the type of pea preferred by consumers in the UK. Our *Birds Eye* brands were adapted to use the pea varieties which reflect this subtle consumer preference.

On behavioural research, an example is our support for studies over several years by the University of Wales, UK, into methods of helping children to enjoy fruit and vegetables. This led to the 'Food Dude Healthy Eating Programme' – a partnership initiative to improve the diets of British children.

See www.fooddudes.co.uk.

New *Annapurna Krrunchy* biscuits are fortified with vitamin A and zinc to boost children's immune systems. Unilever developed these in Ghana with a third party manufacturer in order to keep costs down and to make an affordable product to appeal to low-income consumers.



Focus on food

International attention is increasingly focusing on food as a health issue. As one of the world's leading food companies, we recognise our responsibilities to join with others in addressing these concerns.

The World Health Organisation has warned that obesity "has reached epidemic proportions globally" with more than one billion adults overweight. National obesity rates vary considerably, not always linked to wealth: from below 5% in China, Japan and some African countries, to more than 75% in urban Samoa. However, even in low prevalence countries like China, rates in some cities are now almost 20%.

Unilever is committed to market tasty foods that help consumers everywhere achieve nutritional balance. We understand that for some the pressures of modern lifestyles make it difficult for families to eat a healthy balanced diet. This can contribute to weight problems and disease. However for others, especially those with low incomes, the issue is the availability of safe, nutritious food at affordable prices.

Sustainable sourcing

Raw materials and ingredients are also an important focus of attention. Unilever has a tradition of leadership in developing responsible sourcing of the materials on which our business depends. We have taken initiatives for developing sustainable fishing practices through the Marine Stewardship Council and agriculture through the Sustainable Agriculture Initiative Platform. We focus on those areas where we can make a measurable contribution, for example in our agricultural programme we have agreed ten key sustainability indicators. In addition to environmental measures,

these include two social considerations: the participation of people and communities, and impacts on the local economy. Details of our sustainability programmes are set out in our Environmental Report.

Consistent global approach

We market and sell many brands that have long assisted consumers in maintaining a healthy diet. For example, *Iglo*, *Birds Eye* and *Findus* frozen foods provide vitamins from fresh vegetables all year round. The *Bertolli* range promotes a healthy Mediterranean diet, and *Hellmann's* yoghurt-based mayonnaise offers a tasty low-fat dressing. *Flora/BeceI pro-activ* products contain plant sterols that reduce harmful cholesterol. *Slim-Fast* offers a nutritionally balanced way to manage weight while *Lipton* provides healthy, refreshing beverages based on the natural vitality of tea. We also offer many alternatives such as low-fat, low-sugar and low-carbohydrate products.

Some of our other brands, such as *Magnum* ice creams, are designed to be treats for moments of indulgence and enjoyment – which we recognise as part of a healthy, balanced diet that people enjoy. At the same time, we recognise our own responsibilities for effective labelling and information about the nutritional content of our products, to enable consumers to make informed choices about what they eat.

Underpinning this approach are product development capabilities and strong science that increasingly enable us to offer healthier choices without compromising taste, enjoyment and convenience. The nutrition science expertise of the Unilever Health Institute (see box) and our global network of nutritionists provide the evidence and support for the health benefits and nutritional value of our products. We seek to work with healthcare professionals, government agencies and other partners to develop a joint understanding and agree common approaches in nutrition and health programmes. Each of our businesses applies this approach in ways that are relevant for their local markets.



Local application

In keeping with our commitment to meet everyday needs everywhere, we continuously reformulate products to enhance their nutritional quality. We see this as a growth opportunity in future. For example, in China, we have launched *Knorr* soya sauce fortified with iron and in Kenya we are introducing a wholemeal maize flour fortified with iron and vitamins.

A fresh brew

Unilever Vietnam has developed a new toothpaste after carefully researching local consumer preferences. *P/S Green Tea* is based on Vietnamese consumers' love of green tea. According to oriental medicine, it is believed that green tea helps relieve oral inflammation caused by 'inner heat' or an imbalance of yin and yang. Green tea extract contains high levels of fluoride and polyphenols, ingredients known to strengthen teeth, prevent tooth decay and stop bad breath.



Working in partnership

We continue to research science-based innovations, seeking to increase and preserve the benefits of natural ingredients, to reduce salt, trans fats, saturated fats and sugar, and to enrich products with vitamins and minerals. In the UK, Unilever Bestfoods is working in partnership with other food manufacturers to reduce the salt content of soups and meal sauces. In 2003 the consortium achieved a 10% reduction, without compromising consumers' enjoyment, and further changes are planned.

Recognising the importance of physical activity for health, we encourage active lifestyles. For example, *Flora* supports the London marathon and through a new



global partnership with the World Heart Federation, *Flora/BeceI* is helping to promote a heart-healthy diet and lifestyle.

Responsible marketing

Our focus on informed consumer choice also includes a responsible approach to marketing our products and communicating with consumers. In 2003 we developed formal food and beverage marketing principles to codify and make explicit our established policies.

Working from the basic premise that all food and beverage marketing materials must be truthful and not misleading, the principles for food and beverages make clear that any nutrition and health claims should not only have a sound, scientific basis, but also that food should be portrayed in the context of a balanced diet. Additional principles cover advertising to children, for example not to mislead about potential benefits from consumption of the product, such as status or popularity with peers, sports success and intelligence.



Innovation and creativity in advertising by their very nature test the boundaries of expectations and sometimes cause concern. In 2003, for example, our *Magnum* ice-cream range launched a marketing campaign promoting seven new flavours, each linked to one of the 'seven deadly sins'. Although the campaign did not breach any advertising standards, we recognised concerns expressed by some church groups in certain countries. We learnt that while the campaign appealed to many as light-hearted, it was less welcome to others in different parts of society around the world.



Sound science underpins our products

The Unilever Health Institute (UHI) is our international knowledge and research centre for nutrition, health and vitality. The Institute provides a strong research and development capability, which allows us to improve our products and their nutrition messages on the basis of the latest scientific insights. We also share this expertise, both with our own employees in the UHI Nutrition & Health Academy and with external scientists, healthcare professionals, the media and consumers. Regional UHI centres in Africa, Asia and Latin America support local insight and innovation in developing and emerging markets.

At the fourth annual UHI symposium, held in April 2003, Unilever scientists and marketers met psychologists, educators, medical and consumer experts from all over the world. The objective was to identify the major scientific trends that could influence food and beverage products to contribute to wellbeing and mental and physical performance.

In 2004 the UHI symposium will be on 'The healthy choice, an easy choice: from nutrition science to consumer action'.

Differences in social norms and expectations underline how difficult it is to adopt universal rules on advertising. Unilever is committed to the development of self-regulatory codes of best practice in advertising, which should be clearly enforced. We encourage co-operation between industry and national advertising bodies to ensure this approach succeeds and evolves sensitively over time.

Focus on health and hygiene

When one of Unilever's founders, William Lever, started selling *Sunlight* branded soap 120 years ago, he didn't just found a successful business, he also helped improve the health and life chances of ordinary people in nineteenth-century Britain.

Simple hygiene practices such as washing hands with soap can significantly cut the incidence of diarrhoea – one of the major causes of death in the developing world. The effective communication of this message will be an important part of achieving three of the United Nations' Millennium Development Goals (reducing infant mortality, improving maternal health and combating major diseases). It is also a message that Unilever has been communicating since it first began manufacturing soap.

Health and development professionals increasingly recognise that providing sanitation and clean water alone is not enough: individuals need to understand the importance of changing their own hygiene practices. As a company in close touch with consumers' habits, preferences and attitudes, we recognise our role in helping to deliver such health messages to communities in ways that are easy to understand (see box Clean hands save lives).

In the developed world, in contrast, the ready availability of vaccinations and antibiotics, together with longstanding sanitation, means that the risks of infectious diseases are lower than in the developing world. However, risks do remain, as can be seen from increased gut infections arising in the home environment. Such infection risks are heightened by the trend for more people, particularly the elderly and very young, to be cared for in the home.

Across the world, Unilever markets a wide range of products that play a role in improving personal and home hygiene – primary barriers against infection and disease. These include soaps such as *Lifebuoy*, laundry products like *Omo*, household cleaners such as *Cif* and disinfectant cleaners like *Domestos* (see box *Domestos* brings hygiene to life for Polish children). Our advertisements, help-lines, education programmes and hygiene messages all help to alert consumers to the risks and how to tackle them.

Unilever works in partnership with the public and academic sectors at the cutting edge of hygiene science, through initiatives such as the International Scientific Forum on Home Hygiene (see box Promoting effective hygiene practice). Bringing the many different agencies together helps to build understanding of the complexities of the issues involved in improving hygiene for all.

Domestos brings hygiene to life for Polish children

In Poland, *Domestos* has brought a national health education campaign on hygiene in the home to 200,000 six-year old school children each year since 2001.

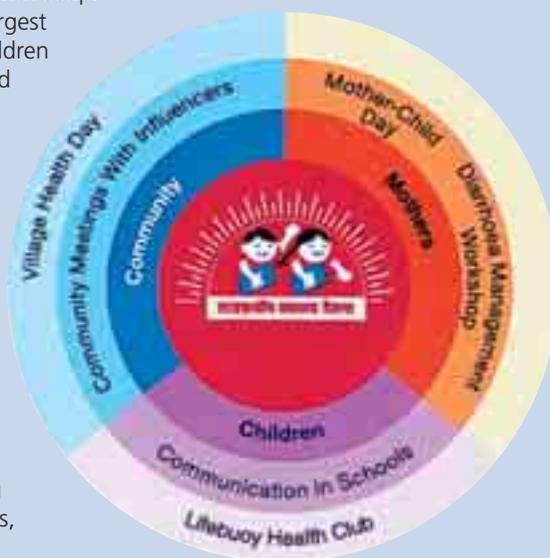
Developed in partnership with the Ministry of Education, the programme educates children about how to avoid the dangers of invisible bacteria and viruses. Tools include a website, exercise books, videos and stickers for pupils, handbooks for teachers and leaflets for parents. These are backed up by TV and press advertising and posters in major cities, as well as public information in children's play areas and health advisory centres.



Clean hands save lives

Unilever's *Lifebuoy* Swasthya Chetna is the single largest rural health and hygiene educational programme ever undertaken in India. The *Lifebuoy* brand has set a bold objective to help educate one billion Indians over five years about basic hygiene habits, including washing hands with soap. Diarrhoea is the second largest cause of death among children under five in India: a World Bank study shows that using soap for hand-washing can reduce incidence of diarrhoea by nearly half (48%).

The programme involves health educators working with young mothers, school students, teachers, government agencies and community leaders to spread the message, using games, story boards, songs, drama and a special



'Glow-germ' demonstrator to reveal hidden germs. In 2003, the programme covered about 15,000 villages in eight states of India and touched about 70 million people. Unilever's annual investment is over €750,000.



Promoting effective hygiene practice

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

IFH has developed a risk-based approach to home hygiene – 'targeted hygiene' – not creating a germ-free home, but getting rid of germs in the places and at the times that matter. During 2003, the IFH developed a training resource for professional carers on preventing infection in the home, working with the Infection Control Nurses Association.

See www.ifh-homehygiene.org.

Gaining confidence in chemicals

In Europe, concerns have been raised about the safety of the increasingly complex chemicals being included in some products. Unilever is committed to strengthening consumer confidence in how human health and the environment are protected. We are playing an active part in discussions with institutions and key stakeholders about a new European Chemicals Policy, the REACH system, which would change the way chemicals are controlled and tested.

People trust our brands to use every day in their homes to safeguard their health and their children's health too. We apply rigorous safety standards and strongly believe in providing consumers with risk information in an honest and clear way. In addition to displaying essential safety information on pack labels, more information is available via our consumer care-lines.

We go a step further to ensure transparency and consistency by working with industry partners through the Human and Environmental Risk Assessment initiative, a voluntary industry programme to carry out risk assessments on ingredients of household cleaning products.

Our comments on REACH to the European Commission concentrated on making the draft policy workable and on strengthening consumer confidence, not only through on-pack labelling but through a range of additional information routes.

Global business, local benefits

Developing and emerging markets account for around one third of our total sales, and more than two thirds of our employees are outside Europe and North America.

As the world economy continues to integrate, we understand that real fears arise about local impacts. In Unilever we believe that companies, doing business in a responsible and sustainable way, can help to raise the quality of life and standards of living in some of the poorest parts of the world. This is especially so where business works in partnership with governments, international agencies and others to tackle the wider social, economic and environmental challenges that arise.

Unilever's operations create wealth and generate employment for local people. They bring the strengths of an international business to benefit local economies. Local employees are trained in advanced performance management systems, have access to world-class technology and gain experience in leading-edge consumer research and retailing strategies.

Wherever they are in the world, Unilever operations work to maintain our high standards of responsible corporate behaviour. As a minimum, our businesses are required to meet all local legislation. In addition, our individual business

functions, from health and safety to employee development, work towards continuous performance improvement, and share best practice across regions.

Growing local markets

Beyond our own operations, we also invest in sourcing and distribution chains and so support the development of small and medium-sized enterprises (SMEs) and local business infrastructures. Involvement in our supply and distribution can offer people a first step on the ladder of economic opportunity.

Unilever Vietnam, for example, has consciously sought to develop a range of sourcing and distribution partnerships with local companies that require the transfer of technology capabilities. These partnerships now support 5,500 jobs, in addition to the company's 2,000 direct employees in Vietnam.

In India the lives of more than 2,800 women have been changed through their involvement with our company Hindustan Lever and Project Shakti, a rural distribution project.

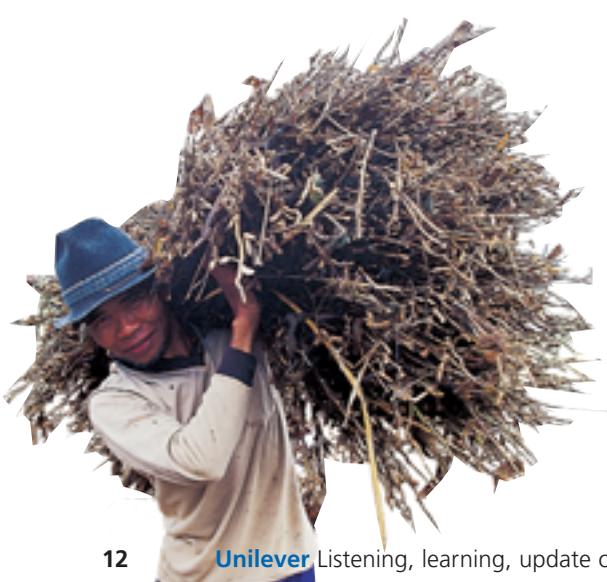
Working through women's self-help groups set up by NGOs and the government, Hindustan Lever offers rural women free business training, enabling them to become small-scale entrepreneurs. They can then choose, if they wish, to become sellers of Unilever products. This can generate a steady income of around €18 per month, nearly double their usual household income, boosting the woman's status and dignity, as well as her family's wealth.



Project Shakti helps women in rural villages to develop business skills such as book keeping and stock management, enabling them to become small-scale entrepreneurs and to increase their family income.

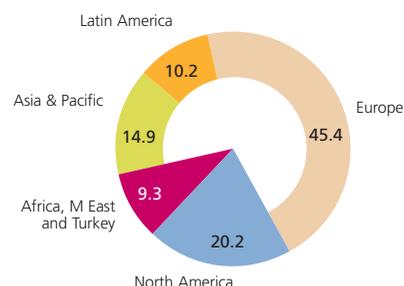
Project Shakti creates a new and effective sales and distribution mechanism for our products. The women learn about the use of soap and detergents in home and personal hygiene, information they then pass on to others, improving the overall standard of living in the 12,000 villages now reached by the project.

In 2003 we initiated i-Shakti, a pilot extension of the scheme to educate women entrepreneurs in using IT systems. We offer the spare capacity on this system to partners from both the public and private sectors, to enable them to communicate with rural communities in the pilot district of Nalgonda in Andhra Pradesh.



As part of its focus on developing SMEs, in 2003 Unilever Indonesia's Foundation worked jointly with the local university to provide financial, technical and training support to over 300 farmers of black soya beans. Guaranteed markets and prices secured farmers' incomes; some harvests increased by nearly a third; and Unilever Indonesia secured supplies of beans for its *Kecap Bango* soy sauce.

Capital investment by geographical region 2003
% of total €1,038 million



Progress report and looking forward

This Summary Social Review provides an update on the progress we made in 2003 to achieve the commitments made in our previous Social Review.

| Commitment in 2002 Social Review | Planned achievement | Progress in 2003 |
|--|---------------------|---|
| Consolidate learning from self-assessment to select indicators for future reporting | 2004 | Work on corporate-wide indicators under development for trialling during 2004 |
| Issue CSR roadmap of good practice, drawing on internal and external expertise | 2003 | Partial, to be completed in 2004 |
| Expand local reporting and support local managers to include self-assessment indicators in reports | 2003 and 2004 | Achieved – continuing to share learning and best practice |
| Issue guidance for managers on standards for contracted suppliers | 2003 | Supplier code completed. Roll-out programme to first-tier suppliers 2004/5 |
| Increase transparency of performance information on www.unilever.com | 2004 | Ongoing. Increasing amount of information available on website |
| Increase participation in social partnerships through the Global Compact and directly | 2004 | Ongoing – see page 6 |
| Engage with stakeholders to share and keep abreast of best practice in CSR | Ongoing | Ongoing – see page 6 |

Looking forward

In 2003 we continued to work on improving our social responsibility performance, and on providing more information about our business impacts. We recognise that this is an ongoing journey, where we do not always have the answers. We are committed to learning and to managing social responsibility as professionally as any other area of our business.

During 2004 we are working to implement group-wide key performance indicators on social responsibility, which will feed into a group-wide social review in 2005. In areas as broad as health, safety and diversity we continue to set new targets to raise our performance. While this makes sense in terms of operational improvements, it does make the definitions of performance indicators more difficult, particularly when comparing them to external measures. In the meantime, Unilever companies continue to increase local reporting on CSR performance.

Also in 2004 we aim to complete our CSR roadmap for local managers,

a longstanding goal to maximise effectiveness that is being integrated into our broader corporate strategy. We are working with our first-tier suppliers to achieve greater transparency on social and environmental standards.

We plan to increase our participation in social partnerships, including local partnerships and through the Global Compact framework. We will continue to listen to and learn from our stakeholders, and plan to develop and expand our reporting on our website in order to keep these audiences informed of progress.

Tell us what you think

We remain committed to sharing our experiences, to listening to the response from all those with an interest in our activities, and to making further progress. Please tell us what you think. We can be reached via Contact Us at the Environment & Society section of www.unilever.com, where you will also find more information about our brands and activities around the world. Alternatively send your comments direct to society.info@unilever.com.

External assessment

The Corporate Citizenship Company acts as a specialist adviser to international corporations that seek to improve their economic, social and environmental impacts. We have advised Unilever since 1999 on the development of its CSR strategies.

This Summary Social Review provides a limited update on progress since the last report in 2002, with latest performance data and an insight into how Unilever's worldwide assessment of social impacts is developing. It offers a perspective on some current issues of interest to key audiences and acts as a signpost to further information and case studies on the corporate website.

We have checked that the contents of this Summary Social Review are consistent with data supplied by operating companies or derived from audited financial systems. We have assessed the correctness of data trends and received satisfactory explanations where necessary. We have not verified otherwise unaudited data.

Looking forward, Unilever is committed to publishing a further social review in 2005. For a business that operates in around 100 countries, there are practical limits on the subjects and level of detail that can be reported, with a range of stakeholders to consider, local and international, governmental as well as voluntary. In our view, some trade-off between breadth and depth is inevitable. Future reports should show how the company has responded to key stakeholders' views on questions of materiality and completeness. Ultimately, social reporting can only be effective and sustained if it assists internal management as well as improves external accountability.

The Corporate Citizenship Company
www.corporate-citizenship.co.uk
 London, April 2004

Online links and publications



unilever.com

www.unilever.com/environment/society/socialreporting for case studies and further information on our approach to corporate social responsibility

www.unilever.com/environment/society for details of our environmental management and sustainability initiatives in fisheries, water and agriculture



Listening, learning, update on progress

Environmental report (2003)



Meeting everyday needs of people everywhere

Unilever's Annual Review and Summary Financial Statement (2003)



Global challenges: local actions

An Overview of Unilever's Approach to Environmental & Social Responsibility (2003)



Listening, learning, making progress

Social Review of 2001 data (2002)

All our publications are available online

Writing: The Corporate Citizenship Company
Design: Red Letter Design
Print: Scanplus
Paper: Black Label Satin

Unilever N.V.
Weena 455, PO Box 760
3000 DK Rotterdam
The Netherlands
T +31 (0)10 217 4000
F +31 (0)10 217 4798

Unilever PLC
PO Box 68, Unilever House
Blackfriars, London EC4P 4BQ
United Kingdom
T +44 (0)20 7822 5252
F +44 (0)20 7822 5951

Unilever PLC registered office
Unilever PLC
Port Sunlight
Merseyside CH62 4ZD
United Kingdom

www.unilever.com

