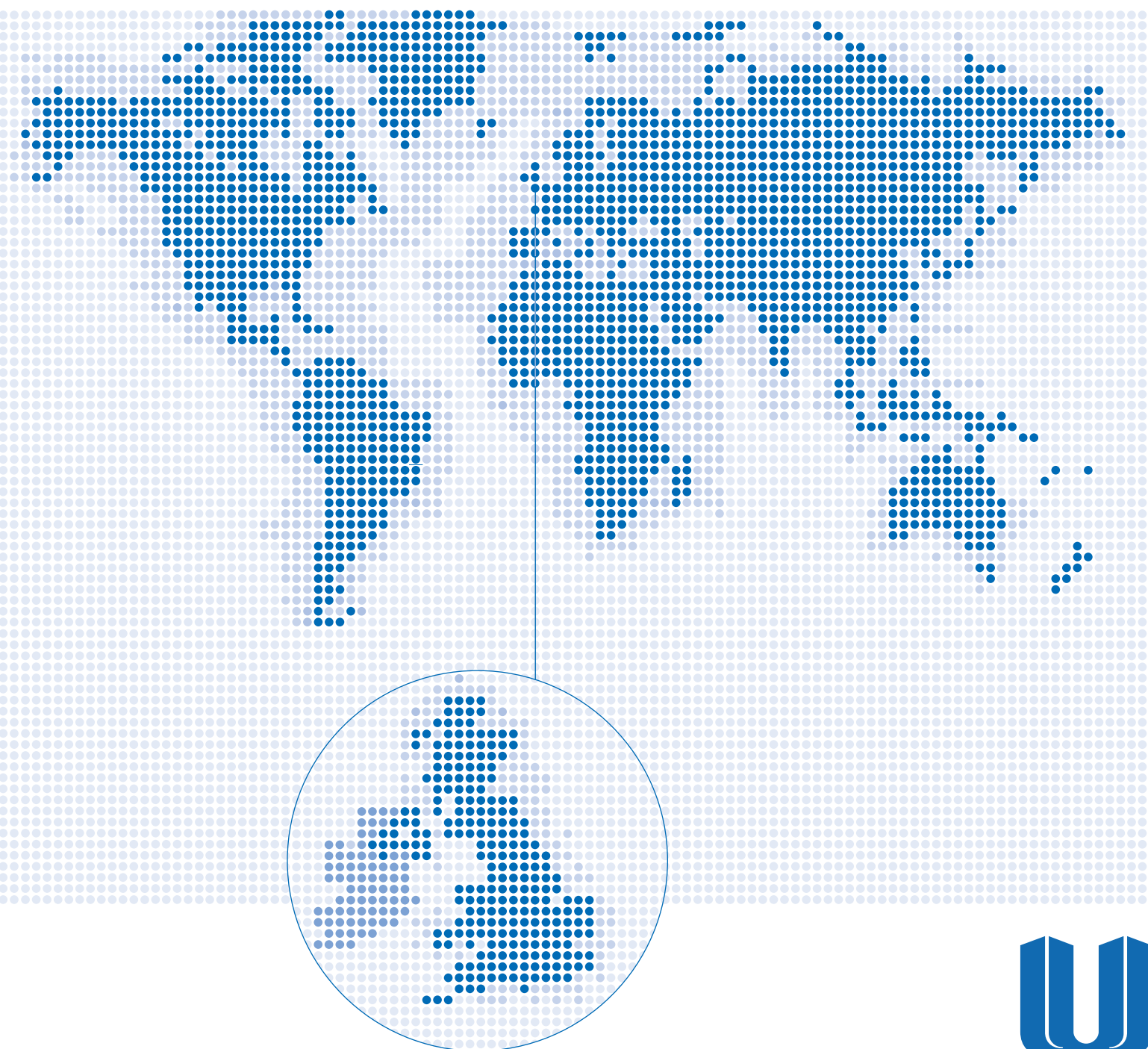
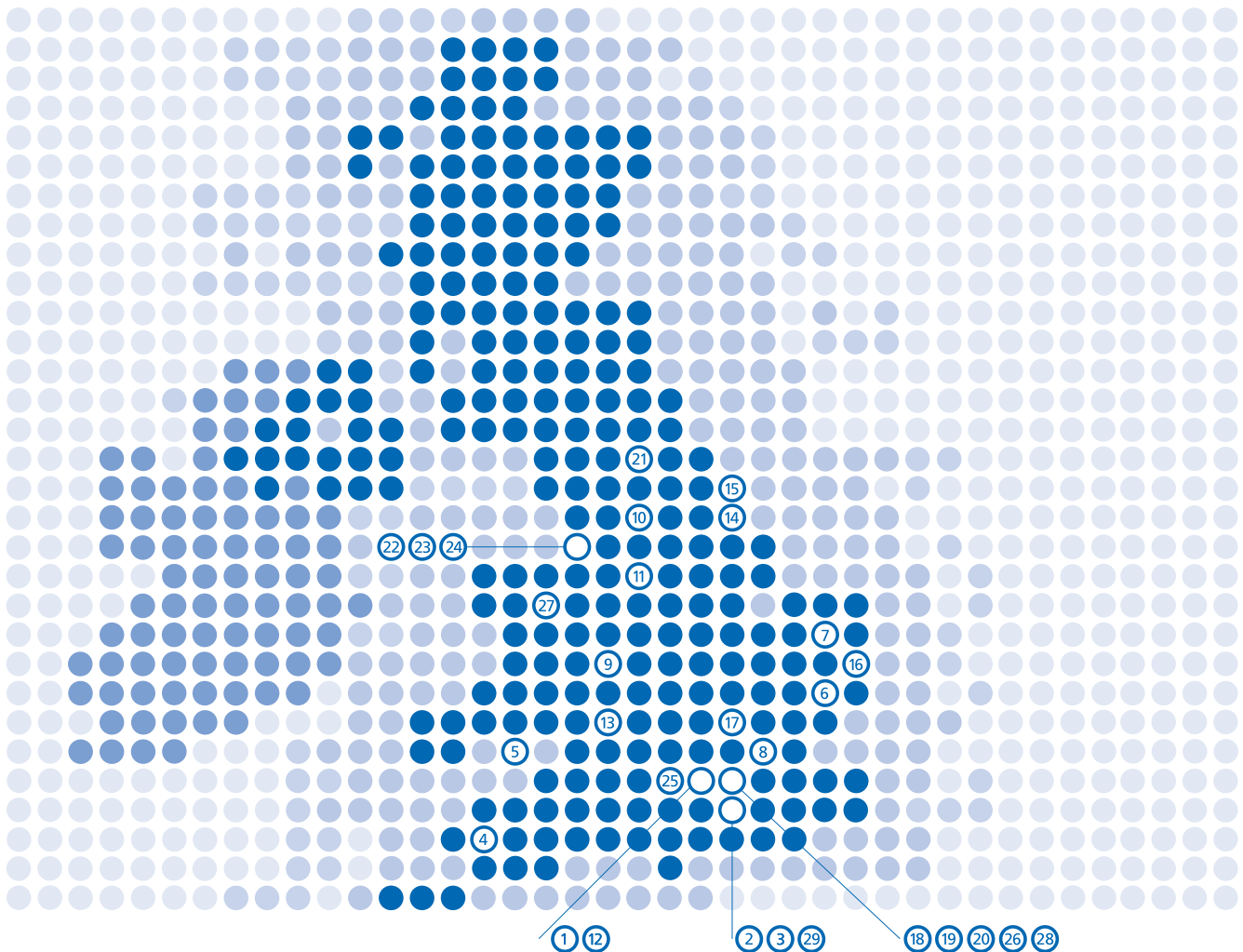


# The Unilever UK Sustainability Report 2002/03

Producers, brands and consumers



# Unilever UK operations



**1. Unilever UK Head Office**  
Walton Court  
Station Avenue  
Walton-on-Thames  
Surrey KT12 1NT

**2. Ben & Jerry's Head Office**  
10 Charter Place  
High Street, Egham  
Surrey TW20 9EA

**3. Unilever Bestfoods UK Head Office**  
Brooke House  
Manor Road, Crawley  
West Sussex RH10 9RQ

**4. Unilever Bestfoods**  
Ambrosia Creamery  
Lifton, Devon PL16 0BB

**5. Unilever Bestfoods**  
Croespenmaen Industrial  
Estate, Crumlin  
Gwent NP11 3AG

**6. Unilever Bestfoods**  
High Street, Needham  
Market, Ipswich  
Suffolk IP6 8AP

**7. Unilever Bestfoods**  
Colman's Carrow  
Norwich  
Norfolk NR21 2DD

**8. Unilever Bestfoods**  
London Road, Purfleet  
Essex RM19 1SD

**9. Unilever Bestfoods**  
Unit 7, Enfield Industrial  
Estate, Redditch  
Worcestershire  
B97 6BG

**10. Unilever Bestfoods**  
Trafford Park Road  
Trafford Park  
Manchester M17 1NH

**11. Unilever Bestfoods**  
Wellington Road  
Burton-on-Trent  
Staffordshire DE14 2AB

**12. Unilever Ice Cream and Frozen Food Head Office**  
Walton Court  
Station Avenue  
Walton-on-Thames  
Surrey KT12 1NT

**13. Unilever Ice Cream and Frozen Food**  
Corinium Avenue  
Barnwood  
Gloucester GL4 3BW

**14. Unilever Ice Cream and Frozen Food**  
Ladysmith Road  
Grimsby  
North East Lincolnshire  
DN32 9SF

**15. Unilever Ice Cream and Frozen Food**  
Hessle High Road  
Hull, East Yorkshire  
HU4 6SH

**16. Unilever Ice Cream and Frozen Food**  
Martin's Score, Lowestoft  
Suffolk NR32 1JG

**17. Unilever R&D Colworth**  
Colworth House  
Sharnbrook, Bedford  
MK44 1LQ

**18. Unilever Corporate Centre**  
Unilever House  
Blackfriars  
London EC4P 4BQ

**19. Four Acres International Training Centre**  
George Road  
Kingston-upon-Thames  
Surrey KT2 7PD

**20. Lever Fabergé Head Office**  
3 St James's Road  
Kingston-upon-Thames  
Surrey KT1 2BA

**21. Lever Fabergé**  
Coal Road, Seacroft  
Leeds LS14 2AR

**22. Lever Fabergé**  
P.O. Box 69  
Port Sunlight  
Wirral CH62 4ZD

**23. Lever Fabergé**  
P.O. Box 105  
2 Liverpool Road  
Warrington  
Cheshire WA5 1AA

**24. Unilever R&D Port Sunlight**  
Quarry Road East  
Bebington  
Wirral CH63 3JW

**25. Slim.Fast Foods Limited Head Office**  
Riding Court, Riding  
Court Road, Datchet  
Berkshire SL3 9JT

**26. Unilever Cosmetics International Head Office**  
2 Kensington Square  
London W8 5EW

**27. Unilever Global Infrastructure Organisation European Services**  
Unity House  
St David's Park  
Ewloe  
Deeside CH5 3XT

**28. Lipton Soft Drinks Head Office**  
Lennig House  
Masons Avenue  
Croydon CR0 9XS

**29. Lipton Tea Supply**  
Brooke House  
Manor Road, Crawley  
West Sussex RH10 9SD

# Introduction

## Welcome to the first sustainability report from Unilever in the UK.



There is an increasing acceptance of the importance of sustainability as a tool for measuring the long-term success of business and its impacts on society and the environment. I welcome this trend as one of the most far-reaching developments in corporate thinking that I have known. Sustainability makes social and environmental impact and economic success part of a wider whole – bringing together key business issues which have hitherto been treated separately. This report is a first step in creating that framework for Unilever in the UK.

Our starting point is simple but clear. We believe that our future success over the long term depends on how we integrate our commitment to sustainability into our core business activities.

Our stakeholders are numerous and we have tried to report on issues which matter to them. But there is one group on whom we ultimately rely – consumers. Satisfying consumer needs remains the basis of our business, and is the only way of ensuring that we satisfy all other stakeholders, be they shareholders or employees. You will find plenty of information in this report on our approach to key consumer issues.

The report is not an end in itself: the road to sustainable development is long and challenging. In future reports we will be able to expand on the data presented here and provide further information on our commitments for further progress. The most important function of this report is to stimulate and develop dialogue with stakeholders, enabling us to take their views into account as we strive to become more sustainable and more accountable for our actions. Our contact details are set out at the back of this report, and we look forward to hearing from you.

A handwritten signature in dark ink, appearing to read 'Richard Greenhalgh'.

**Richard Greenhalgh**  
Chairman, Unilever UK

# Unilever UK and Sustainability

## Introduction to Unilever UK

Unilever UK sits within the Unilever Group, one of the world's leading food and home and personal care companies. 150 million consumers each day use Unilever products, and we are the largest producers of such everyday items as skin cleansers, packet tea, ice cream and deodorants.

We are a fast moving consumer goods business. Our success relies upon supplying people with everyday goods for their everyday needs. We go to great lengths to ensure that we continue to deliver to people's needs but also that we maintain and build on the trust between our business and our customers.

Unilever UK has six operating companies and two corporate research laboratories which are grouped into the Foods and Home and Personal Care (HPC) divisions.

## FOODS

### Unilever Ice Cream and Frozen Food

Unilever Ice Cream and Frozen Food is the UK market leader in both frozen food and ice cream with a market by value of more than 16%. The Birds Eye range of frozen foods is now the largest brand in the UK's grocery stores. Wall's has been the UK's leading ice cream company for over 75 years, and in 1999 its products represented 19 out of the top 20 best sellers in the market for what is called 'impulse ice cream' – the bars, lollies and cones bought for immediate consumption.

### Unilever Bestfoods UK

In January 2001 our new food business, Unilever Bestfoods UK, was formed through the merger of Van den Bergh Foods and Bestfoods UK. This made Unilever Bestfoods UK one of the largest food businesses in the country. The business manufactures some of the UK's best-known brands, including Knorr, PG Tips, Marmite, Flora and Hellmann's.

### Ben & Jerry's

The most recent addition to Unilever's ice cream portfolio, Ben & Jerry's provides a comprehensive collection of imaginatively flavoured – and wittily named – chunky ice creams.

### Slim.Fast

Slim.Fast is a meal replacement for weight control. Slim.Fast products are the only weight management products available that have received legal and scientific endorsement at European level due to its nutritionally-balanced products. In addition to the legal endorsement, Slim.Fast has an outstanding track record of clinical research.

### Unilever Research and Development Colworth

Unilever Colworth is one of the largest food research and development centres in the world. This work is underpinned by strong science bases in the areas of plant science, genomics, consumer and biopolymer science. Colworth also plays a major role ensuring the safety of all Unilever ingredients and products – and is the principal location for Unilever's Safety and Environmental Assurance Centre, which has particular risk assessment expertise in toxicology and microbiology.

## HOME AND PERSONAL CARE

### Lever Fabergé

Lever Fabergé products can be found in nine out of ten homes across the UK – from Persil, Domestos, Surf and Cif to Lynx, Impulse, Dove and Vaseline. Within the £1.1bn clothes care market Lever Fabergé manufactures the number one laundry detergent, Persil, and the number one fabric conditioner, Comfort.

### Unilever Cosmetics International

Unilever UK's designer fragrances reflect the expertise and brand values of some of the world's leading fashion designers, including Valentino, Nino Cerruti, and Karl Lagerfeld.

### Unilever Research Port Sunlight

Unilever's Port Sunlight research and development centre on Wirral, Merseyside, drives the innovation of the company's Home and Personal Care range of hair, deodorants, oral, household and laundry global brands. Port Sunlight's work has a worldwide focus, and is at the leading edge of developments in its chosen areas. Its continuing success is aided by the centre's close co-operation with world centres of expertise – involving some 300 external research projects linked to international universities, institutions and consultants.



## WHY SUSTAINABILITY MATTERS TO UNILEVER UK

### Unilever's corporate purpose

Our purpose in Unilever is to meet the everyday needs of people everywhere – to anticipate the aspirations of our consumers and customers and to respond creatively and competitively with branded products and services which raise their quality of life.

At the heart of the corporate purpose, which guides us in our approach to doing business, is the drive to serve consumers in a unique and effective way.

We recognise that the only way in which our business can continue to fulfil its purpose is through a commitment to sustainable development. A business like ours relies on the long-term supply of many basic commodities – agricultural products, fish, water supplies and so on – and the ability to recruit and retain well-educated people in stable, prosperous societies. It is therefore in our interest to act sustainably and we are committed to continuing to build on our existing sustainability record across all aspects of our UK business.

We bring our wealth of knowledge and international expertise to the service of local consumers. That is why we describe ourselves as a multi-local, multinational: without understanding the needs of customers on a market-by-market basis we would not have a successful business, but we can meet those needs by achieving economies of scale and developing brands with more than local appeal.

Our long-term success requires a total commitment to exceptional standards of performance and productivity, to working together effectively and a willingness to embrace new ideas and learn continuously.

We believe that to succeed requires the highest standards of corporate behaviour towards our employees, consumers and the societies and world in which we live. This is Unilever's road to sustainable, profitable growth for our business and long-term value creation for our shareholders and employees.

### Developing a sustainable approach

Unilever UK is developing a strong track record in engaging with sustainability issues across its businesses. However as the importance of a sustainable approach grows we recognise the need to make sustainability part of our core management and governance structures, including performance indicators, and in all functions of our business, including supply-chain, manufacturing, marketing, advertising, and sales. We believe that our stakeholders are more interested in consistent performance than on isolated examples of good practice. This report gives them outline information on our policies and performance. We intend to gather additional data and report on these in due course.

### Governance

Individual UK operating companies have responsibility for managing sustainable development in their businesses. Their activities are co-ordinated by the head of CSR (Corporate Social Responsibility) in our UK head office, who is accountable to the chairmen of our UK businesses.

We intend to strengthen the arrangements for corporate governance in this area over the next year.

# Code of business principles



Unilever employees gather outside Unilever Research and Development at Port Sunlight.

## Communicating our values

Unilever UK is bound by our Group Code of Business Principles which sets out the ethical standards to which all Unilever businesses and employees are required to adhere.

In 2002, we measured awareness of our Code of Business Principles among our employees around the world. The findings showed us that while employees were aware of the Code of Business Principles, not enough was being done systematically to ensure that all employees understood what the Code of Business Principles meant for them in their day to day work. Unilever addressed this on a global scale by developing a comprehensive set of resources and case studies which have been used to bring the Code to life through interactive workshops. In the UK, the series of workshops began in 2002 and continued in 2003. Every UK employee will take part in one of these mandatory training sessions, which will be facilitated by a member of the relevant business unit's senior management team, as an indication that the Code is a high priority for the company.

The workshops use real examples which allow participants to engage with the Code in a participative way. The aim is to repeat this process of communication on the Code every year.

## CODE OF BUSINESS PRINCIPLES

**Standard of Conduct:** We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interests of those with whom we have relationships.

**Obeying the Law:** Unilever companies and employees are required to comply with the laws and regulations of the countries in which we operate.

**Employees:** Unilever is committed to diversity in a working environment where there is mutual trust and respect and where everyone feels responsible for the performance and reputation of our company.

We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed.

We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities.

We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communications with employees through company based information and consultation procedures.

**Consumers:** Unilever is committed to providing branded products and services which consistently offer value in terms of price and quality, and which are safe for their intended use. Products and services will be accurately and properly labelled, advertised and communicated.

**Shareholders:** Unilever will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

**Business Partners:** Unilever is committed 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.

**Community Involvement:** Unilever strives to be a trusted corporate citizen and, as an integral part of society, to fulfil our responsibilities to the societies and communities in which we operate.

**Public Activities:** Unilever companies are encouraged to promote and defend their legitimate business interests.

Unilever will co-operate with governments and other organisations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations which may affect legitimate business interests.

Unilever neither supports political parties nor contributes to the funds of groups whose activities are calculated to promote party interests.

**The Environment:** Unilever is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business.

Unilever will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

**Innovation:** In our scientific innovation to meet consumer needs we will respect the concerns of our consumers and of society. We will work on the basis of sound science, applying rigorous standards of product safety.

**Competition:** Unilever believes in vigorous yet fair competition and supports the development of appropriate competition laws. Unilever companies and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

**Business Integrity:** Unilever does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. Unilever accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

**Conflicts of Interests:** All Unilever employees are expected to avoid personal activities and financial interests which could conflict with their responsibilities to the company.

Unilever employees must not seek gain for themselves or others through misuse of their positions.

# Economic

## Unilever's economic impact in the UK

In accordance with sustainable reporting best practice this section presents indicators of Unilever UK's financial performance. Here we include our contribution to intellectual capital and our employment record. These elements, along with our cash flows to suppliers and government through taxation, are drawn together in a value added statement creating an overall picture of economic impacts from Unilever UK's activities.

### 2002 FINANCIAL RESULTS

Unilever's UK businesses account for just over 8% of the total turnover of Unilever which has operations in around 100 countries. On average each country contributes around 1% of the total group turnover, making the UK an especially significant contributor to the company's performance as a whole.

We issue audited financial results at group level. In this report, for the first time, we are able to give an outline of the key financial information for the UK.

#### Foods

The UK hosts an enviable combination of global brands and 'local jewels' or brands which are country specific. Unilever Bestfoods UK achieved top line growth of 3.9% growth in the retail sector and 4.5% in the out of home sector. This was driven by brands such as Flora pro.activ, Marmite, Pot Noodle and Hellmann's. Unilever Ice Cream and Frozen Food showed growth in take home ice cream sales of 4%, but a drop in out of home ice cream sales of 5%. The frozen food market declined as a whole with sales of frozen fish products down by 6% and red meat products down by 7%, but despite this, Birds Eye brand products held their share well in these markets. Ben & Jerry's ice cream products achieved high double digit growth in 2002, following a similar performance in 2001.

#### Home and Personal Care

Total growth in this division stood at 4.2%, led by the global brand Dove. Persil, Comfort and the deodorants category were also strong performers in 2002, and contributed to this figure. Market development costs such as marketing and advertising were higher to support the strong growth of leading brands.

#### Contribution to UK intellectual capital

Unilever has two major research laboratories in the UK – in Port Sunlight, Merseyside and Colworth, Bedfordshire – both of which fund research projects in major UK universities. In 2002, Unilever provided funding for research projects in excess of £2 million, around 75% of which went to UK based institutions. The work at these centres enables us to convert fundamental science and new technology into opportunities for our brands, by allowing us to deliver faster innovation, improved manufacturing and safe products all of which are essential for delivering the economic results our shareholders expect.

In 2002, Unilever continued its funding of the Unilever Centre for Molecular Informatics in Cambridge. The centre, created in 2001 in co-operation with the Cambridge University Department of Chemistry, represents a landmark in partnerships between industry and academia. Unilever's investment of £13 million over five years has helped create a global centre of excellence housed in its own purpose-built state-of-the-art building adjoining the University's existing chemistry department – which is already a world leader in its own right.

#### Regional employment figures

At the end of 2002 Unilever UK had 12,404 employees located across England, Scotland and Wales. The range of our operations takes in almost all of the regions of England and Wales, contributing to prosperity in each of these areas.

We are particularly well represented in the North West and Yorkshire, where sites in Port Sunlight, Warrington, Manchester and Leeds provide employment for almost 4,000 people, and in the East of England, where sites in Norwich, Bedford, Purfleet, Needham Market and Lowestoft provide employment for another 2,600 people.

#### Engaging with investors

Unilever in the UK is aware of the increasing demands by institutional shareholders that companies manage non-financial and reputational risk. In particular the Combined Code of the London Stock Exchange requires listed companies to set out in their annual reports the measures they have in place to manage non-financial risk. Although Unilever is a multinational company, our listing on the London Stock Exchange means that UK analysts have a strong interest in all aspects of our performance.

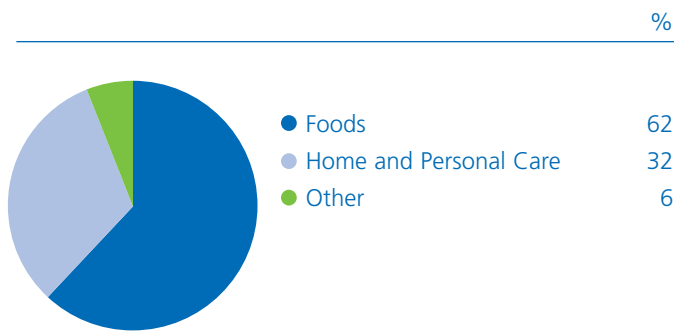
The Government is also currently considering the details of a new Companies Bill which is likely to be introduced in the next few years. This will require large companies to set out how they manage relationships with employees, customers, suppliers, communities and the environment.

What these proposed regulations reflect – an understanding that companies have to be judged on more than short-term

profits – is also reflected in the greater interest shown by investors and analysts in corporate responsibility topics.

In 2002/03 we held discussions with socially responsible investment (SRI) analysts who visited one of our tea processing factories in Trafford Park in North West England. They were presented with information about our tea supply chain and what we do to ensure ethical sourcing as part of the Tea Sourcing Partnership. The analysts commended the emphasis which we place on health and safety, although they identified areas on which they would like to see further progress. A number of funds have upgraded Unilever as a result of the visit. We aim to build on this and will continue to engage with SRI analysts in the future to enhance their understanding of our business.

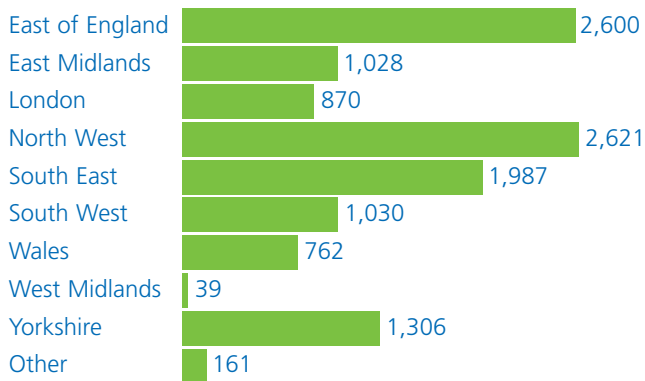
Turnover analysis of UK Operating Companies 2002



Total turnover £2,478,638,000



Approximate employment by region of England and Wales



Grand total 12,404

Value added statement

Value added statements are a useful way of looking at the value created through an organisation's operations. The value added statement below provides an idea of where the cash proceeds from sales of Unilever products end up.

The value created by Unilever UK operating companies is not just for shareholders. After suppliers of raw materials and services have taken their share of proceeds from sales, employees receive nearly half of the value created in the form of salaries and benefits. The government also receives 18% of the value added in the form of taxes, ensuring that Unilever UK can play its part in the funding of important public services. This is just a small part of the taxation paid to the UK government by Unilever Group companies which are also registered in the UK.

Remaining value is reinvested within the UK businesses in the form of capital expenditure, or passed to Unilever, where it funds overhead costs and shareholder dividend payments. A Unilever Group value added statement is available in the Unilever Social Review 2002, which can be seen at [www.unilever.com](http://www.unilever.com).

Value added statement	£000	
<b>Unilever UK turnover</b>	<b>2,478,638</b>	
Raw materials/packaging/finished goods	1,343,478	
Advertising & promotional expenses	297,900	
Research & Development costs	52,911	
Other suppliers	99,600	
<b>Total bought in goods &amp; services</b>	<b>1,793,889</b>	
<b>Value added</b>	<b>684,750</b>	
<b>Distribution of value added</b>		% of value added
<b>Government</b>	<b>121,060</b>	<b>18</b>
<b>Employees</b>	<b>315,309</b>	<b>46</b>
<b>Community</b>	<b>9,005</b>	<b>1</b>
<b>Providers of capital &amp; reinvested in business</b>	<b>239,376</b>	<b>35</b>
<b>Value distributed</b>	<b>684,750</b>	<b>100</b>

# Environment

In accordance with our group policy, Unilever UK is committed to making continuous improvements in the management of our environmental impact and to the longer-term goal of developing a sustainable business. In this section, we provide information on our environmental management system and the performance it monitors and aims to enhance. Unilever UK also actively participates in the company's sustainability initiatives focusing on resource use in the areas of water, fish and agriculture.

## ENVIRONMENTAL PERFORMANCE MANAGEMENT

We use a life cycle approach to assess our overall impact on the environment. This enables us to analyse our impacts and concentrate on those areas where we can bring the greatest benefits. Unilever UK monitors environmental impact using a series of measures set out in the table opposite. In addition, we are working towards ISO14001 certification for all of our sites, and eight manufacturing sites have already received it.

A review of Unilever UK's performance in environmental management highlighted a recent drop in overall performance. This was due to the merger with Bestfoods UK and the addition of a number of new sites to our portfolio. We are now actively working to integrate Bestfoods sites into our environmental management system. We expect to see significant improvement in overall environmental performance once this process has been completed.

### The parameters we use

Six key environmental performance parameters are used by our manufacturing operations for reporting emissions and setting future reduction targets:

#### *Total COD (Chemical Oxygen Demand, tonnes)*

COD represents the ingredients and product lost from the full manufacturing process, and mainly arises during cleaning operations. COD is widely used by regulatory bodies to control industrial wastewater, and to calculate the correct level of charges for downstream municipal wastewater treatment, which is designed to remove most of the COD before the wastewater is discharged to the environment. The Unilever COD data represent the load discharged from the factory, and do not make any allowance for the fact that typically between 80%-90% of this material is removed in municipal wastewater treatment plants. Consequently the COD load which actually reaches the environment, and therefore contributes to nitrification potential is much lower.

#### *Total hazardous and non-hazardous waste (tonnes)*

In terms of potential impact on the environment, it is important to distinguish between hazardous and non-hazardous waste. Since there is no common international waste classification, the Unilever data are based on the national legal definitions applicable for each site, and are simply the total mass of material disposed of from the site under each classification.

#### *Boiler/Utilities SO<sub>2</sub> (tonnes)*

This air emission parameter is relevant to most sites since almost all have a boiler used for generating steam. In some cases diesel generators are also used onsite for electricity generation. The Unilever UK data are calculated from the total mass of fuel consumed, and its sulphur content, and are expressed in terms of a mass of sulphur dioxide (SO<sub>2</sub>). Emissions of SO<sub>2</sub> contribute to acid rain potential.

#### *Total energy consumption (GJ) and CO<sub>2</sub> from energy use (tonnes)*

Energy consumption per tonne of product is widely used as a manufacturing performance indicator. The global warming potential (expressed as tonnes CO<sub>2</sub>) has then been calculated from the source energy data using internationally accepted conversion factors derived from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

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

Water consumption is also widely used as a measure of manufacturing performance. It is measured universally in Unilever UK's factories. The data represent all water consumed and include water used as an ingredient in products as well as uncontaminated cooling water and wastewater.

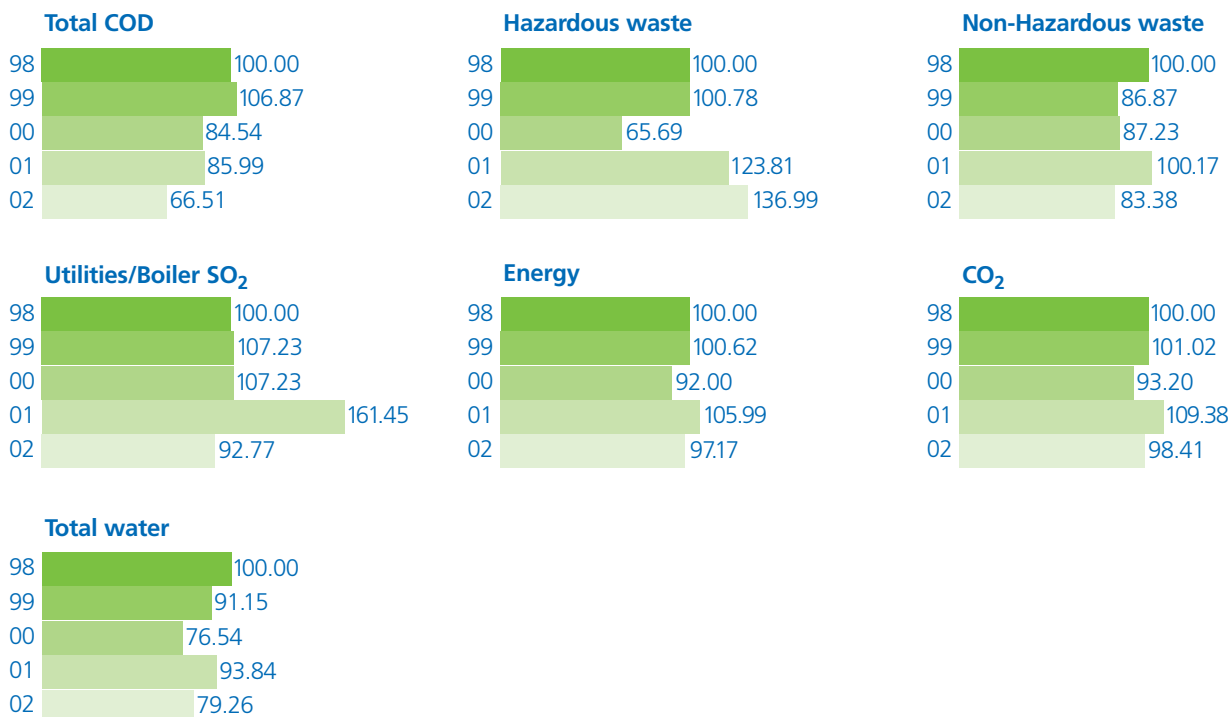


### Product innovation to create eco-efficiency

Unilever UK aims to extend the use of life cycle assessment and develop new tools for product design to improve the eco-efficiency of its products.

Product innovation in Unilever is an area which pays particular attention to sustainable development. For example, Persil capsules and tablets have been developed taking into account both the consumer demand for greater convenience in laundry detergents and our desire to minimise the environmental impact. While all Unilever laundry detergents give on pack information about how much to use, research shows us that consumers often use more product than recommended. Capsules and tablets offer a pre-measured amount to ensure that exactly the right amount of detergent is used, minimising wastage.

### UK manufacturing site trends (Expressed as % of the actual 1998 kg/tonne figures)



### Load/tonne of production – Trend and future targets

Parameter	Units	1998	1999	2000	2001	2002	2003 Target	2007 Target
Total COD	Kg/Tonne	5.226	5.585	4.418	4.494	3.476	3.334	3.106
Hazardous waste	Kg/Tonne	1.533	1.545	1.007	1.898	2.1	2.055	1.715
Non-Hazardous waste	Kg/Tonne	16.047	13.94	13.998	16.075	13.38	12.277	11.462
Utilities/Boiler SO <sub>2</sub>	Kg/Tonne	0.083	0.089	0.089	0.134	0.077	0.075	0.073
Energy	GJ/Tonne	2.087	2.1	1.92	2.212	2.028	1.996	1.902
CO <sub>2</sub>	Kg/Tonne	174.897	176.683	163.005	191.31	172.108	169.168	160.984
Total water	m <sup>3</sup> /Tonne	3.964	3.613	3.034	3.72	3.142	2.96	2.667



Among our sustainably sourced products are New Zealand hoki fish and Birds Eye peas.



Birds Eye peas at Suffolk County Show.

## SUSTAINABLE RESOURCE USE

### Unilever has three key corporate targets

- To source all fish from sustainable sources by 2005
- To define standards for sustainable agriculture based on the findings from pilot projects
- To define our water imprint on a regional and product category basis and use this in developing partnership programmes for clean water stewardship.

In the UK we are working towards each of these goals.

### Sustainable fish products

In the UK we have well documented evidence of the depletion of cod supplies from the North Sea. Over the past four years our UK operating company Unilever Ice Cream and Frozen Food has begun developing sustainable sources of fish for the UK market. We have not sourced fish from the North Sea for some years.



This has led to the establishment of a new supply of hoki fish from New Zealand. Hoki is a Marine Stewardship Council (MSC) certified fish, which has been introduced to the UK market. The MSC was set up

by Unilever in partnership with WWF as a means of accrediting sustainable supplies of fish.

### The sustainable fish challenge

Switching to sustainable sources of fish faces two challenges: supply and demand. On the supply side, the MSC certification process is new and takes time. We are working with the MSC to identify and unlock fresh sustainable sources. We also have to contend with the EU Common Fisheries Policy whose reform has not been far reaching enough to create sustainable fish sources.

We have also met consumer resistance. The British consumer is not familiar with fish species which are sourced sustainably such as hoki and remains attached to favourite species such as cod and haddock which have been part of the staple UK diet for many years. However, we are taking steps to address this by developing creative ways of presenting hoki and other alternative species and explaining the role they can play in the protection of fish stocks for future generations. In addition to hoki, we are investigating other sustainable fish species such as Alaskan pollock and Chilean hake.

### The sustainable pea

The supply of sustainable agricultural products is vital to the success of Unilever's business. Around the world Unilever companies are participating in sustainable agriculture initiatives. These aim at providing models which maintain high yields of agricultural produce while minimising inputs and costs in terms of fossil energy, fertilisers, pesticides, and herbicides. Economic and social indicators are also included. In the UK, Unilever Ice Cream and Frozen Food is working to develop a model for sustainable production. This has focused on peas, which are one of our key crops.

The pea initiative has involved a wide range of partners including Forum for the Future, the Environment Agency, Wildlife Trusts, British Trust for Ornithology, academics and an independent consultancy monitoring the ten indicators. The project has involved 19 farmers from among the 500 growers which supply Birds Eye with peas. The results are encouraging, demonstrating that it is possible to maintain quality and productivity while reducing the use of pesticides and chemical fertilizers and encouraging biodiversity. We intend to roll-out the recommended practices to all our farmers through the Forum for Sustainable Farming which was set up in 2003.

With this and our other projects around the globe we want to promote a common benchmark for sustainable agriculture which will enable farmers to move away from intensive farming methods.

We are unlikely to hit our 2005 target in the UK, although we have made progress towards it. We have developed a system for measuring the effective management of a fishery and we are looking at improved innovation for moving to other fish species. In addition, our UK fish buyers work very closely with our global colleagues, the Fish Sustainability Initiative team, to encourage fisheries to adopt sustainability criteria based on the UN Food and Agriculture Organisation's Code of Conduct for Responsible Fisheries.

It is clear that as a business we are dependent on making our sustainable fish supplies work and to do this we must also consider how we build consumer understanding of the benefits of purchasing fish from an unfamiliar but sustainable stock. We are confident that we will continue to progress.



The Mersey Basin Campaign is improving water quality and regenerating the waterside.



Volunteers fishing for trolleys on a tributary of the Mersey during one of the Mersey Basin Campaign's regular river clean-up events.

## Water

Water is essential for agriculture, manufacturing and for consumers to use many of our products. In partnership with Forum for the Future and a wide range of stakeholders, we have worked out a set of principles to guide our companies and their partners to ensure that sustainable water initiatives are effective. We call these the Sustainable Water – Integrated Catchment Management (SWIM) principles and published them in 2001. SWIM is used as a management tool to assess projects and guide their implementation.

In the UK this has been used by water management experts to examine the whole cycle from collection, storage and distribution through to industrial and consumer use, disposal, treatment and discharge. The initiative has been used as part of the Mersey Basin Campaign water management work. The campaign is a 25 year programme to improve the quality of water and regenerate the waterside throughout the Merseyside area. Unilever has a strong presence in the North West and is a corporate partner in the Mersey Basin Campaign. The SWIM principles have been fundamental to our water management in the area, in particular The Wirral River Valley Initiative.

## Consumer concern and GMOs

In April 1999 in response to consumer concerns, Unilever UK suspended the use of genetically modified ingredients in all our brands. Despite this current policy, Unilever UK believes that in the long run, where the safety of GM crops for humans and the environment has been established and there are clear benefits to consumers, the development of genetically modified organisms (GMOs) could bring major benefits to society as a whole. For this to happen we also believe there needs to be an effective, clear and properly enforced regulatory system in place. Environmental issues should also be thoroughly and transparently examined as part of the risk assessment and regulatory process.

With this objective in mind, we consider an open discussion of all the environmental, safety and ethical issues to be essential. And, as part of that process, we are actively conducting discussions with interested parties such as consumer and environmental groups and NGOs to help establish agreed mechanisms for the responsible application of this technology.

In 2003, we were one of the sponsors of a citizens' jury into GM foods, working with the Co-operative Group, the Consumers' Association and Greenpeace.

# Social

In this section we give information about our relationships with some key stakeholder groups: employees, consumers, suppliers and the community.

## UNILEVER AS AN EMPLOYER

### Salaries and benefits

Unilever UK employs 12,404 staff across the country (December 2002 figures). We are proud of our pay and benefits policies. In addition to a competitive basic salary, employees receive a number of benefits: 98% of employees are covered by a final salary pension scheme; 100% have access to occupational health; and 64% are offered private healthcare provision.

#### SERVICES

<b>Pension</b>	Final salary defined benefit; 5% employee contribution. Death in service benefit of three times salary.
<b>Healthcare</b>	Private medical insurance for staff and families. On-site occupational health. Employee Assistance Programme.
<b>Share scheme</b>	Sharesave for all staff.
<b>Work/life</b>	Universal right to request flexible working; enhanced maternity leave and pay; paternity leave; access to counselling helpline; crèche on some sites.
<b>Community activities</b>	Actively encouraged. There is a range of schemes varying according to site and local needs.

### Restructuring

Where restructuring is necessary because of changes in the market place or in technology, we offer help to former employees. Our primary aim is to equip them with the training and skills necessary for their future careers outside Unilever.

### Trade Unions

Unilever's policy is to work constructively with Trade Unions where they are recognised as being representative of a discrete employee group.

Most of our factory sites in the UK have formal trade union recognition agreements, the vast majority of which incorporate collective bargaining arrangements. The bargaining unit is generally a specific site, with the individual operating company (e.g. Lever Fabergé or Unilever Ice Cream and Frozen Food) being the highest level of referral. Head Office sites are not generally covered by formal union agreements.

Over the past few years our relationship with the trade unions has moved to one of joint involvement and partnership. A number of successful partnership agreements are in place and these have been acknowledged as being examples of best practice in the UK – by trade unions, management organisations and government departments alike.

Over 4,000 Unilever staff belong to a trade union, including AMICUS (incorporating AEEU and MSF), TGWU, USDAW and GMB. This represents approximately one third of our total workforce.

## PENSION POLICY

### Unilever Pension Fund

In 2002 Unilever UK announced its intention to maintain a final salary pension scheme, unlike many of its peer companies. The company is among only 16% of private sector final salary schemes to have given any increases above the guaranteed rate to its pensioners.

Unilever bears the whole risk of its pension fund, guaranteeing that the beneficiaries will not suffer, and will therefore if necessary supplement the fund.

### Pension Fund Investment Policy

The Trustees of the Unilever Pension Fund have a policy that social, environmental and ethical considerations are taken into account in the selection, retention and realisation of investments to the extent that they are relevant in assessing the future investment prospects of specific investments. The Trustees have now decided to adopt formally a system of values, set out in the table below.

**Responsible Stewardship:** We believe in the efficient and transparent execution of all our legal and fiduciary responsibilities. This includes responsible selection of investments considered to be in the Fund's interests.

**Objective judgements:** We will not let our personal opinions or sectional interests intrude upon our duties as Trustees.

**Fairness in respect of people:** We believe that people ought to be treated fairly and their human rights respected.

**Environmental awareness:** We believe in the conservation of the world's resources and we support the aim of progressing to a more sustainable world.

**Openness:** We believe in openness, subject to preserving confidentiality when necessary.

**HEALTH AND SAFETY**

Unilever UK works to ensure the health and safety of our employees by minimizing risks of occupational injury and ill health throughout the company, including manufacturing environments, with dedicated health and safety staff. Management at all levels is responsible for the occupational health and safety of staff with an expectation that in return employees will strive to work as safely as possible.

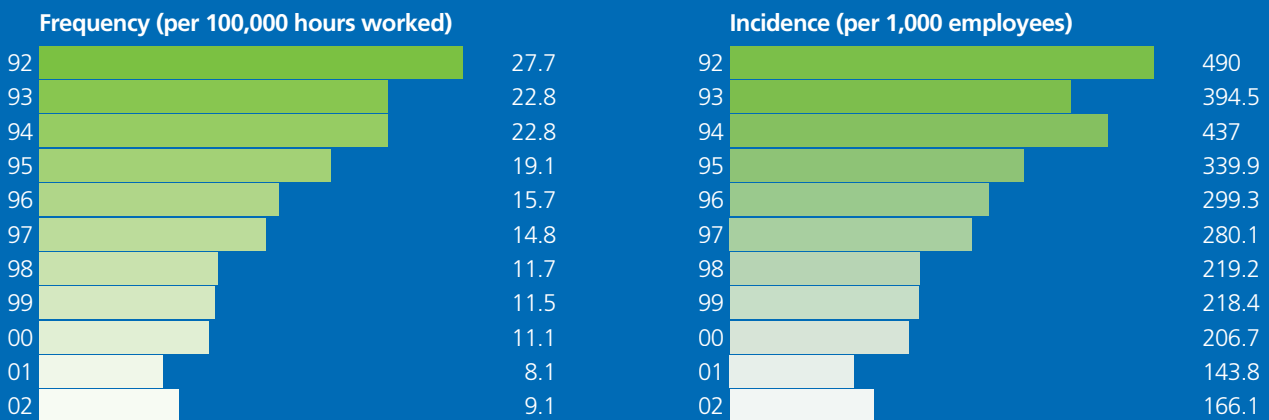
Over the past year we have not been subject to any prosecutions on health and safety grounds.

Our safety record in terms of the frequency (per 100,000 hours worked) and incidence (per 1,000 employees) of all injuries and of accidents requiring time off over the past 10 years is set out below.

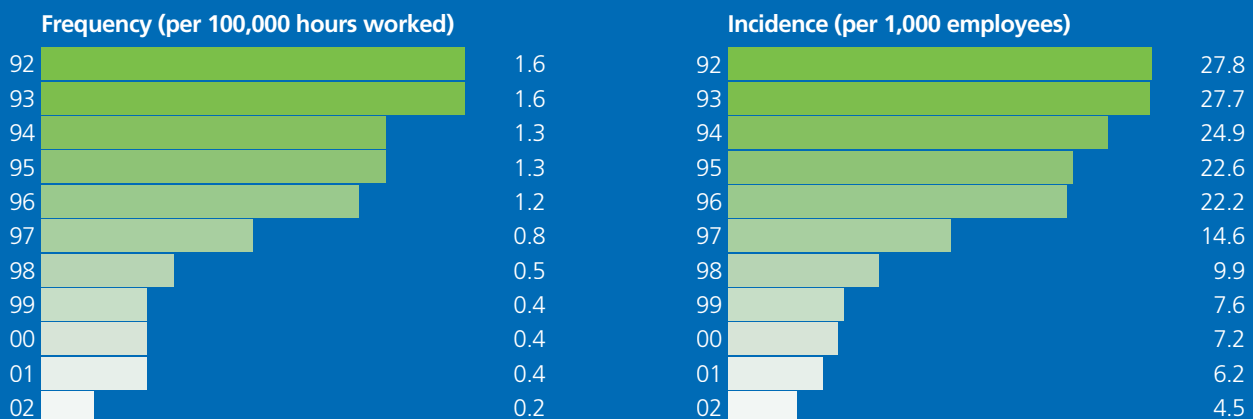
**Unilever UK and its suppliers**

We are now working to assess how our business principles are applied throughout our supply chain. This is one of the areas we will be seeking to address in the roll out of sustainability principles.

**All Injuries**



**Lost Time Accidents**



## DIVERSITY

Unilever UK believes diversity gives it a business advantage by offering a better range of perspectives and experiences from our employees as we look to develop new ideas and insights into the challenges facing us.

Our commitment to diversity is led from the top by Richard Greenhalgh, the Chairman of Unilever UK, who chairs a 15 strong diversity board. The board was appointed in open competition across the UK businesses, drawing on people from all levels of the business. The company also benefits from having a senior diversity manager who came to the post from extensive business experience in the company and drives forward the programme.

All UK business heads have signed a Commitment to Diversity charter (see opposite) which lays down the business case for increasing diversity and why we see it as essential to our business success.

Unilever UK has a strong track record of improvement in the position of women in the company. However, we are aware that there is more work to be done on the wider diversity agenda ensuring equality of opportunity for people with disabilities, black and minority ethnic groups, and gay and lesbian people.

In particular over the coming year we will begin to work on an age positive programme as we currently offer too few opportunities to people under 24 and in the 55 to 64 age group. We will also begin a more proactive approach to employment of people with disabilities.

### Women in Unilever UK

Unilever UK received the first ever Castle Award for Equal Pay from the Government in 2002. The prize was in recognition of the work undertaken by the company to promote equal pay and opportunities in the workplace and marked a significant achievement in what has been a developing programme of work.

In the 1980s we recognised that we needed to increase significantly the number of women managers.

Now over 90% of our women employees return to work after taking maternity leave. We believe this is as a direct result of our enhanced maternity leave package which includes 40 weeks at full pay if they have at least one year's service, dependent on a return to work.

Women currently make up 42% of Unilever's employees. Significantly, women now account for 35% of managers, as opposed to 4% in 1978 and 10% in 1988. They represent 25% of senior managers, as opposed to 1% in 1978 and 2% in 1988. At company director level, 15% are women. Clearly there is still progress to be made in this area and Unilever UK will continue to work to improve the representation of women in senior positions.

### Flexible working

We actively encourage the uptake of flexible working for men and women where it suits their circumstances and is appropriate to their job function. The number of people working flexibly has increased year on year and there are now managers on fast track career paths who are working part time.

### Uniforce

Uniforce is a group of retired employees who are paid to help out with labour intensive market research projects. The group currently comprised around 500 Unilever pensioners who have completed six projects for the business since Uniforce's creation in 2002. For example, Uniforce helped with the launch of Cornetto Soft in the UK, visiting retail outlets from corner shops to Theme Parks to ensure that the product was being presented as well as possible and that the retailers were happy. During the three weeks that the pensioners were working on this project, sales of Cornetto Soft trebled.



# UNILEVER UK – OUR COMMITMENT TO DIVERSITY July 2002

Everyone is different. Unique. Achieving diversity is about bringing together a rich mix of people, with differing perspectives and from different backgrounds and creating an environment in which their differences are valued. A vibrant, open and creative culture. A culture in which ideas flourish. Where people thrive, grow and have fun. A culture where energy is unleashed. A winning culture for the 21st Century.



**Why is Diversity important to us all?**

**Competitiveness through innovation:** We believe that a rich mix of people, skills and cultures will bring about a greater range of inputs, viewpoints and experiences. These will generate more ideas, more challenges to traditional thinking and more angles from which to see any problem – and more chances of coming up with winning solutions.

**Multilocal/Multinational sensitivity:** To local markets – and the ability to work with and win in a variety of different cultures – is key to our competitiveness. We need to build successful alliances and, to do this, build a culture that celebrates and rewards Diversity. The more variety we have in our employees, and the more we listen to them, the closer we will be to our consumers; better equipped to understand the “everyday needs of people everywhere”.

**Liberating Energy, Fulfilling Potential:** people deliver their best when they feel valued. When their opinions are welcomed, respected, and acted upon; when no-one feels excluded or second

best; when their individual needs are recognised and when everyone believes their potential can be realised.

**Unilever – The Place to Be:** by building an enterprising, diverse culture, the very best people will want to work for us. Unilever will be a “Magnet for Talent”.

**What will it be like?**

**Leadership:** leaders will set the example and walk the talk.

**Individuality:** alternative ways of working will be embraced and traditional barriers and assumptions challenged; “Flexibility and Delivery” will be the key in working patterns, career paths and benefits.

**Inclusion:** we will all listen to each other and express our views. We will be confident, when speaking up, that our views will be respected.

**With:** we shall be part of a company we are all proud to belong to.

All of this will lead to high performance: there will be a special buzz about the place – helping us all to raise our game, deliver exceptional performance and have fun.

**How will we measure our progress?**

Staff surveys and employee feedback will be used to track how we all feel about working in the business.

The profile of our organisation will be regularly assessed to check that the business is made up of an increasing number of different kinds of people.

Public opinion surveys will chart our reputation with key external stakeholders.

In a competitive and changing world our employees, prospective employees and business partners demand that we value Diversity – we will not disappoint them.

“Growing Together - Leveraging the difference - Respecting individuals”





Birds Eye products have reduced salt levels.



Slim.Fast products are scientifically endorsed.



Using Flora pro-activ helps reduce cholesterol.

## CONSUMERS

### Food

The food scares of the 1990s eroded trust in many areas of food production and safety. In addition there is now growing concern about the overall level of well-being of the nation and the impact of increasing obesity particularly among children and of the high levels of fat, salt and sugar in our diets.

Unilever UK produces a wide range of foods from those which constitute some of the building blocks of a healthy diet such as our fresh frozen vegetables, through to convenience foods and ice cream. In all cases we aim to inform consumers fairly about the content of our foods, ensuring it is of the highest quality and always properly labelled.

### Safety

Unilever UK fully supported the creation of the UK's Food Standards Agency in 1998/99 as a food safety watchdog and we are now actively involved with the agency in a co-operative relationship to promote greater levels of confidence among UK consumers in the food they buy and eat. Furthermore, we are similarly supportive of the European Commission's proposals for a pan-European food regulator, the European Food Safety Authority (EFSA), which plays a similar role at EU level.

A further aspect of our commitment to food safety can be seen in our core principles on food labelling, which have been adopted by all Unilever UK companies. These principles include very clear presentation of safety information concerning the cooking and storing of food products; and fulfil consumers' demands for additional information via the most appropriate means, such as direct contacts through freephone customer carelines, sending out leaflets and brochures, and providing information through branded or company websites.

### Nutrition and Health

Along with growing concern about food safety, consumers are increasingly aware of the nutritional quality of the food they eat. As a society there is growing concern about the impact of our diet on health.

Unilever UK is actively engaging in these debates, acknowledging the concern expressed by government, and health and consumer groups. However, we are also aware of the reality of consumer behaviour. For example, 40% of meals are now eaten alone and 63% of main meals are prepared in less than 10 minutes. People are seeking convenient, ready made meals and there will not be a return to a time when the majority of people ate their meals in family groups and prepared them from raw ingredients. Our responsibility is to work with stakeholders to ensure that our products are responding to a market demand for quick, easy to prepare meals and are taking a responsible attitude to issues of nutrition and health.

We are already working to address the issue of salt in our processed food products. The Food Standards Agency recommends that people aim to cut their daily intake of salt from the current UK average of 9 grams per day to 6 grams per day. To contribute to this, Unilever UK's operating companies are working to reduce the levels of salt in our products. Unilever Ice Cream and Frozen Food reviewed the Birds Eye range in 2002 and has significantly reduced the levels of salt. Unilever Bestfoods UK is participating in a coalition of food manufacturers all of whom have committed to reduce salt in soups and meal sauces by 10% by the end of 2003.

In addition, we are also looking at the issue of fat and in particular saturated fat in our foods. Again, Unilever Ice Cream and Frozen Food has recently reviewed the percentage of energy derived from saturated fat in our meals range with the average content standing at 7% against a Government recommendation of 10%. Trans fats have been removed from our spreads since the 1990s.

### Functional Foods

Foods which are enhanced to confer additional health benefits are an increasing area of interest for Unilever in the UK. Consumers are not only asking: "Is this foodstuff safe?" but "What good is this food going to do for me?" Unilever Bestfoods UK developed and successfully launched Flora pro.activ which addresses this question for consumers who wish to lower their cholesterol levels. The new product built on the experience of Flora which had already worked to increase awareness of the need to have a balanced diet to maintain a healthy heart. The new spread contains an additional ingredient, plant sterols, which are natural plant extracts found in commonly eaten vegetable oils such as sunflower oil. Clinical trials have shown that eating four slices of bread with Flora pro.activ per day gives dramatic reductions in LDL (low-density lipoprotein), or 'bad' cholesterol, by an average of 10-15% in just three weeks.

Flora pro.activ is just the beginning of the road for functional foods. Unilever UK is keen to develop other health enhancing products. The pace of scientific research in this area is rapid.

### Standards in food advertising

Unilever abides by industry codes relating to food advertising, including the Code of Advertising Standards, which governs all advertising on television, and the British Codes of Practice on Advertising and Sales Promotion, as well as UK and EU legislation.

These codes contain specific provisions protecting children from inappropriate advertising, and in particular all broadcast advertising must first be vetted by the Broadcast Advertising Clearance Centre (BACC) to ensure that it complies with the



All Unilever UK home and personal care products have customer carelines.

Code of Advertising Standards. Inappropriate advertising includes encouragement to eat excessively, to eat throughout the day, or any suggestion that snack foods should replace balanced meals.

Unilever's view is that current codes offer the correct balance between protecting consumers and children and the right to promote brands in a competitive market.

#### Home and Personal Care

Cleaning agents, washing powders and personal hygiene products all require the highest standards of safety and consumer care and clear labelling. All of our home and personal care products have dedicated consumer carelines which can supply customers with information on the safe use of products.

#### Laundry detergents

Biological fabric detergents contain cleaning enzymes (developed from natural sources) that are very effective at cleaning at lower temperatures. Only small amounts are used and they are biodegradable.

Some people do not want to use bio detergents because they are concerned that they can affect their skin. To reflect this concern, Lever Fabergé produces a range of other non-bio detergents which do not contain enzymes.

In addition, Lever Fabergé works with organisations such as the National Eczema Society and the British Skin Foundation to learn more about the needs of people with sensitive skin and eczema.

#### Animal testing

We are committed to eliminating animal testing. However, we are also committed to ensuring our products meet the highest standards of testing, and therefore use animal testing only where no alternative exists. We are also researching and developing alternatives and reducing the number of tests to the absolute minimum.

#### Pot Noodle advertising



Unilever Bestfoods' Pot Noodle snack is the market leader in the hot snacks category, with some 90% of the market. Some 170 million pots roll off the production line each year in Crumlin, South Wales, with five being eaten by consumers every second.

The popular image of a Pot Noodle consumer is an unkempt student in a hall of residence, probably nursing a hangover. That is not too far off the mark. The target market for Pot Noodle is 16-24 year olds for whom convenience and simplicity are more important than high nutritional values.

In 2002, UBF launched a new and humorous advertising campaign for Pot Noodles which was designed to appeal to a youthful audience by poking fun at the product itself and at its perceived quick and cheap nature. The campaign for the new curry flavour Pot Noodle 'Bombay Bad Boy' ran both on posters and on television. In the poster campaign, a picture of the product carried a neon-lit sign reading 'hurt me, you slag'.

On television, men were depicted searching for 'the slag of all snacks' in red-light districts.

Both campaigns attracted complaints from around 300 people and were subsequently changed to avoid the use of the word 'slag'.

The controversy shows how difficult matters of taste can be when campaigns intended to appeal to a specific age-group by the use of humour are also seen by those who may find the imagery and concept offensive. Unilever's code of business principles states that 'products and services will be accurately and properly labelled, advertised and communicated'. In this case the Pot Noodle advertising, although very successful, was modified in the light of consumer reaction.

# Community



Reading and number partner children from Tower Hamlets schools.



Unilever employees clearing scrub on the South Downs in Sussex.

## Employee volunteering

The commitment, enthusiasm and involvement of our employees are crucial to the success of Unilever UK's community projects. Our people's concern for their local communities inspires them to raise much-needed funds, and enables them to participate actively and effectively in our local and national initiatives.

The benefits flow both ways. While helping with our community projects, Unilever's employees acquire new skills and new experiences. At the same time, working for the needs of the wider community fosters a deeper sense of community and teamwork within a company or site. Unilever UK companies welcome and support employees' own initiatives, and are eager to help individuals get involved in our corporate programmes. We therefore allow employees to carry out volunteering in work time.

Our employees' involvement covers a wide range of activities. Some staff volunteer as reading partners, number partners or mentors at local schools. Others take part in the Arts & Business Skills Bank and Board Bank programmes, which match business people with specific skills and experience to a range of arts organisations. For example, a brand manager from Lever Fabergé worked on a project with the Whitechapel Art Gallery, and the Chairman of Unilever Ice Cream and Frozen Food is now on the board of the National Theatre. As a result of our commitment to these schemes we were asked to join the Arts & Business President's Forum at the end of 2002.

Another trend around the business is for community projects to be used for team building activities. This provides employees with the opportunity to work together on a project, outside their normal working environment, to achieve a tangible community benefit. For example, a team from Unilever Bestfoods' Business Systems department spent a day helping the National Trust clearing scrub on the South Downs in Sussex.

## Corporate contributions

Unilever UK collates the value of its community involvement activities using the London Benchmarking Group (LBG) model. The model recommends the separation of charitable donations, community investment, commercial initiatives in the community and management costs relating to the programme of activity. Ultimately, it is the impact and effectiveness of this programme rather than cost to the business that we seek to maximise, and as members of the LBG Steering Group we are helping to develop better ways of measuring the outputs and impacts of our programme.

Charitable contributions are defined as intermittent support to a wide range of good causes in response to the needs and appeals of charitable and community organisations. In 2002, we gave a total of £644,960.

Community investment involves long term community partnerships focused on an agreed range of priority social issues. In 2002, we invested £2,203,638.

Commercial initiatives in the community are those initiatives aimed at supporting the success of the company, promoting its corporate and brand identities and other policies, in partnership with charities and community-based organisations. In 2002, we spent £5,495,158.

Our grand total of corporate community contributions in 2002, including £660,000 of management costs, was therefore approximately £9.05 million, comparable to £9.70 million in 2001.



## Mersey Basin Campaign

When the Mersey Basin Campaign (MBC) was formed in the mid 1980s, Unilever was one of the first companies to join the public-private-voluntary sector initiative. The aim of the campaign is to clean up the rivers, canals and estuaries of the Mersey Basin, so that by 2010 they are clean enough to support fish. The MBC is an example of excellence in river management techniques and was awarded the international 'Riverprize 99'.

Lever Fabergé at Port Sunlight, in conjunction with the Mersey Basin Campaign and the Wirral river valley action group RiVa 2005, supports an improvement plan in the Dibbinsdale Valley to improve river flow and develop more favourable conditions for vegetation and wildlife.

Each year Lever Fabergé encourages employees to volunteer for activities in Mersey Basin Volunteers' Week. Last year, employees spent the day working alongside a countryside ranger, transforming an overgrown Victorian rockery in Dibbinsdale Country Park, building benches and improving pathways.



Reading and number partner children from Tower Hamlets schools.



## Art

Unilever is a proud supporter of the arts in the UK. In 1999, Unilever announced a five year £1.25 million sponsorship agreement with Tate Modern. The funds allow the gallery to commission and exhibit a new large scale work each year until 2004. The commissioned works, known as The Unilever Series, are created for the gallery's massive Turbine Hall, which is more than 150 metres long and 30 metres high. UK employees have had the opportunity to deepen their involvement with the gallery through special family days, private views and lectures, both at Tate Modern in London and at Tate Liverpool.

Our support for the arts extends to the theatre and in 2002 we began supporting the National Theatre's Playmates scheme to encourage young people to develop a sustained interest in theatre. The scheme offers discounted tickets to Playmates nights at the National Theatre, regular after show events and opportunities to meet the cast.

## Education

Education has been a commitment of Unilever's since the 1960s. It is in our long term interests that the UK has a modern, successful and inclusive education system. Unilever companies and individual sites actively respond to their own local schools' needs. At the same time, they can contribute to our nationwide programme of educational leadership which is based on the contribution that business can bring through its experience and knowledge in leadership and management to senior school staff.

The three pillars of the Unilever UK Education Strategy are to reinforce and develop our links with the National College for School Leadership, support and promote the Unilever Governors' Network and progress the national roll-out of the work being done with schools in Tower Hamlets.

The Government created the National College for School Leadership and the College was launched by the Prime Minister in 2002. Unilever UK Chairman Richard Greenhalgh has been personally involved as Chairman of its Governing Body. It provides career-long learning and development opportunities and practical support for England's existing and aspiring school leaders. The goal is to ensure that school leaders have the skills, recognition, capacity and ambition to transform the school education system into the best in the world.

## The Unilever Governors' Network

For over 10 years Unilever has actively supported those employees who volunteer as school governors, recognising both the importance of having well governed schools in the UK and the personal development opportunities that arise from serving on a board of governors. Each year, we bring these school governors together for an annual conference, which in 2002 was held at the Unilever Research and Development site in Colworth, Bedfordshire. Unilever facilitates an email network which allows governors to share issues of concern, and provides them with a monthly briefing on key developments in the world of education.

## Health

### Flora London Marathon

Flora forms part of a healthy balanced diet and has formed a long standing partnership with the biggest charity fundraising marathon in the world. The London Marathon has been sponsored by Flora since 1996 and is the UK's top one day charity fundraising event. An estimated £187 million has been raised for various charities since 1981. We also derive commercial and reputational benefits from the sponsorship. Flora is one of our leading brands, and sponsorship of this high profile event helps ensure that it retains its position as the market leader, providing the foundations for product innovations such as Flora pro.activ to deliver on Unilever's business growth commitments.

### Unilever East London Schools' Partnership

The Unilever East London Schools' Partnership was initiated after Niall FitzGerald, Chairman of Unilever, went on a fact-finding visit to schools in the London Borough of Tower Hamlets. The partnership, now in its sixth year, involves not only the benefits of Unilever working with the schools, but also the schools working with each other, a model now recommended by the Department for Education and Skills as part of the government's London Challenge programme.

The relationship between Unilever and the schools includes:

- providing personal coaches – currently seven senior

management staff are working with headteachers and their deputies in one-to-one coaching partnerships;

- offering work experience opportunities for pupils;
- helping schools attain the Investors in People standard; and
- motivating pupils and raising their aspirations through volunteering initiatives such as reading partners, number partners, work shadowing and mentoring.

In addition, the company offers training opportunities to all teaching staff at middle and senior management levels to attend Unilever's management development programmes and relevant external training courses.

## Unilever UK and sustainable development – a perspective from Jonathon Porritt, Programme Director at Forum for the Future and Sally Uren, Director of the Forum Business Programme



We welcome the publication of Unilever UK's first sustainability report – indeed, the first report dealing explicitly with sustainable development produced by any company within Unilever. The report is a transparent attempt to give a picture of Unilever UK's operations which does not duck difficult issues and aims to provide stakeholders with information on economic activity, environmental issues, employment policies, and community activity that has not been available in this level of detail before.

Forum for the Future has worked with Unilever's UK companies as sustainability advisers for the past 7 years. It's been a productive partnership. We have been impressed by the strength of commitment which Unilever people have shown to reducing the social and environmental impacts of the company as is reflected in this report. Things don't always move that fast in Unilever, but when they do move, it's an impressively powerful process! And they themselves know that much more needs to be done both internally and externally to promote sustainable development.

As this report states, Unilever is a company for whom the consumer is absolutely critical. While we welcome the emphasis put here on key consumer issues – safety, labelling, health and nutrition – we are firmly convinced that the company has an enormous and unfulfilled opportunity to help raise consumer awareness of the importance of sustainable development. There is a powerful business case for doing so, as consumers steadily become more interested in the conduct of companies which own household brand names. And there's a moral case. Without a commitment by the corporate sector to play a part in educating consumers on sustainability issues, the environment for every one of us will continue to worsen.

We note that Unilever UK has a commitment to publish this information on a regular basis. This is a very encouraging start to that process. In the short and medium term, the areas for further progress include:

Creating a more sophisticated governance system for sustainability issues including the development of a formal policy supported by objectives and targets. Such an approach will facilitate the integration of sustainable development principles into all operations, including brand development and consumer communications;

Developing a more systematic approach to stakeholder dialogue, and using that to reflect stakeholder expectations in corporate developments and policy; and

Extending the range and detail of data on environmental issues in order to give a more robust appraisal of Unilever UK's environmental impacts.

As Unilever's Code of Business Principles makes clear, the company has a thoughtful and committed approach to doing business in the right way. This report reflects those positive intentions, and gives us great hope for further progress.

**Jonathon Porritt**  
Programme Director

**Sally Uren**  
Director, Forum Business Programme

## Pledges for the future

In 2003/04 we will:

- Enhance the depth and quality of training in sustainability for all employees, especially those involved in brand development and marketing;
- Introduce new arrangements for driving and managing sustainability within our UK businesses;
- Roll-out the communication of the Code of Business Principles to all employees, incorporating mechanisms for updates and feedback;
- Improve the integration of sustainability principles into new product design; and
- Deliver improvements to our environmental performance in line with our targets.

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