

2008 Global Accountability Report

Accountability Profile



UNILEVER

BACKGROUND

Unilever is a transnational corporation which owns 400 brands across a range of goods from personal care to food products. Unilever operates on a global scale, with manufacturing sites in approximately 100 countries worldwide and employing around 174,000 people.

ORGANISATIONAL STRUCTURE

Unilever has a dual structure, whereby Unilever NV (Netherlands) and Unilever PLC (UK) are the two parent companies of the Unilever Group. The governing body is the Annual General Meeting (AGM), which is open for all Unilever NV and Unilever PLC shareholders to attend. The shareholders of each company jointly elect the members of the Board of Directors, Unilever's executive body, at this meeting.

ACCOUNTABILITY SUMMARY

TRANSPARENCY

Although Unilever has no one specific policy to guide disclosure of information, a general commitment to transparency is made in the *Code of Business Principles*. However, the company does not provide a timeframe for responding to information requests, a narrowly defined set of conditions for non-disclosure, or an appeal process if an information request is denied.

Responsibility for oversight of Unilever's broad commitment to transparency is assigned at the Board, executive and senior management levels. The Board ensures that all employees are aware of transparency commitments, and it is senior management's role to oversee the implementation of principles in practice. All Unilever Executive members and all other senior managers recommit each year to corporate responsibility standards by signing that they have adhered to the *Code*. The *Code of Business Principles* is available in 47 languages on the Unilever website and in hard copy upon request.

PARTICIPATION – EXTERNAL STAKEHOLDER ENGAGEMENT

Unilever makes several commitments to external stakeholder engagement on its website and in its *Sustainable Development Report 2007*. The company has developed partnerships with a variety of intergovernmental and non-governmental organisations. However, there is no commitment to key good practice principles such as enabling external stakeholders to initiate engagement on issues of concern, indicating which activities and processes they can expect to be engaged in, making public the outcomes of engagements, or providing an explanation when stakeholder inputs are not incorporated into policy or practice.

The Unilever Sustainable Development Group, which is comprised of five external experts in corporate responsibility and sustainability, meets with the Unilever Executive twice a year, and represents an institutionalised commitment to external stakeholder involvement in decision making. Insights from these meetings are shared with the Board Corporate Responsibility and Reputation Committee and the Corporate Responsibility Council.

Unilever has a Global External Affairs Director who performs and advises on stakeholder engagement. In addition, the Corporate Responsibility Council ensures that business practice is aligned with the corporate responsibility and sustainability agenda. This Council also oversees global level external partnerships. There is no publicly documented system of staff training about stakeholder engagement. The participation policy is available to external stakeholders online through the *Sustainable Development Report 2007*, but only in English with translations completed as needed on a country-by-country basis.

PARTICIPATION – MEMBER CONTROL

The Annual General Meeting (AGM) is a meeting of shareholders which is convened by the Board of Directors. Both the Unilever NV and Unilever PLC *Articles of Association* have provisions to ensure that all shareholders are able to attend the two AGMs, that the 'one share, one vote' principle is upheld, and that shareholders are able to nominate candidates for all seats on the Board of Directors among other good practice principles. However, while all shareholders owning at least 1% of all shares may add items to the agenda in Unilever NV there is a 5% threshold for shareholders to be able to add items to the Unilever PLC agenda.

Headquarters: London, UK and Rotterdam, Netherlands

Countries of operation: 100 globally

Operating profit: €5,245 million (2007)

Employees: 174,000 (2007)

Website: www.unilever.com

Accountability Initiatives signed up to:

- Global Reporting Initiative
- Roundtable on Sustainable Palm Oil
- Roundtable on Sustainable Soy

2008 GLOBAL ACCOUNTABILITY REPORT RATINGS			
Dimension	Score	TNC Rank	2008 Rank
Transparency	33%	7	19
Participation: External Stakeholder Engagement	46%	5	20
Participation: Member Control	83%	3	17
Evaluation: Environmental	84%	5=	-
Evaluation: Social	57%	4	-
Complaints & Response: Internal	63%	4	14
Complaints & Response: External	1%	8	23
Overall	50%	4	18

= denotes tied ranking

EVALUATION – ENVIRONMENTAL AND SOCIAL IMPACT

Unilever's commitments to monitoring and reporting environmental impact are set out in the *Code of Business Principles* and the *Sustainable Development Report 2007: Environmental Sustainability*. Unilever has used the ISO 14001 requirements for environmental management systems and the Global Reporting Initiative's *Sustainability Reporting Guidelines* regarding environmental impact reporting. Unilever commits to key good practice principles such as being open and transparent about evaluation results and performing evaluations of both environmental impact and policies. However, there is no formal commitment to engaging external stakeholders in the evaluation of Unilever's environmental impact.

The *Code of Business Principles* also includes commitments to monitoring and reporting social impact, including Unilever's policy regarding human rights. The *Sustainable Development Report 2007: Nutrition, Hygiene and Well Being* sets out standards for assessing the organisation's impact on global nutrition, and the impact of supply chain labour practices is discussed in the *Business Partner Code*. Unilever commits to being open and transparent regarding social impact evaluation results as well as to evaluating its social impact policies. However, no commitment is made to engaging external stakeholders in the evaluation of social impact, using the results of social impact evaluation to inform decision making, or to evaluating social impact in relation to specific goals.

Responsibility for reviewing environmental and social impact and recommending policy changes lies with the Corporate Responsibility and Reputation Committee. Ultimately the Board is responsible for ensuring the application throughout the company of the broad environmental and social commitments indicated in the *Code of Business Principles*. Unilever has developed and implemented a range of training courses regarding implementation of the *Unilever Environmental Care Framework*, and also runs workshops for suppliers about sustainable agriculture. There is no formal commitment to training staff on social impact evaluation. Unilever has established several mechanisms to share environmental learning including intranet sites at corporate and business group level to help share best practice globally and a searchable web portal with examples of good practice in environmental management.

COMPLAINTS AND RESPONSE – INTERNAL AND EXTERNAL COMPLAINTS

Unilever's policy for responding to internal complaints from staff regarding accounting, auditing, and violations of the *Code of Business Principles* is set out in the *Confidential Ethics Hotline* document. This document specifies procedures for reporting complaints and commitments are made to maintaining the confidentiality of complainants and to non-retaliation. Disciplinary action will be taken against any employee involved in retaliation against the complainant. However, no commitment is made to ensuring that those investigating a complaint are independent of the subject of the complaint and the complainant.

Implementation of Unilever's general commitment to allow the confidential reporting of any violations of the *Code of Business Principles* is the responsibility of the Board and senior management. A record of all breaches of the *Code of Business Principles* is monitored by company chairmen, and any serious breaches and frauds are reported to the Code of Business Principles Compliance Committee.

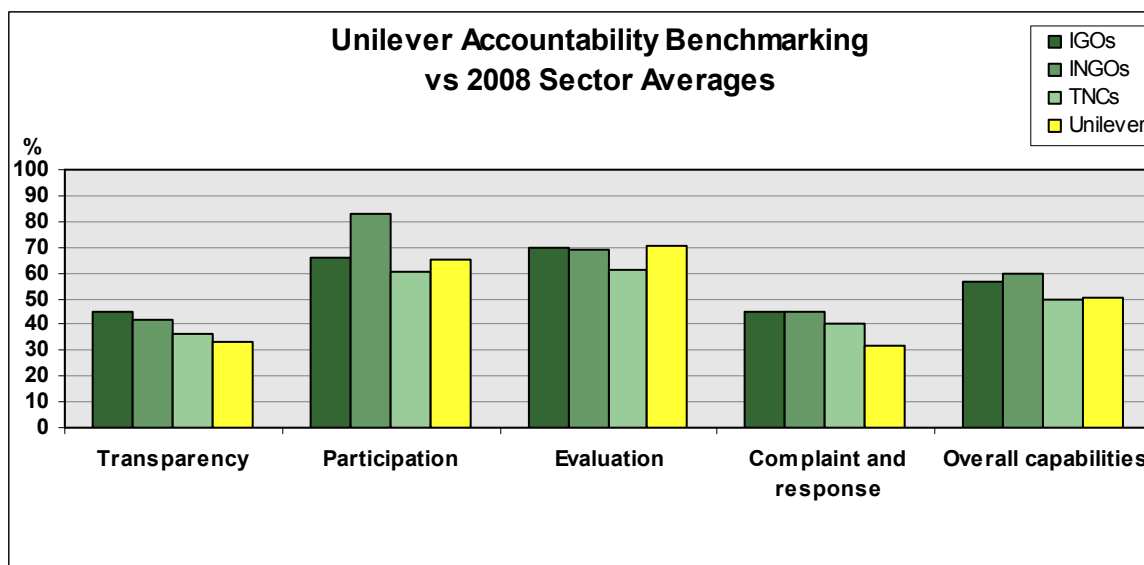
There is evidence in the *Sustainable Development Report 2007* that Unilever addresses complaints from external stakeholders, however there is no formal policy to guide external complaints handling. Unilever has a third party handle external enquiries made via the website, email and letters.

ONGOING ACCOUNTABILITY REFORMS

During 2008 Unilever is developing an assurance process to monitor its human rights impact.

PERFORMANCE SNAPSHOT

Unilever's performance is close to the average for TNCs in all four dimensions. It scores lower than average in the complaint and response dimension because of the absence of a specific policy for addressing external stakeholder complaints. It also has a lower than average score for transparency, because of the lack of detailed commitments regarding information disclosure.



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