

# Unilever social and environmental reporting: *Stakeholder consultation feedback*

## **Introduction**

In preparing to publish its social and environmental reports in 2005, Unilever sought stakeholder input on its reporting through a structured process of consultation with specialist audiences. This focused on three questions:

- What do stakeholders seek from social and environmental reporting and how do they use this information?
- What are the strengths and weaknesses of Unilever's reporting to date?
- Reporting style, presentation and communication.

Approximately 50 external stakeholder representatives took part in the consultation, along with a cross section of international Unilever employees (details in Appendix). The invited stakeholders met in five meetings, four for external stakeholders and one for employees. The external stakeholder meetings were held as follows:

- London: 17 January 2005
- New York: 19 January 2005
- Brussels: 25 January 2005
- The Hague: 9 February 2005.

These meetings were organised by the International Business Leaders' Forum, Business for Social Responsibility, CSR Europe and SMO (Business and Society Foundation) respectively. The employee meeting was held in London on 4 March 2005 and was facilitated by ERM. The process sought to follow internationally-recognised good practice in stakeholder consultation.

Unilever undertook to feed back a summary of the results of the consultation to participants. The wealth of detailed comment was captured in individual meeting notes, prepared by the independent facilitators. In addition, a round-up meeting of some 15 Unilever managers interested in social and environmental reporting was held on March 31, with participation by Unilever's external advisers on corporate responsibility issues. The aim was to distil the key learnings and identify common points from across the five sessions. This note, prepared by The Corporate Citizenship Company, summarises the findings of that session.

## **Summary of findings**

From the review of the entire consultation exercise, the key issues emerged under five headings. On some of these, there was unanimity of view both about their importance and on the best approach to adopt, while on others participants differed about the best way forward. The headline issues are:

- **Business context:** readers of social and environmental reports need a good understanding of the context in which the business is conducted and the various drivers and pressures it experiences, so as to see why the company makes the decisions and the choices it does;
- **Focus on material issues connected with the business:** successful reports focus on the material factors that are really relevant to the business and its stakeholders, explaining the rationale behind the selection of content – this means that not all issues can be addressed in the same depth;
- **Style of report – open and balanced:** for a report to be useful (and credible) it must be balanced in its assessment of the issues (citing both successes and failures), and open about the dilemmas inherent in running the business;
- **Mix of facts and case studies:** a proper balance is necessary between performance-orientated facts/data and case studies/‘stories’ that can help give the reader insight, recognising that while reports are not dry accounting documents, they must have a rigorous basis;
- **Verification and combined reporting:** most participants expect Unilever to move to produce a verified sustainability report, combining social, environmental and economic issues.

This note amplifies the thinking behind these summary views, following the three headings used by the March ‘round-up’ meeting to identify learnings:

1. what should be reported
2. how it should be reported and
3. what issues and dilemmas arise.

The final section of this note provides a perspective from Unilever about its future reporting intentions.

## 1. What is reported

The consultation shows that there are many different demands on the content of social and environmental reporting, reflecting the differing stakeholder interests. However, from the perspective of those attending the consultation, there is a strong unifying factor underlying these different demands.

The key, unifying factor is that reports need to give a clear picture of the business, focusing on the important or 'material' aspects. In particular, many participants felt that the reports needed to carry a clear statement of what is covered and why this had been chosen to give a full and balanced assessment of the company.

Some matters that are material in a company's overall social and environmental footprint may not be under the company's direct span of control. Nonetheless these may need to be considered, making clear the relationship between the company and its partners. While sourcing is often a focus here, this question extends beyond the supply chain to include consumer issues such as product use and to broader issues affecting business and society as a whole such as global warming.

In the various consultation sessions, a range of individual views were expressed about issues considered to be material. These included Unilever's use of water, chemical ingredients, human health, obesity and advertising. Also cited were internally-focused questions such as employee engagement and investment in training. Some consultees wanted more information about Unilever's economic impacts, while others called for greater discussion about public policy commitments and engagement in political processes.

During the discussion, some stakeholders registered a preference for reports that were structured in a particular way. For some, one of the key issues is external benchmarking. They wished to be able to answer the question "Which company is performing best in which area?" In this context a number of stakeholders found the Global Reporting Initiative (GRI) of particular assistance as it offers a common framework for reporting. However it was noted that the framework is more detailed for some stakeholder groups (e.g. on the environment) than it is for others (e.g. consumers), and some other stakeholders did not express a preference for this approach, questioning the value of a formulaic report.

Some stakeholders wanted the reports to show performance data with trends over time and particularly achievements against the targets that Unilever had set itself. A desire for some contextual data such as benchmarks was also expressed, to allow a judgement to be made about actual performance. Reports that cover disappointments and failures that a company is experiencing in pursuing its corporate responsibility agenda present a realistic picture and so engender greater confidence, they felt.

Some expressed a desire for a stronger forward-looking focus, to see better a 'road-map' of where Unilever is headed. Reporting is not just a matter of dealing with the past but also of giving a sense of the company's direction of travel. Reports must therefore include commitments about the future work programme with milestones showing what may be achieved by the time of the next report.

Similarly, a discussion of the dilemmas faced by the business invites a genuine dialogue and helps to build confidence in the robustness of the reporter's analysis.

## **2. How Unilever reports**

A number of diverse comments were covered under this question.

Unilever's approach to social reporting has been largely based on a model structured around its own *Code of Business Principles*.<sup>1</sup> This has provided a firm and distinctive foundation, showing how values are put into action. Some consultees posed the question as to whether it is capable of providing a firm way forward in future and of responding adequately to stakeholder expectations and interests.

Overall, Unilever's reporting drew praise from some participants on the grounds that it was 'modest' in tone, avoiding over-claiming. However others felt the current tone was too 'PR' in style, while still others (notably employees) felt it was too 'dry' and could be more effective in getting across a real story.

A key issue is the balance within the reports between facts and statistics on the one hand and case studies on the other. Consultees recognised that all reporting companies face the challenge of providing both the facts and statistics that will underpin their account along with the case studies that can bring to life the challenges, achievements and dilemmas for those operating on the ground.

In terms of data, information on environmental performance was thought to be good, with KPIs internationally recognisable and comparable. Social data can be more difficult as it often has to be set in its cultural context in order to be meaningful. It was recognised by consultees that Unilever needs to ensure that its social and environmental KPIs continue to evolve and adapt, as the business and external expectations change and international best practice develops.

Some stakeholders wish to challenge Unilever to make its reporting a more interactive experience with mechanisms such as on-line forums to share facts and opinions.

## **3. Dilemmas in reporting**

A disparate but nonetheless important set of challenges arose out of the consultation.

A key dilemma lies in the breadth and diversity of Unilever's business. The company is both global and multi-local, with operations in nearly 100 countries and sales in around 150. This makes the materiality and comprehensiveness of the report more

---

<sup>1</sup> Online at <http://www.unilever.com/ourvalues/purposeandprinciples/ourprinciples/>

challenging than for a business with a lesser geographical reach and a narrower product base. Participants in the consultation were largely international in outlook and this reflected their interest in Unilever as a whole; even so, some asked for more detail about the picture at regional and local levels.

The variety of issues arising means that an approach tailored to Unilever's business is likely to address material issues but can risk diminishing ease of comparability with other reporters. Similarly there is a tension between year-on-year reporting, highlighting progress against targets, versus tackling new issues on the agenda. A judicious balance has to be struck.

A related dilemma is how to report on 'work in progress'. The corporate responsibility agenda is constantly moving on. New systems, policies, practices and products must be developed to meet these changes. This poses the question of whether to report on these new things as they are being implemented or only once they are embedded.

Employee consultees in particular made the point that performance metrics asked for by external stakeholders may not be the ones which are necessary or useful in running the day-to-day business. They warned that reporting these may imply the management focus of the business is different from the reality.

Reporting also provides challenges related to tone, given multiple audiences. It is difficult to replicate in a report that has wide and disparate audiences the intimacy and directness of one-to-one communications, that can take into account different starting levels of knowledge and different pre-conceptions of performance. Another dilemma is how to get the corporate responsibility message more thoroughly embedded amongst employees: can a report aimed at wider external stakeholder audiences achieve this important aim?

Finally, how important are social and environmental reports in the range of communications undertaken? In some of the sessions, a majority of participants acknowledged that they had not used the existing reports until being asked to comment, relying on other vehicles for the information they needed about Unilever. Indeed an external participant commented that one can often gain more insight from direct contact with an employee at a local/factory level than from the corporate report.

### **Going forward – a Unilever comment**

The stakeholder consultation exercise has been very useful in helping us to clarify our thinking in a number of areas. One of the strongest impressions taken away from the consultation is the sheer variety of stakeholder demands and interests. Stakeholders vary from those generally interested in the company to those with a specific geographic or functional interest. We know that the environmental and social reports

cannot answer all the questions that stakeholders wish to raise in the depth they want. But we accept the requirement, expressed in all sessions, for the reports to furnish a coherent account of the company's overall approach, key policies and performance highlights, and then to signpost readers to other sources of more specific and detailed information.

We readily acknowledge that the standard and type of reporting has changed significantly since our first social and environmental reviews were published. The stakeholder input has assisted us in registering the challenges we must meet if we are to make our reporting more useful, enlightening and credible for key stakeholder audiences.

In our 2005 reporting (on the 2004 year), we are already taking on board those points we can immediately address. These include:

- Increasing our discussion of the context in which the business is operating, including our recent poor financial results
- Showing more clearly how corporate responsibility and environmental issues are being managed within the business and sustainability issues embedded
- Extending the range of key performance data on social issues, working towards complementing our ten year record on environmental performance measurement
- Taking a forward look at nutrition, hygiene and health issues, to open up a dialogue on what a company such as Unilever can do and where we need to work with others
- Including an external commentary in the environmental report and verification for the first time in the social report.

We have also tried to be frank about the difficulties of achieving some of our targets, for example on sustainable sourcing. On some critical issues faced by our industries, we are dependent on others making progress too, and sometimes perceptions and priorities differ in different countries and continents. We hope our social and environmental reports help to open up space for a discussion on how best to make progress.

In making these changes to our reporting this year, we think you will be able to see progress and responsiveness to the comments made in the consultation. The remaining comments will inform our forward development. We will, as stated during some of the consultations, be working to combine our two separate reports. We are therefore immensely grateful for the time given and interest shown by all participants.

**Mandy Cormack**

Vice president, corporate responsibility

*May 2005*

# Appendix

## Attendees at stakeholder meetings

London

17 January 2005

<b>Facilitator</b>	
Peter Brew	IBLF
<b>Participants</b>	
Steve Harris	Technoserve
Mallen Baker	BITC
Alistair Townley	Ethical Performance
Russell Marsh	Green Alliance
Matthew Gitsham	Ashridge Management College
John Elkington	SustainAbility
Gregor MacKinnon	Commonwealth Business Council
Graham Minter	Foreign & Commonwealth Office
Mark Goyder	Tomorrow's Company
Mark Line	CSR Network
Rachel Crossley	Insight Investment
Kirsty Jenkinson	F&C Asset Management
Fanny Calder	RIIA (Chatham House)
Fiona Gooch	Traidcraft
Sally Uren	Forum for the Future
Amanda Bowman	IBLF
Chris Larsden	BITC
<b>Unilever:</b>	
Mandy Cormack	
Clive Butler	
Gina May (IBLF)	

**New York  
January 19, 2005**

<b>Facilitator</b>	
Stacey Smith	Business for Social Responsibility
<b>Participants</b>	
Millie Chu Baird, Project Manager	Environmental Defense
Marc Brammer, Senior Research Analyst	Innovest Strategic Value Advisors
Tom Caffrey, Sr. Director	CARE USA
Meghan Chapple, Senior Associate II, Sustainable Enterprise Program	World Resources Institute
Steve Cox, Senior Fellow	World Wildlife Fund
Bennett Freeman, Managing Director for Corporate Responsibility	Burson-Marsteller
Michelle Lapinski, Director, Advisory Services	Business for Social Responsibility
Hannah Laufer, Senior Partnership Advisor	United Nations World Food Programme
Donna Long, Director of Development	National Minority Supplier Development Council
Margaret Mellon, Program Director, Food & Agriculture Program	Union of Concerned Scientists
Julia Moore, Former Public Policy Scholar, Woodrow	Wilson International Center for Scholars
Jane Nelson, Senior Fellow and Director of the Corporate Social Responsibility Initiative	Kennedy School of Government, Harvard University
Glenn Prickett, Senior Vice President (CI)/Executive Director (CELB)	Conservation International - The Center for Environmental Leadership in Business
<b>Unlever:</b>	
Mandy Cormack	
Stacie Nevadomski	
Andrew Shakalis	
Dennis Averill	
David Johnson	
David Lustig	

**Brussels**  
**25 January 2005**

<b>Facilitator</b>	
Kevin Flowers	ERM
<b>Participants</b>	
<b>Dominique Bé</b> , Deputy Head of Unit	DG Employment & Social Affairs, European Commission
<b>Philip Bushill-Matthews</b>	Member of European Parliament
<b>Paul Cullen</b>	Counsellor for Employment and Social Policy Permanent Representation of Ireland to the EU, Member of the high level group on CSR
<b>Charlotte de Roo</b> , HSE Advisor	BEUC - The European Consumers Organisation
<b>Kathie Harris</b> , Working Group Co- ordinator	European Round Table of Industrialists
<b>Richard Howitt</b>	Member of European Parliament
<b>Peter Lacy</b> , Executive Director	European Academy for Business in Society
<b>Daniela Mitchener</b> , Information / Press Officer	Platform of Social NGOs
<b>Erick de Smedt</b>	CEDAC- Centre d'Etudes et d'Action pour la Cohésion sociale
<b>Catelijne Wessels</b> , Senior Director	CSR Europe
<b>Natasha Waltke</b> , Senior Advisor	UNICE
<b>Unilever</b>	
Mandy Cormack	
Lettermieke Mulder	
Santiago Gowland	

**The Hague**  
**9 February 2005**

<b>Facilitator</b>	
Prof Dr .J. de Ridder	SMO (Business & Society Foundation)
<b>Participants</b>	
A.J.M. van den Biggelaar	Stichting Natuur en Milieu
G. Crijns	Nyenrode Universiteit
G. Dijkstra	VBDO
T. Fogelberg	GRI (Global reporting initiative)
M.J.J. Jacobs	Ministerie van Economische Zaken
J. van der Kolk	KPMG
W. Koole	Consumentenbond
M. Kreuger	FNLI
F. van der Molen	DHV Groep
A. Rutgers Van Der Loeff	NCW NCW
J. van 't Veld	Schuttelaar & Partners
J. Verburg	Novib
T.A.C. de Vries	Ministerie van Landbouw, Natuur en Voedselkwaliteit
J. Wempe	MVO Nederland
M.Ph. Hillen	SMO
S.N. Hogewind	SMO
<b>Unilever</b>	
E.P. Beij	
Ch.E. Dutilh	
J. de Koning	
L. Mulder	

**London, Unilever Employees  
4 March 2005**

<b>Facilitator</b>	
Kevin Flowers	ERM
<b>Employees</b>	
Judhaijit Basu	Audit Manager, Strategic Support and Quality Assurance
Shoaib Baig	Global E-Talent Manager
Primrose Chieza	Management Accountant AMET Foodsolutions
Oniya Masiye	Competitor Analyst
Bonita Case	Marketing Manager, Unilever Brand
Christina Butu	Regional Consolidation Manager
Stephane le Camus	Employer Brand Development Manager
Mohammed Valjy	Pensions Manager
Jochen Kleinertz	Project Manager - Financefocus Europe
Clemens Van Oostaijen	Category Marketing Manager - Hair
Andras Danko	Senior Auditor
Martyn Clarkson	Internal Communications Manager, Corporate Centre
Douglas Kasambala	Finance and Portfolio Manager
<b>Unilever Reporting Team</b>	
Mandy Cormack	
Santiago Gowland	
Rose Fenn	
Helen Keep	