



SOCIAL & ENVIRONMENTAL ASSESSMENT
2003

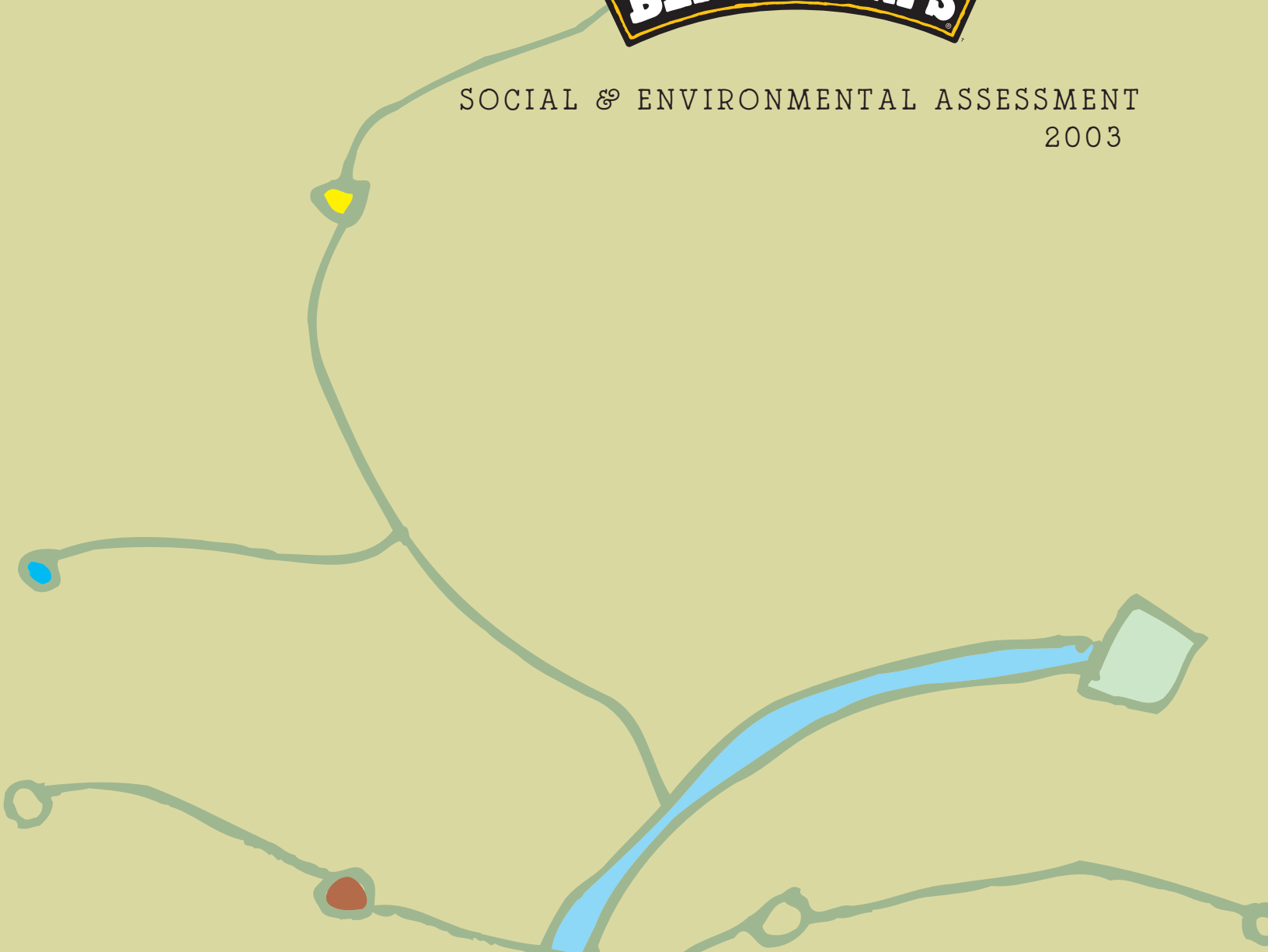




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As social auditor for Ben & Jerry's for the last eight years, I have chronicled the Company's evolution from feisty independent champion of social responsibility to acquisition by one of the world's largest consumer conglomerates. Purchased by Unilever in 2000, Ben & Jerry's has experienced a world of change over the past three years.

If 2002 was the year in which the transition to new ownership was largely accomplished, then 2003 was the first year in which the new performance could be separated from past endeavors. The overwhelming impression is that, in so far as the Social Mission is concerned, little has changed. This may be heartening to those who feared that the sale of the Company to a large multinational would have negative effects. At the same time, it may be disappointing to observers who hoped that a reinvigorated Ben & Jerry's would become a laboratory for new social responsibility initiatives.

To be sure, Ben & Jerry's has become more strategic and more focused on execution of business strategy. But its Social Mission activities, though better managed, have changed little over the past three years. The Company is maintaining its commitment to traditional initiatives and programs that have long characterized its Social Mission. With an emphasis on better execution, it is having some success in areas that have long proved problematic. What remains unclear is whether Ben & Jerry's will continue its cautious incremental approach to social responsibility or whether it will take a bolder, more ambitious path.

MISSION VISION AND STRATEGY

As an independent though wholly-owned unit of Unilever, Ben & Jerry's is much more focused on achieving business objectives than in the past, with a strong emphasis on top and bottom line financial performance. At the same time, Ben & Jerry's has reaffirmed its commitment to its Social Mission. Its Social Mission objectives remain focused on three areas: economic and social justice, the environment, and community.

As its 2003 Social and Environmental Assessment reports, Ben & Jerry's faced a number of significant challenges in 2003. The business environment proved difficult and the Company was unable to meet all of its objectives. At the same time, however, a review of the year indicates that Ben & Jerry's performed fairly well in regard to its Social Mission.

EMPLOYEES

In early 2003, Ben & Jerry's completed the shutdown of both its Springfield, Vermont manufacturing facility and its Bellows Falls, Vermont distribution center. Its handling of these closings, both undertaken to improve operating efficiencies, was exemplary in many respects. Ben & Jerry's offered transfers to a number of employees and generous severances to those who left. It managed to find buyers for both facilities, preserving jobs and a commercial tax base for struggling communities. At the same time, it added production and jobs at its St. Albans, Vermont, plant.

Even so, the closings and, to a lesser extent, layoffs in the South Burlington, Vermont, headquarters related to a reorganization of the sales force, highlighted the significant reduction in employment from approximately 750 employees in 2001 to 520 at the end of 2003. This occurred as a result of Unilever's reorganization of the business. To its credit, Ben & Jerry's acknowledges that cumulatively these layoffs affected morale, and it launched a number of initiatives in 2003 to strengthen communications with employees about the Company's strategic direction. It also worked hard to expand training opportunities for employees. A comprehensive survey of employee attitudes, scheduled for late 2004, should provide useful guidance on the

current state of employee morale and what can be done to improve it.

For employees who remained with the Company, Ben & Jerry's continued to offer attractive wages and benefits in 2003. It maintained its commitment to an above minimum "living wage." It absorbed more than a million dollars in additional costs to maintain its generous health insurance programs, for which it continued to pay 80 percent of total costs. It continued to offer a robust matching formula on its 401(k) retirement plan, and it examined ways to strengthen its retirement programs at a time when many companies were cutting back on retirement benefits.

Commitment to employee safety was evidenced in 2003 by a continued reduction in overall injury rates in manufacturing facilities and, for the first time, by zero lost time due to injury in both the St. Albans and Waterbury plants. These improvements were the result of comprehensive safety programs put into place over the last several years.

ENVIRONMENT

Ben & Jerry's continued to do an excellent job in tracking and managing the impact of its activities on the environment. It also set ambitious goals to reduce harmful environmental impacts from water usage and high-strength dairy wastes to ingredient

packaging to energy use. But as noted in the 2003 Assessment, the Company was not able to achieve all of its objectives. Long-term trends, however, continued to move in the right direction.

Research on thermoacoustic refrigeration, undertaken in 2002 in partnership with Penn State University, concluded in 2003 with production of a commercial prototype cooling cabinet. Full-scale commercialization, which may be years away, could reduce dramatically the use of environmentally harmful compounds. Ben & Jerry's, together with Unilever, provided hundreds of thousands of dollars to support Penn State's research. Penn State will maintain all ownership rights to the technology, for which it is seeking patents.

RETAIL OPERATIONS

Retail Operations was a bright spot for Ben & Jerry's in 2003. The Company opened 46 new Scoop Shops in 2003 and closed 12 shops as it launched an ambitious five-year plan to expand dramatically the number of franchise-operated shops throughout the United States and abroad. At the same time, it put more emphasis than in the past on selecting as partners individuals who share the Company's Social Mission.

One new requirement adopted in 2003 was that franchisees work more closely with PartnerShops® to achieve their objectives of providing job training to disadvantaged young people. The PartnerShop® program itself continued to focus on identifying nonprofit groups skilled in job training and job placement as partners for the creation of PartnerShops®. Six new PartnerShops® opened in 2003, including the first outside the United States.

As noted in last year's review, the PartnerShops® program itself lacks the resources both to sustain existing relationships and to develop new relationships. Franchisee involvement may help, but the program will continue to underperform unless it has dedicated resources sufficient to achieve its objectives.



The number of women and minority franchisees increased in 2003, although the Company acknowledges that it has work to do still to bring greater diversity to its franchisees. The Company reports no litigation with its franchisees in 2003, a remarkable achievement given the often-litigious relationships between franchisors and franchisees.

SOCIALLY-ALIGNED VENDORS

Ben & Jerry's relationships with socially-aligned vendors remained largely unchanged in 2003. Its single largest values-aligned supplier relationship continued to be with the St. Albans Coop, whose members are paid a substantial premium as suppliers of rBGH-free milk. Greyston Bakery, a long-established supplier of brownies, continued to receive a premium for its products in recognition of its commitment to job training of at-risk individuals.

Suppliers of other products, including vanilla and coffee extracts, bananas and peanut butter, also received premium prices to encourage sustainable agricultural products. Purchases from businesses owned by women and minorities increased approximately 50 percent compared to 2002.

INTERNATIONAL OPERATIONS

After years of struggling to expand abroad, Ben & Jerry's had a breakout year in 2003, the first full year for implementation of the global growth strategy developed in 2002. It substantially expanded production in the Netherlands in partnership with Unilever's Dutch manufacturing facility. It maintained strong retail sales in the United Kingdom, expanded its retail operations in Spain and Germany and restructured a struggling retail business in France. It established "Brand Champions" responsible for developing the business and defining how to implement the Social Mission in Spain, Germany and France. It made a start at introducing the same model in several other countries.

Having established a sound economic foundation in Europe, Ben & Jerry's

launched a number of new Social Mission initiatives there in 2003. The most noteworthy was in the Netherlands where Ben & Jerry's, in partnership with Unilever, inaugurated a sustainable dairy practices program in cooperation with Dutch farmers, nonprofits and the Dutch government. Community support initiatives also expanded significantly in European markets during 2003.

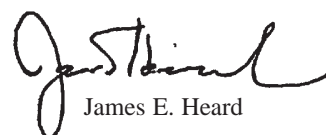
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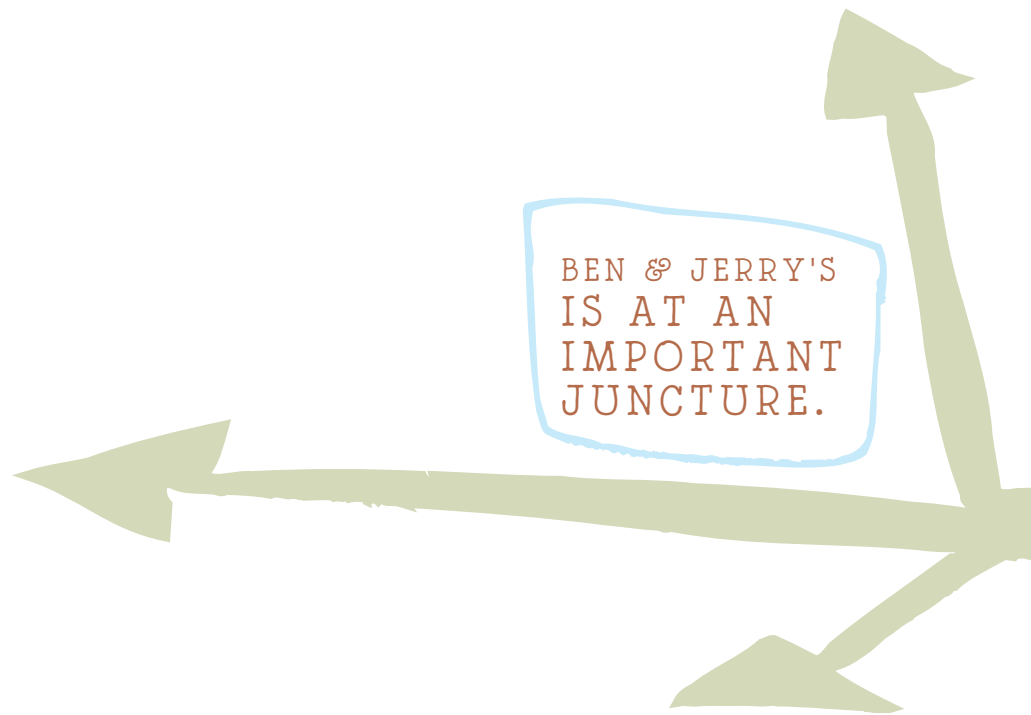
As in years past, Ben & Jerry's philanthropy was conducted largely through the Ben & Jerry's Foundation. Ben & Jerry's contributed approximately \$1.3 million to the foundation in 2003, a slight increase over 2002. The Foundation itself made \$1.166 million in grants in 2003, also a slight increase over 2002. A special committee of Ben & Jerry's employees serves as a grant-making committee, with grants going primarily to organizations committed to social and economic justice, community activism and sustainability. In addition, Foundation trustees (co-founder Jerry Greenfield is one of three trustees) made grants of more than \$700,000 from a special \$5-million fund established by Unilever in 2001.

CONCLUSION

Ben & Jerry's is at an important juncture. After three difficult years, during which it concentrated largely on restructuring its business and developing a long-term business strategy, the Company now has the opportunity to focus more on its Social Mission. It can choose to continue the strategy of the last three years, building incrementally on previous initiatives. Such a conservative approach would focus largely on better management of existing activities. Alternatively, without abandoning ongoing commitments, it can step back and seek to create a broader, bolder vision of how it can leverage its reputation and its expertise to advance its Social Mission.

With its economic house now in order and having significantly improved its ability to execute business strategies, it is now an opportune time for Ben & Jerry's to take a fresh look at what it can do in years ahead to strengthen its commitment to its Social Mission.


James E. Heard



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SECTION ONE C.E.O. STATEMENT

Since joining Ben & Jerry's in 2001 as Chief Executive Officer and Senior Director of Social Mission, I continue to be awestruck by the talents and resolute dedication of Ben & Jerry's employees in the face of changing opportunities and challenges that have earmarked the Company's course since its Unilever acquisition.

With a vision for improved financial health and expanded social and environmental purpose, we've collaborated, day in and day out, to rework and upgrade our road map. Our determination to preserve Ben & Jerry's uncommon culture and purposeful Social Mission is steadfast. So is our resolve to fuel continuous improvements, breakthrough innovation and financial momentum to ensure the Company's sustained growth. Throughout 2003 our goals stood firm, yet we were transformed.

Some changes were radical, others more moderate—all were strategic. The restructuring plans announced in 2002 came about in 2003, with final closings of our Vermont facilities in Springfield and Bellows Falls. Anticipating the resulting boost to operating efficiencies and to our bottom line, we still felt the dispiriting impact of sharing goodbyes with longtime co-workers and friends. Soon thereafter, we laid the groundwork for streamlining our distribution systems. While our objectives sought to consolidate Ben & Jerry's customer service, inventory management and delivery programs with the resources of our partners at Good Humor-Breyers in Green Bay, Wisconsin, the move prompted additional changes, steepened our learning curve, and revised a number of reporting structures.

That said, for the most part our governance structure remained unchanged. Joining Unilever as our parent and partner, we looked to manage Ben & Jerry's in a way that leveraged the strength of Unilever's global acumen, informally exploring opportunities for collaboration where they seemed natural and appropriate. But, as always in the past, we looked inward for solutions to our product and process challenges, supporting our own business and values decisions and inspiring Ben & Jerry's-style solutions with creative autonomy. We remained independently spirited and protective of the offbeat, quirky ingenuity that defines this wonderful brand.

Much of 2003 was positive and powerful – but not all. Making our way through a particularly difficult economic environment, intensified competition and weather conditions that dampened ice cream sales across the country, we watched the entire super premium ice cream category flatten. At the end of the day, accommodating the intense impact of an array of changes from within, we had set an ambitious overall sales target, and fell short of where we'd hoped to finish.

Still and all, we were pleased to achieve our profit targets for the year, a remarkable accomplishment and a credit to this determined team of superstars who, in the face of numerous hurdles, exceeded great expectations and made things happen. Inspiration and excitement came in abundance from little and large successes. Our Vermont manufacturing plants celebrated a milestone safety achievement of zero lost time accidents. The Ben & Jerry's franchise community finished 2003 showing a 3% increase in sales. More than 50 vibrant, new Ben & Jerry's Scoop Shops opened in our US target markets, plus five fledgling PartnerShops® in the US and our first in Europe, all of which will work to translate our Social Mission into hands-on community action. And turning a corner in our international efforts, we surpassed our own projections. A 20% growth in our business beyond US borders cemented a promising foundation for our future adventures abroad, as much for Ben & Jerry's ice cream as for our enthusiasm around finding appropriate ways to translate our social and environmental aspirations across differing cultures and traditions.

Looking to 2004, our challenges at home and worldwide are huge. And our expectations are higher. Over the past three years we have worked harder than we've played. It has made the difference. The untiring effort of the Ben & Jerry's team positioned our Company to achieve new levels of prosperity while we find better ways to use the strength of our business for creating value in the communities where we live and prosper. Even amidst a change of ownership and an adjusted course, our staff, our franchisees, our partners and our ice cream loving consumers remain true keepers of the flame. The stewardship they bring to Ben & Jerry's powerful sense of purpose has never failed to enhance our product, improve our economics, and inspire our Social Mission. I'm grateful for their experience, their sound instincts and their trust, as together we meet challenges and grasp every opportunity on the road ahead.



Yves Couette, Chief Executive Officer

SECTION TWO KEY INDICATORS

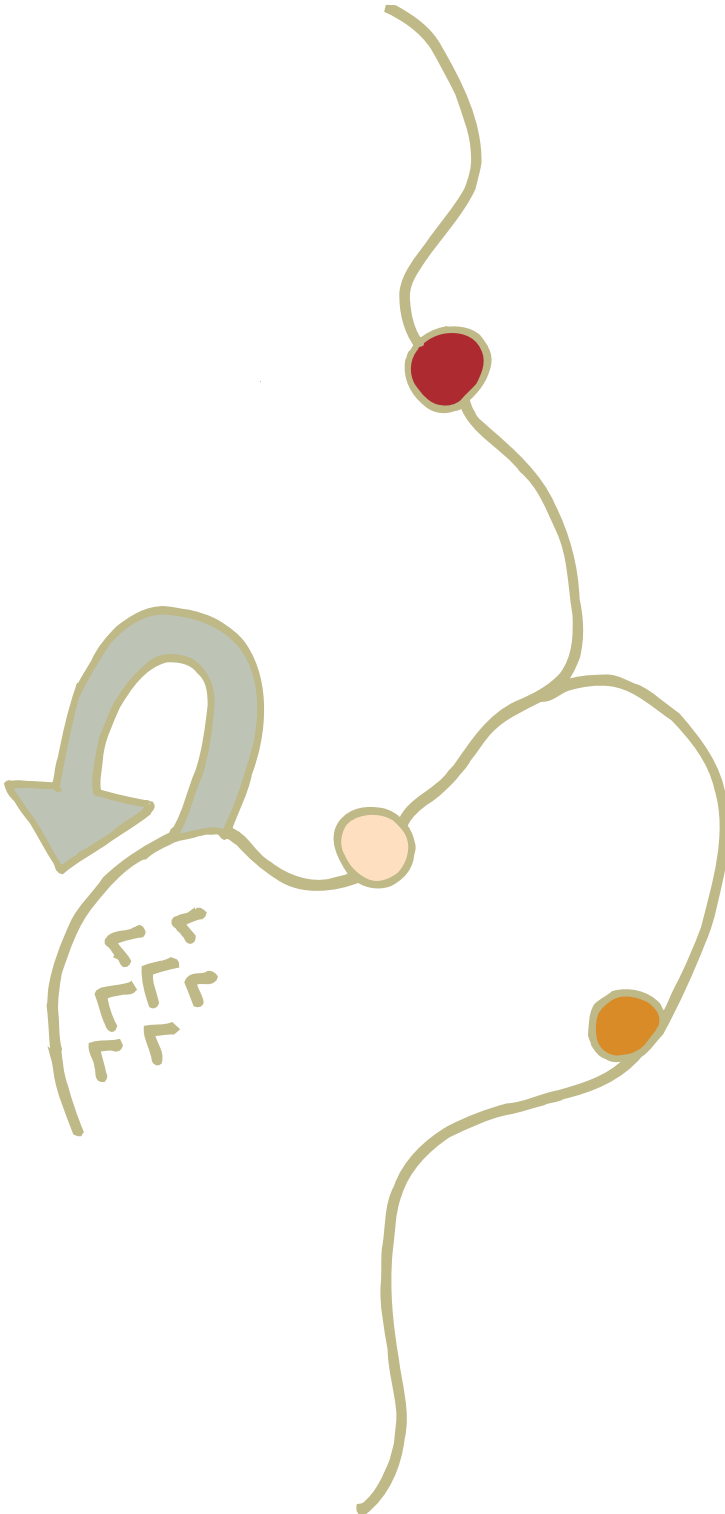
Pulling together our Social and Environmental Assessment is a conundrum of sorts.

This is our fifteenth year of making it happen. Like every other year, we've conspired to make it better than the one before. Our aim is always to create a worthwhile management tool that reports on social performance much the same way that audited financial statements document profitability. We want to make it informative, organized and multi-dimensional. Credible, transparent, comprehensive and targeted to a multi-stakeholder readership. And that's just for starters. After 15 years, we're still looking for inspiration and guidance on how to do it best.

This year we asked some experts for their take on our reporting style. SustainAbility is an international consultancy firm with 17 years of expertise in business strategy, sustainable development and issues communication. They rolled up their sleeves and poured over our last report. When they came back to us, it was with a range of insightful suggestions on our reporting strengths, areas that could use improvement, and benchmarkers from other companies' social performance reports to help us gain perspective. Mostly, we shared their views, incorporating many into this year's format and intending to follow up on others when we come back to the drawing board at the end of 2004.

As it did last year, the format of this year's report parallels the Global Reporting Initiative (GRI) guidelines and incorporates our social performance and our environmental report into one document. The flexibility of the GRI guidelines lets us tell our unique story in our own way. At the same time we get to stay connected with the GRI process that's looking to bring a measure of uniformity to social and environmental reporting and make it more comprehensible to readers.

Once again, we invited James E. Heard, Vice Chairman of Institutional Shareholder Services, Inc., to visit with our directors and staff for the purpose of auditing this report with an introductory independent letter of verification. While Jamie's reputation as one of America's most influential corporate governance experts continues to provide us with fresh, powerful insights on the quality, accuracy, integrity and accessibility of our report, his eight-year auditing association with this Company also brings much valued continuity and long range perspective. We're always eager for his input and thankful for his help.



SECTION THREE POLICIES



MISSION STATEMENT

People ask us whether things have changed at Ben & Jerry's since the Company's acquisition and we welcome the question. More often than not, it prompts lively, provocative debate and the feedback tends to be as diverse as flavors in the freezer.

Some will answer that, these days, more decisions than before begin and end with dollars, plain and simple. Conversely, others are likely to applaud a new-found emphasis on strategic economic discipline destined to make the company a stronger competitor. Some will respond, for example, that Ben & Jerry's carb conscious ice creams could trigger slow creeping ruin for our traditionally all-natural image. To the contrary, others insist it's high time to accommodate those patient Ben & Jerry's loyalists who began asking for great tasting alternatives for consumers following a low carb diet.

Discussing whether or not and in what ways the Company has changed helps us measure milestones and test our own authenticity—how much we've matured since the start-up years; how far we need to stretch to reach our destination goals and more precisely, how close we intend to stay, in the course of change, to the real values on which Ben & Jerry's was founded. They are the core values, principles and beliefs that we first defined in 1988 in our Company Mission Statement and subsequently expanded on

in Leading with Progressive Values Across our Business.

Our Mission Statement is the north star we use to find our way through everyday decisions. Increasing market share, driving innovation, boosting earnings, inspiring solutions to our environmental impact, leveraging our resources to educate and motivate consumers around important social issues... we try to measure all our efforts, along with results, as much by their profitability as by their compatibility with the values commitment we spell out in our Mission Statement.

To all who ask, it's fair to say that our Mission Statement has not changed at all.

Here's how it reads:

STATEMENT OF MISSION

Ben & Jerry's is founded on & dedicated to a sustainable corporate concept of linked prosperity. Our mission consists of 3 interrelated parts:

ECONOMIC

To operate the Company on a sustainable financial basis of profitable growth, increasing value for our stakeholders & expanding opportunities for development & career growth for our employees.

SOCIAL

To operate the Company in a way that actively recognizes the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally & internationally.

PRODUCT

To make, distribute & sell the finest quality all natural ice cream & euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients & promoting business practices that respect the Earth & the Environment.

CENTRAL TO THE MISSION of Ben & Jerry's is the belief that all 3 parts must thrive equally in a manner that commands deep respect for individuals in & outside the Company & supports the communities of which they are a part.

If the Mission Statement is our roadmap, from senior-most management to the most remotely located franchisee, each and all of us are accountable for building products and processes that uphold our values.

Yves Couette, CEO, is the ultimate guardian of our tradition of values in his role as Senior Director of Social Mission. He meets quarterly with an advisory group of external "stewards" whose goodwill, common sense and progressive vision help us define the integrity of the brand and hold on to perspective across our cultural history. We have a Head of Social Mission reporting directly to Yves who engages in brainstorming, patrolling, balancing, inspiring and generally challenging the thinking within each department to explore progressive, more consistent ways to integrate our values. And each employee, every year, commits to a personal Social Mission target that might be internal, like committing energy to teams that care about building more heart and soul into our workplace, or extracurricular, such as being passionate about community volunteering. And one more thing. We're sometimes asked how Ben Cohen and Jerry

Greenfield fit into our business and Social Mission these days. Our commitment to values-led business stands on the progressive principles they founded. Oftentimes they'll join us in initiatives for which they have a big heart, like PartnerShops® or our campaign to stop global warming. At other times when they go public, they do so as private citizens or as representatives of organizations they support, such as True Majority (www.truemajority.org), or Business Leaders for Sensible Priorities (www.commondreams.org). It's great when we're all on the same page, though sometimes we lock horns and end up agreeing to disagree. But we're always supportive and respectful of their right—everyone's right—to speak on any subject. If you're confused about who stands where on which issue, email us (www.benjerry.com) or them anytime and we'll try to clear things up.

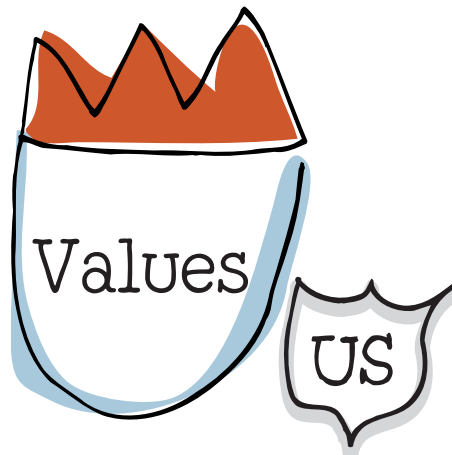
SECTION FOUR VISION & STRATEGY

There's a world of issues, social problems and environmental challenges we'd like to lend a hand with, if only we had more hands. But we find the more we focus, the better we fare. So, we define our focus areas for social performance this way:

Economic and Social Justice: We recognize that capitalism and the wealth it produces fail to provide opportunity for everyone equally. We look to create economic opportunities for those who have been denied them and to advance new models of economic justice that are sustainable and replicable. Our collaborative efforts with the Greyston Bakery, and with our PartnerShop® owners, tell an interesting story of where we've found traditional business resources that can be used to support economic and social change in our communities.

Eliminating negative impact on the Environment: By definition, the manufacturing of products creates waste. We strive to minimize our negative impact on the environment through projects that look to assess and address the environmental impact all of our practices—from packaging to manufacturing, distribution and working habits at all of our locations—through a commitment to support sustainable agricultural practices and through partnerships with likeminded individuals,

companies and enterprises such as suppliers and non-profit organizations, many of whom we rely on for information and assistance. In 2002, for example, we entered into a partnership with NativeEnergy, a business dedicated to providing clean energy options to companies.



Generosity toward the communities in which we do business: We strive to show respect for human beings inside and outside our Company and for the communities in which they live. Ben & Jerry's divides its philanthropic pool of funds between the Foundation, Corporate Philanthropy and employee Community Action Teams (CATs) at each Ben & Jerry's manufacturing and administrative site in Vermont. CATs make small grants to community

organizations within Vermont and coordinate hands-on staff volunteerism to community-based projects and social change initiatives.

SOCIAL MISSION ACTION

There's more to read about each of these Social Mission initiatives in the pages ahead. But if you're on a faster track, you'll prefer the short version that follows. These are some of the Social Mission initiatives, projects and positions that inspired us in 2003 and keep us looking ahead:

- Our Human Resources department set the stage for a 3–5 year project to re-energize our workplace with renewed enthusiasm for innovative practices and benefits to help balance the work/family life needs of our team.
- We devoted enthusiastic resources, with support from Unilever and serious brainwork at Penn State University, to mastering the prototype for a thermoacoustic refrigerator. This is leading edge cooling technology that utilizes sound waves to refrigerate and even freeze. We debuted the working model for this prototype on Earth Day 2004.
- We launched a consumer awareness campaign—and a flavor—to help our fans, our partners and ourselves understand what we can all do to stop

global warming. It prompted folks to send hundreds of thousands of letters to Congress in support of legislation that will reduce our dependence on fossil fuels and cut back on carbon load emissions. It even inspired people to take action on their own, and the information they sent us suggests their everyday actions eliminated hundreds of millions of pounds of carbon load emissions.

- With a bigger than life election year in the wings, we laid the foundation for a national campaign roll-out in 2004, in partnership with Rock the Vote, to talk to 18-25 year olds and do what we can to beef up their interest in their right and their responsibility to vote. There's a new flavor too. It's our first democratically named ice cream, and voters chose "Primary Berry Graham™."
- As scheduled in early 2003, we pulled together all the right partners and, with a flourishing drumroll, launched the test of a compostable ice cream cup with the highest of hopeful expectations. But we couldn't make it work. While materials turned out to be great for use in compostable cold drink cups, bowls and cutlery, all of which we intend to test in our Scoop Shops in 2004, it was too fragile for freezing temperatures. So we're back to the drawing board with next steps focused on testing compostable coatings for our existing unbleached paper cup stock. In spite of the setback, compostable ice cream packaging is where we intend to go. We'll get there.
- We want a PartnerShop® in every target city. We were delighted to have our first PartnerShop® in Europe open in the UK. During the year, five new community-based PartnerShops® opened their doors in the US.
- We agreed with our Scoop Shop owners that we're falling short of sharing stories with our consumers about our, and their, Social Mission. So we rolled out a project that we named "Louder Than Words" that will have Ben & Jerry's position papers and Social Mission stories in Scoop Shops by early 2004.
- Our Purchasing department has committed to an internal "re-education program" that will underscore our commitment to offering opportunities to minority and women-owned businesses through our procurement chain.
- Through a cross-departmental team, the Values Led Steering Committee, we made recommendations that broadened our socially-aligned sourcing base. Momentum in the direction of a partnership with Transfair USA for our coffee extract made giant strides with hopes of having their Fair Trade Certified seal on our coffee flavors by late 2004. At the same time, we obtained Rainforest Alliance certification for our coffee extract used in the United States. Our manufacturing partners in the Netherlands launched efforts to transition to green energy by early 2004. And we got the SMILE project rolling in the EU, an initiative that brings together business, the trade, agriculture, government and academia with the objective of helping to craft first-time standards specifically gauged to encourage sustainable dairy practices.
- After years of discussion, deliberations and detours, we put Ben & Jerry's Organic Ice Cream in four flavors on freezer shelves in the national Natural Foods Channel.
- Our Conductors of Bizarre & D (more conventionally known as the Research & Development department) put their engineering heads together and succeeded in removing PHOs (Partially Hydrogenated Oils) from 6 of our traditional flavors. More to come.
- At the start of the year we launched a campaign to drastically cut back paper usage with a goal of seeing a 50% reduction. We took steps such as installing software to monitor paper usage at the printer and installing computers in all conference rooms to support paperless meetings. We fell short of our goal, finishing the year with a 39.4% cutback in paper usage, and a commitment to shave off another 20% in the course of 2004.
- We moved ahead on our commitment to reduce the company's carbon load emissions 10% by 2007. With the expansion of our manufacturing facility in St. Albans, Vermont, we enlisted two outside firms to help us evaluate technologies and systems. Through energy efficient options we included in our plans, the plant will save 948,603 kW per year, the equivalent of 64 annual tons of CO2 emissions.
- 2003 brought considerable attention in Vermont to the issue of genetically modified organisms (GMO's.) We support consumers' right to know how their food is produced and to make their own choices about what they eat. That conviction shaped the essence of our position on recombinant Bovine Growth Hormone (rBGH) which we state on all our labels. With dairy being our primary ingredient, we paid a premium to the farmers of the St. Albans Coop for their pledge to provide us with milk from cows that have not been treated with rBGH. With regards to GMOs, we supported the establishment of a coordinated regulatory framework within the US Government that allows for full consideration of the ecological and human health implications of GMO crops, as well as for meaningful public input. We found that it is virtually impossible to secure GMO-free assurances from all of our suppliers.

SECTION FIVE COMPANY PROFILE



Ben & Jerry's is a Vermont-based corporation which manufactures and markets super premium ice cream, frozen yogurt, ice cream novelties and sorbet. Our products are produced in pints, 24 oz, 500 ml cups, 2.4-gallon tubs, single

serve cups and individual novelties. Ben & Jerry's products are distributed nationwide and in selected international markets in supermarkets, grocery stores, convenience stores, scoop shops, restaurants and other venues.

Ben & Jerry's franchises Scoop Shops in both the US and Canada. Outside North America, Ben & Jerry's products are marketed and distributed by affiliated companies within Unilever and by some third party licensees in the Benelux countries, France, Germany, Hong Kong, Iceland, Ireland, Israel, Italy, Lebanon, Malta, Singapore, South Korea, Spain, Sweden and Switzerland. In the United Kingdom, Ben & Jerry's operates a wholly-owned subsidiary.

At the end of 2003, Ben & Jerry's employed 498 staff members worldwide.

MANUFACTURING

In 2002 a complete evaluation of the Ben & Jerry's supply chain was conducted by the operations team. Our findings concluded that maintaining three manufacturing sites and one distribution center in Vermont resulted in complexity and cost which were economically unsustainable. This led to the difficult decision to close the Springfield factory and our Bellows Falls distribution center, which we announced in May of 2002. 2003 saw the completion of our restructuring plans with a \$10 million expansion of the St. Albans' factory. The expansion allowed for the production of bulk tubs, provided a new frozen warehouse to accommodate product storage needs and added 35 new jobs in St. Albans.

Our Springfield plant was shut down on February 28, 2003. The plant was sold to Ellsworth Ice Cream on March 31, a small manufacturer from Saratoga Springs, New York; by mid-April, Ellsworth was up and running. They hired 56 of the 85 Ben & Jerry's people who had been working at the Springfield plant, including our longtime plant manager. Ellsworth was excited by the quality and commitment of the people at our Springfield facility, and we were pleased that so many of our former employees were able to remain in jobs

with Ellsworth. Even after the announcement of our decision to close the Springfield plant, the Springfield team did a great job for Ben & Jerry's, making product and working safely. The site closed having achieved 693 days without a lost-time injury.

We closed the Bellows Falls distribution center in September 2003. Its inventory was moved to the St. Albans plant and other distribution centers located across the country. A local Bellows Falls company purchased the site and now employs 12 people, including three former Ben & Jerry's employees. Our team at the distribution center consisted of 32 employees (20 warehouse staff and 12 truck drivers). The Bellows Falls team did a great job maintaining accurate inventory, shipping orders on time and working safely. The site closed having achieved 869 days without a lost-time injury and the shuttle truck drivers drove 6.43 million miles without a chargeable accident.

The bulk tub production line from Springfield was successfully relocated and started up in St. Albans in April, 2003. Production of novelty ice cream bars was moved to a Good Humor-Breyers factory in Sikeston, Missouri, for the purpose of optimizing available capacity there. Good Humor-Breyers is also owned by Unilever. The new frozen warehouse was completed in July 2003. The expansion of our facility in St. Albans gives us the opportunity to grow our partnership with the Vermont farmers of the St. Albans Coop, and support our commitment to the community of St. Albans that has welcomed us and contributed to the success of our operations there since 1995.

With the completion of our restructuring, Ben & Jerry's production is now focused in two Vermont plants, Waterbury and St. Albans. The Waterbury plant (built in 1985) produces most pint flavors and is also one of Vermont's largest tourist attractions, with factory tours and retail shop operations. The St. Albans plant (built in 1995) produces high volume pint flavors as well as flavors which lend themselves to the highest line speeds. It also produces 3.6 oz cups, 24 oz products and bulk tubs for scoop shops.

A unique aspect of Ben & Jerry's manufacturing sites is the way in which the plant leadership operates the facilities. The leadership works very hard to integrate the company's three-part mission statement into the decisions they make. While difficult to measure and track, examples would be frequent celebrations for the employees, the ability to connect and give back to the community and even the opportunity to receive regular massages at work. Input from the employees is valued and integrated at all possible opportunities.

The Sikeston, Missouri, Good Humor-Breyers facility began novelty production for Ben & Jerry's in 2002 and produced most of our Peace Pops® in 2003. They source local, rBGH-free dairy ingredients.

Rhino Foods, a small, locally-owned business in South Burlington, Vermont, produces an ice cream cookie sandwich for us called the 'Wich™'. They purchase the mix for the ice cream from our St. Albans facility, ensuring that local, rBGH-free milk and cream are used in that product as well.

The growth of Ben & Jerry's international business has prompted us to expand our manufacturing operations to markets beyond Vermont. You'll find a more detailed descriptor of those facilities in the International section.

DISTRIBUTION

The review of our overall supply chain highlighted opportunities to work more closely with Good Humor-Breyers in distributing our products to customers. Customers preferred one delivery with the whole range of ice cream products rather than one truck for Ben & Jerry's and another truck for Good Humor-Breyers. With that in mind, customer service, inventory management and delivery to customers were consolidated with the Good Humor-Breyers team in Green Bay, Wisconsin. The new frozen warehouse in St. Albans and the network of distribution centers used by Good Humor-Breyers allowed us to transition out of the Bellows Falls distribution center in September, 2003. Ben & Jerry's inventory is now stored in seven distribution centers strategically located around the country to best serve our customers. The distribution arrangement that we had with Dreyer's was concluded at the end of 2003.

Vermont's Finest®, located in Waterbury, Vermont, owns and operates seven trucks for sales and distribution purposes throughout the state. A unique aspect of Vermont's Finest® is the delivery of ice cream "seconds" to many of the local "Mom & Pop" stores. The revenue generated through the sales of seconds is redirected to local community activities.

The Company does not own the vehicles that distribute outside the state.

INTERNATIONAL

Ben & Jerry's International had a successful year, highlighted by strong growth in Germany, Hong Kong, Ireland, Singapore, Spain and the UK. Overall, we grew Ben & Jerry's businesses outside of the US and Canada by 20% in dollar revenue terms and initiated new, strategic cooperations with Unilever Ice Cream sister companies to launch Ben & Jerry's enterprises in their countries in 2004.

Manufacturing In Europe

Hellendoorn, The Netherlands, is the location of a factory that we selected to begin producing 500 ml and 5 liter products in 2002 to support our expanding market in Europe. This ice cream plant, owned by our sister company, Iglo-Mora, helped us balance our Company's product and economic mission. Our European production capability generates cost savings on trans-Atlantic freight and import taxes and improves the gross margin of Ben & Jerry's sales across Europe. Adequate gross margin is vital to finance the growth of our existing businesses and to launch viable, new country enterprises. Both of these situations require ongoing and growing investments in sales

promotion, brand building and human resources, which before 2003, we were finding difficult to sustain with the margins we generated on sales of imported ice cream.

Along with our operational and economic assessment of the facility at Hellendoorn, we found the Dutch dairy standards to be among the highest in the world, and the concern for sustainable agricultural in this region to reflect our own values around family farms and respect for the environment. In addition to providing significant transportation savings and facilitating placement of the freshest ice cream on European store shelves, having a manufacturing facility in Europe provides new opportunities for Ben & Jerry's to partner with the community and local farmers.

The Hellendoorn team embraces Ben & Jerry's values. They are working towards broadening the existing sustainable agricultural program by developing a collaborative program with farmers, businesses and the local university. They are investigating green energy for their site and are working on community action teams. In compliance with the strict agricultural regulations that prohibit the treatment of cows with rBGH, all milk and cream used in manufacturing our ice cream is rBGH-free and is sourced from farms in both Holland and Germany. While special recipe ingredients are purchased by Ben & Jerry's in Vermont, a team is working to identify European suppliers to further reduce transportation and the associated CO₂ emissions.

Yavne, Israel, is the location of a Ben & Jerry's licensee who produces ice cream in 100 ml, 500 ml and 10 liter tubs for local distribution. They source local dairy ingredients from farmers who have pledged not to treat their cows with rBGH.

Stoney Creek, Ontario, Canada, is the location of a plant that began operating under our license in 1998. They produced 500 ml products until their contract expired in December 2003. At that time, Ben & Jerry's production was moved to a Good Humor-Breyers plant in Simcoe, Ontario, that had available capacity. Simcoe has also started producing bulk tubs to allow us to expand scoop shop operations in Canada. Once again, all milk and cream products are locally sourced and rBGH-free.

Sustainable Milk Initiative Launched in Europe

As we settled into our new manufacturing relationship with the team at Hellendoorn, we discovered an opportunity for a collaborative initiative that we believe can offer expanded relevance for sustainable dairy standards in The Netherlands, already ranked among the highest in the world. In September 2003, working together with local stakeholders in Holland representing government, NGOs, universities, the trade, industry and farmers, we laid the groundwork for Ben & Jerry's Sustainable Milk Initiative Launch in Europe. Our SMILE project endeavors to develop a self-assessment tool for farmers that will contain indicators of sustainable agriculture for their dairy farms. The project will define and evaluate economic, environmental and social factors. Ben & Jerry's international team is sponsoring this initiative which is co-sponsored by Unilever's Sustainable Agriculture group. The project was fortunate enough to attain funding by the local Dutch KKM

organization that strongly supports sustainable dairy farming. Our goals for this initiative include sharing with industry the best practices we develop in the course of the project and raising awareness among consumers about the positive impacts of sustainably produced dairy products.

Business System for Ben & Jerry's International Rollout: Dedicated Brand Champions

For our international rollout, strategic cooperation with Ben & Jerry's sister ice cream companies in Unilever is proving to be a viable, effective and efficient expansion system for developing new Ben & Jerry's businesses while balancing all aspects of our three-part Mission Statement. 2003 was the second full year that Ben & Jerry's Spain coordinated business strategy with the Unilever ice cream company in Spain, and the first full year for our partners in Germany, Hong Kong and Ireland. An essential pillar of this business system, our "1st Key Principle," is for the Chairman of the local Unilever ice cream company to handpick an entrepreneurial manager who will be held fully accountable for building the brand and supporting values-led business practices in-country. We refer to these dedicated business managers as Ben & Jerry's "Brand Champions."

Brand Champions and Ben & Jerry's Social Mission

We count on Ben & Jerry's Brand Champions to uphold a commitment to the values and principles on which this Company is built, in a way that's respectful of and relevant to the diverse cultural, social, political and economic circumstances of each country in which we trade. Our international experience has already taught us how great a challenge it is for Ben & Jerry's enterprises outside of the United States to define, activate, sustain and communicate culturally relevant expressions of our Company's Social Mission to local consumers.

Enterprises with Dedicated Ben & Jerry's Brand Champions

In France, Germany and Spain, where the Ben & Jerry's-Unilever ventures have fully-dedicated Brand Champions and teams devoted to activating the Company's brand and Social Mission, we experienced full and optimal compliance with our 1st Key Principle. In Great Britain, Ben & Jerry's UK remained throughout 2003 a wholly-owned subsidiary of Ben & Jerry's, Vermont, and has a successful, growing, values-led business driven by an exemplary, experienced Brand Champion and her fully-dedicated team. At the end of 2003, Ben & Jerry's Vermont transferred the ownership of Ben & Jerry's UK to our Unilever UK ice cream sister company, Birdseye Walls. Birdseye Walls' Chairman committed his company to preserving the distinct identity, voice, Brand Champion and dedicated management team of the Ben & Jerry's UK business.

In Israel and South Korea, the Ben & Jerry's enterprises are operated by third party licensees that have management teams dedicated to Ben & Jerry's.

In The Netherlands, November 2003 saw Unilever's ice cream company there, the Iglo-Mora Group, acquire the Benelux license rights previously owned by Sfeerbeheer, Ben & Jerry's third party licensee for the Benelux countries. Iglo-Mora's

Chairman committed his company to preserving the distinct character and dedicated management team that had previously been on board.

Some of the community-based activities undertaken in 2003 by the above listed Ben & Jerry's enterprises with dedicated Brand Champions are described in the Community-Based Activities section. As 2003 was the start-up year in Germany for Ben & Jerry's, our Brand Champion there will begin in 2004 to implement our Social Mission in community-based activities.

Enterprises without Dedicated Ben & Jerry's Brand Champions

The second year of Ben & Jerry's international rollout confirmed the importance of finding fully-dedicated Ben & Jerry's Brand Champions, a challenge we met with varying degrees of success. In 2003 some Ben & Jerry's country operations lacked a dedicated Ben & Jerry's Brand Champion. In those cases we were generally unable to achieve our goals of activating Ben & Jerry's Social Mission in any meaningful way.

In Hong Kong, Ireland, Singapore and Switzerland, our strategic partners were disinclined to appoint a dedicated Ben & Jerry's Champion. The concern, initially at least, was that the limited size of their overall markets, companies and management teams could not financially justify the overhead of a single, dedicated manager.

In Barbados, Iceland and Malta, third party distributors operate the local Ben & Jerry's businesses and our business relationship with them is at arm's length, similar to Ben & Jerry's dealings with wholesalers of our products in the United States.

In these and similar situations in the future, we will need to address the challenge of how to integrate responsibility for translating the Ben & Jerry's traditional commitment to community outreach into the roles of our international team members, whatever their level of participation in the growth of the Ben & Jerry's brand.

Central Support Offices Include the Following:

| | |
|-----------------------------------|------------------------------|
| Accounting/Finance | Information Systems |
| Administration | International |
| Art/Design | Legal |
| Consumer Affairs | Marketing & Public Relations |
| Distribution | Materials & Logistics |
| Environment/ Natural Resources | Quality Assurance |
| The Foundation | Research & Development |
| Health & Safety | Retail Operations |
| Human Resources | Social Mission |

YEARLY REVENUE

As a wholly-owned subsidiary of Unilever, Ben & Jerry's is part of a larger multinational publicly-traded business. For the purpose of this report, the Company reports financial results based on an annual revenue reporting range provided by the Global Reporting Initiative (GRI). For 2003 Ben & Jerry's revenue was between \$200-\$500 million.

SECTION SIX ORGANIZATION & MANAGEMENT SYSTEMS

SUPPLIER DIVERSITY

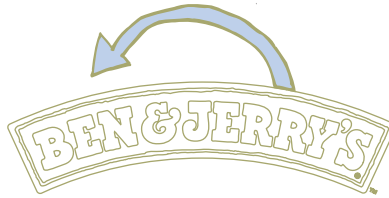
Ben & Jerry's has long recognized the opportunity to include a diverse supplier base in our supply chain purchases. This would include businesses operated by women and minorities. Ben & Jerry's recognizes the definition of a diverse supplier as defined by the National Minority Supplier Development Council. Our objective in establishing a supplier diversity program is to seek out and encourage spending with minority-owned companies. Ben & Jerry's spent \$4 million with diverse suppliers in 2003 as compared to \$2.7 million in 2002. The primary contributor to the increase was the sourcing of raw material for a tamper-evident band for our packaging from a woman-owned company called Seal It.

SUPPLIERS FOR VALUES DRIVEN PURCHASES

In 2003 approximately 48% of our ingredient and packaging purchases were from companies that we view as being aligned with Ben & Jerry's values, as compared to 50% in 2002. This was a dollar decrease of 7% from 2002. The decrease was a result of market conditions dropping the cost of dairy from the St. Albans Coop and by contract negotiations with Sweetheart, our paper supplier.

While in the past we have provided detailed expenditures, it was felt that for competitive reasons going forward, this information should be considered proprietary. While we no longer report exact spending, we will continue to track and, ideally, increase purchases with our values-driven suppliers.

A list of ingredients and packaging purchased from socially-aligned suppliers follows:



Milk & Cream

The St. Albans Cooperative Creamery has been the major supplier of cream and condensed milk ingredients to Ben & Jerry's for over 18 years. This has created a unique relationship between the two companies. In 2002 Ben & Jerry's offered \$100,000 to the St. Albans Coop as an emergency fund. The Coop structured the fund in the form of short-term no interest loans to help farmers survive critical financial pressures caused by the low dairy prices during the year. In 2003 the Coop retained \$75,000 from Ben & Jerry's along with funds from other contributors as an emergency fund. As farmers repay their loans, the funds will continue to be available for others in need. The St. Albans Cooperative is a farmer member-owned business, and therefore these farmers have direct influence on how the business is operated and the profits distributed. Ben & Jerry's also supports the Coop's pledge to supply cream and condensed milk from cows that have not been treated with rBGH, a genetically-engineered growth hormone used to increase milk production, and paid an additional \$660,000 in 2003.



Brownies

The Greyston Bakery, owned by the Greyston Foundation of Yonkers, New York, is an organization that manages a variety of businesses and programs aimed at social improvement and personal empowerment. These businesses and programs include housing for the homeless, childcare, employment and job training, and residential and outpatient care for people living with

HIV/AIDS. The Foundation's main focus is to provide a comprehensive set of resources addressing the whole person.

Greyston has been a supplier of brownies to Ben & Jerry's since 1988. This ingredient is used in our Chocolate Fudge Brownie or Half Baked™ ice creams and frozen yogurts, which are among our most popular flavors. The price that Ben & Jerry's pays to the Greyston Bakery for their brownies has a premium associated with it which covers their additional expenses related to having a mission of providing training and job skills to people who face barriers to employment. It has been Ben & Jerry's intent to work with Greyston on reducing this premium so that Greyston can be competitively priced in the market and manage an economically viable and sustainable business model. In 2003 Greyston was in the process of constructing a new plant with completion scheduled for early 2004. The new plant will lead to a more efficient process for producing baked goods, reduce their costs and attract new customers. Ben & Jerry's has provided Greyston with technical support for this new bakery throughout the building stages.

Coffee

La Trinidad Cooperative in Oaxaca, Mexico, provides the beans used in the production of our coffee extract. In 2003 Ben & Jerry's increased the premiums that we pay La Trinidad so that the price for their beans is the same as stipulated by the Fair Trade Certified model. In addition, the coffee growing operations at La Trinidad are certified according to the internationally recognized standards for sustainability of the Rainforest Alliance.



For A Change Flavors

We launched a line of For A Change™ ice cream flavors in late 2002 and rolled them out nationally in 2003. The line

made its debut with three flavors that we created for a reason—and for a change: Vanilla For A Change™, Chocolate For A Change™, and Coffee For A Change™. Strawberry for a Change™ will follow in early 2004. The hallmark of the line is a commitment to values-led ingredient sourcing that supports community development, small-scale farming and sustainable agriculture.

- *Vanilla For A Change™* utilizes vanilla extract made with a blend of vanilla beans, the majority of which are grown and harvested by small scale farmers in North Sumatra, Lampung and Bali, Indonesia. They are members of local farmer associations that support sustainable farming practices and participate in technical programs that further soil conservation, shade and fertility management and non-chemical treatment of their crops. Our supplier provides bonuses and incentives to farmers and local processors that use soil conservation techniques and sustainable agriculture management practices. With increased incomes, these vanilla growers can reinvest in the productivity and conservation of their farmlands, rebuild their homes and improve their communities.
- *Chocolate For A Change™* utilizes cocoa powder made from a blend of beans, most of which come from Kuapa Kokoo, a democratically-run growers' cooperative in Ghana, West Africa. Kuapa Kokoo, whose name means "good farmers cocoa company," exists to support small-scale farmers and enhance their strength in the cocoa trading chain by increasing their income level, encouraging sustainable farming and production techniques, and opening new markets for their fine cocoa beans. At the same time, it is the mission of Kuapa Kokoo to improve the quality of life for the coop's farm families. At all levels of the organization, Kuapa Kokoo has a commitment to empower its women members and enhance their participation in the coop's decision making process. Kuapa Kokoo's social practices and environmental standards are certified by Fairtrade Labeling Organizations. International FLO certification prohibits child exploitation such as forced labor and trafficking, as does

the written Code of Conduct of Kuapa Kokoo. Here at Ben & Jerry's, we pay above conventional market prices for the cocoa we buy from Kuapa Kokoo.

- *Coffee For A Change™* is made with the same coffee extract that we described in the preceding section.
- *Strawberry For a Change™* utilizes strawberry puree made from a blend of strawberries, including bushels of berries from Stahlbush Island Farms on the West Coast. By working to protect their groundwater and farmlands through the use of sustainable farming techniques, Stahlbush Island Farms is paving the way for positive environmental change.

The premiums we pay for the vanilla extract, coffee extract, strawberry puree and cocoa powder in these socially aligned flavors help the farmers who grow the raw beans and raw fruit to reinvest in their families and communities for a positive change.



Bananas

Borja is a family owned banana farm and banana puree processor in Ecuador. This business is one of the few family businesses in the banana market and competes with large multinational firms such as Gerber (owned by Novartis) and Chiquita. Sensient Flavors, Inc., the processor of our final banana ingredient, purchases the raw banana product from the Borja family business. The Borja business continues to educate Ecuadorian farmers about sustainable farming methods. The business also operates a childcare center and provides opportunities to the hearing impaired at the banana processing facility. The company has established The Water Foundation to increase awareness of environmental issues. This Foundation has established programs to educate young children in Ecuador about the environment. It has also established a program which enables high school volunteers to become guides, providing education to tourists about the ecology in Ecuador. Additionally, the Foundation has assisted in providing pure drinking water for the communities in which it operates.

Pint Paperboard

Sweetheart, the manufacturer of all our pint cups and lids in 2003, has worked with us to develop cups and lids made from unbleached paper. Bleaching paper results in dioxins being released into the environment. Minimizing the release of dioxins was the major reason for the conversion from bleached paper to unbleached paper in our cups and lids. The raw material supplier of the unbleached paper, Riverwood International, was an integral part of the development process. In 2003, Riverwood International and Graphic Packaging Corporation merged to become Graphic Packaging International, Inc. They continue to supply the raw material for the unbleached cups and lids.



Peanut Butter

In 2003 Ben & Jerry's established a partnership with Superior Nut, a small, family-owned company that produces peanut butter products for us. Superior Nut is a 100% carbon balanced business, meaning that they entirely offset CO₂ emissions associated with their business. Offsetting is a process of insuring that an adequate number of trees are planted to compensate for the emissions their manufacturing locations create. Superior Nut has partnered with a nonprofit group, Reforest the Tropics, that plants trees in deforested areas of Costa Rica to compensate for CO₂ emissions. Superior Nut has had an ongoing project by which they return a percentage of their profits back to Reforest the Tropics. Ben & Jerry's peanut butter purchase increases this contribution. The current reforestation project was sized based upon 460 tons of CO₂ emissions and is now estimated to sequester between 490 and 560 tons.

BEN & JERRY'S FRANCHISEES

In 2001 a Global Brand Audit was presented to senior management. That audit offered several insights on Ben & Jerry's Scoop Shops in both the US and Europe. One headline read:

“The 3-D Scoop Shop environment provides the most dynamic venue to present and express Ben & Jerry’s brand personality.”

Brand Audit, 2001

That assessment led to a commitment in late 2001 to expand the Scoop Shop program. Throughout 2002 feasibility studies were conducted, strategic planning was completed, and infrastructure and processes were revised. Central to these plans and strategies was acknowledgement that our greatest asset was the strength of our brand. It was clearly stated that success in the very competitive retail environment would require that our Scoop Shop concept embody the brand in its entirety, including the Social Mission.

In 2003, we began the implementation of a five year strategic plan for Ben & Jerry’s Franchising, and many new initiatives for activating our Social Mission came into play.

Franchise Sales

In March of 2003 our newly-hired Franchise Sales Manager set about revising our entire franchise recruitment procedures. Central to those new procedures was a revised set of qualifications for franchise applicants, as well as a forthright discussion of our PartnerShop® program.

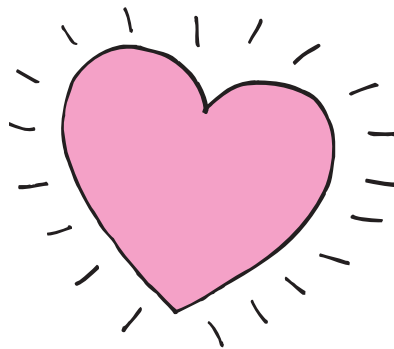
Franchisees on a Mission

A significant number of our franchise applicants indicate that they contact us because they are attracted by our values and reputation. At the same time, we inform the franchise applicants that only those excited about our brand and our mission will be considered as franchisees. Our interview scripts delve into an applicant’s community involvement and demonstrated social awareness.

Our competitive strength lies in the equity of the brand which is immersed in social responsibility. In 2003 Field

Operations began coaching franchisees to focus on ways to “do well while doing good” in their communities. Here are just a few examples from 2003:

- In Charlotte, North Carolina, our longtime franchisee supports annual blood drive events throughout the community and holds one event right next to her Foxcroft store. She helps promote the “Give A Pint, Get A Pint” event and rewards each donor with a pint of Ben & Jerry’s ice cream from her Scoop Shop.
- Our Raleigh, NC, franchisee supports the Susan B. Komen Foundation’s Breast Cancer Awareness efforts donating considerable time, promoting and working the event, and rewarding participants with Ben & Jerry’s after the fundraising run (www.komen.org).
- In Philadelphia our shop owners wanted to create a special day at Philadelphia Children’s Hospital. With his staff, he organized a free ice cream day at the hospital and simply spread the “Joy for the Belly & Soul” message that makes Ben & Jerry’s so special.



- Our franchisee in Simi Valley, California supported the Southern California Firefighters during the widespread forest fires of 2003 with several surprise ice cream “thank you” parties.
- Our mid-Atlantic franchisees faced a harrowing few days in September when a hurricane ripped through the Mid-Atlantic region and left them with flooded stores, power outages and no water supply. Dedicated volunteers helped displaced families while our team of franchisees served ice cream at hospitals and shelters and opened their scoop truck at area parking lots where relief stations had been set up.

- A member of our Ben & Jerry’s Franchising, Inc. team organized Ben & Jerry’s participation in the Scooper Bowl in Boston, Massachusetts. The world’s largest ice cream sampling event, the Scooper Bowl raises money for the Jimmy Fund (www.jimmyfund.org) and the Dana Farber Cancer Institute (www.danafarber.org), whose focus is on children’s cancer research programs. In 2003 we scooped over 18,000 servings in a three-day period. All of the franchisees from the Cape and Boston, along with their staff, donated their time to help support this great event, which raised over \$100,000 for the Jimmy Fund.

The PartnerShop® Program

In addition to recruiting franchisees that will become ambassadors of our mission, we are very transparent about the role that PartnerShops® will play in our future. PartnerShops® are Scoop Shops owned and operated by selected nonprofit organizations, many of whom focus their efforts on disenfranchised youth. Ben & Jerry’s waives our traditional franchise fee for PartnerShop® purchases and provides customized training and support to the nonprofit owner organizations. PartnerShops® in turn provide the youth whom they serve with a unique opportunity for job skills training. A well-managed PartnerShop® has the opportunity to return profits from the operation of their shop to their social programs providing access to funding diversity.

While in the past PartnerShops® have constituted a subdivision of our traditional franchise system, we now disclose to all franchise applicants our intention to open a PartnerShop® in their towns. In 2003, our formal Discovery Day programs included a PartnerShop® presentation that explained why the program is so important to the success of our system, so that when we award franchises new markets, there’s a shared expectation and an excitement for helping us establish a PartnerShop® in their town.

In 2003 we decided to make our support for PartnerShops® a contractual commitment. In drafting our new Uniform Franchise Offering circular, we reserved the right to locate Partner-Shops® in a

market even though an area developer may have placed deposits on the area. This contractual change has prompted discussions with our developers about the importance of Partner-Shops® to our brand and the benefits derived from the PartnerShop® program to all franchise operators. As the Company identified social and economic justice as a key area of our Social Mission, Retail Operations explored opportunities to forge collaborations between PartnerShops® and traditional shops (Tshops) to improve outcomes for PartnerShops®, to create more opportunities for PartnerShop® graduates and to provide traditional shop operators with opportunities to connect with our Social Mission.

Beginning with the annual franchise gathering in January of 2003, we outlined a vision of cooperation between PartnerShops® and traditional shops to work together to provide training and job opportunities for the PartnerShops' youth. Meetings were conducted PartnerShop® markets throughout the year to educate the franchise community about PartnerShops® and their challenges. This newly established dialogue between PShops and Tshops proved to be a critical step in breaking down the "PartnerShop® silo."

These initial collaborative efforts have paid dividends:

- In Portland, Oregon, our franchisee supported the efforts of New Avenues for Youth to open a shop in downtown Portland. He is an active member of their advisory board and played a key role in helping them launch their PartnerShop®.
- In Pittsburgh, Pennsylvania, our Scoop Shop owner co-owns a PartnerShop® with Life's Work (www.lifesworkwpa.org). This joint venture has attracted the interest of other franchisees and perhaps may evolve as a new PartnerShop® model.
- In Washington, DC, our PartnerShop® operator, Latin America Youth Center, LAYC (www.laye-dc.org), works closely with our area developer to provide job opportunities for their clients who have completed the PartnerShop® training.
- A mentor system was established and every new PartnerShop® organization was matched with a seasoned franchisee.

We also began an effort to capture financial outcomes for PartnerShops® and to establish systems to allow us to have more oversight and involvement with our most challenged PartnerShops®. Additionally, we recognize that as the PartnerShop® program grows, and the challenges our partners face continue, we will need to add additional resources to support the unique needs of our social enterprise Scoop Shops, which we plan to do in 2004.

Openings and Closings

In 2003 we opened 6 PartnerShops®: 5 in the US and the first international PartnerShop® in the UK. Two of our partners, the Latin American Youth Center and Common Ground (www.commonground.org), opened their second and third shops, respectively. Today, 3 of our 11 partners are multi-unit operators.

In December 2003, The Lawson House YMCA in Chicago made the decision to close its PartnerShop®. According to the Lawson House, the store experienced a decrease in sales and was unable

to generate the income needed to support the store on an ongoing basis. We learned a great deal from the challenges that arose at the Lawson House. Their experiences reinforce for us the importance of selecting the right location, securing strong management for the PartnerShop® and selecting partners with the capacity to dedicate the resources required to support the business and the job training program.

Given the changes we made in 2002 and 2003 in our criteria for new partners, today, the Lawson House would not be considered a good fit and would not qualify as a candidate for the program. Unlike the Lawson House, all new partners (since mid 2002) have well-established youth development / job training programs and a strong track record of success providing services for youth. Eight of the 10 organizations that either opened PartnerShops® or signed preliminary franchise agreements had prior experience operating revenue-generating businesses. We feel the criteria we have for new partners will help them to meet the challenges associated with operating a PartnerShop® and achieve strong outcomes.

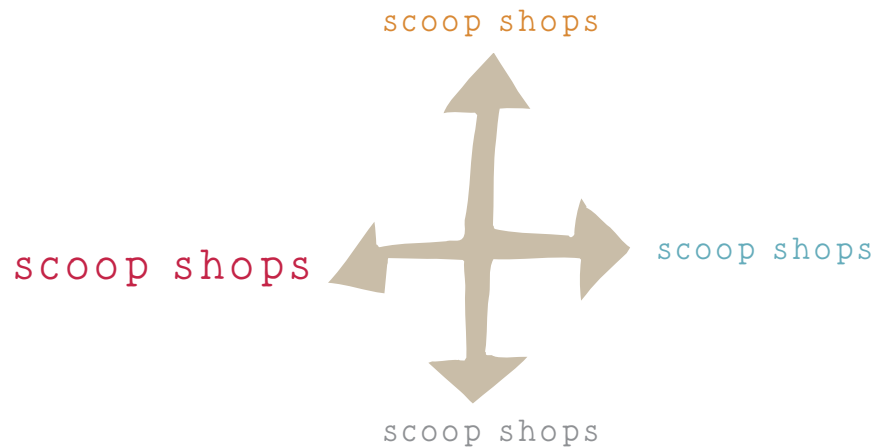
Recruiting Partners

Finding nonprofit organizations that are a good fit for the PartnerShop® program continues to be a challenge. Identifying high capacity organizations with a good mission fit, in markets where we are interested in having a PartnerShop®, often takes time. We were successful in connecting with International Goodwill and worked together to identify strong Goodwill (www.goodwill.org) affiliates for the program. Working with the franchise sales team, we made some improvements to our application process and decreased the Discovery Process from what had taken several years to nine months. The increased efficiency of our process is a reflection of our increased commitment to developing PartnerShops®. However, while the pace with which organizations move through our Discovery Process has increased, the criteria for partners remains stringent and the application process rigorous. Of the nearly 400 inquiries we received in 2003, just half a dozen organizations were approved.

In order to achieve our goal of having a PartnerShop® in every major metropolitan market where we do business, we plan to continue to increase our outreach efforts and to improve coordination and collaboration between PShop® and Tshop development. Plans to hire a PartnerShop® Specialist will also enable us to be more proactive in our outreach to new potential partners.

Venture Fund

In 2003 we continued our efforts to help our nonprofit partners gain easier access to financing for their PartnerShop® social enterprises. While we have not established a fund, through our work on this effort we have been able to connect with dozens of funders and others in the field of social enterprise. We have educated the philanthropic community and formed relationships with funders. As a result we have been able to introduce three new partners to foundations interested in supporting PartnerShops®. We continue to assess the need for the fund and to explore opportunities to help our partners access capital.



Outcomes for our PartnerShops.

- Only six of the nine partners submitted training activity reports in 2003.
- Five partners reported that they had met their social mission objectives.
- The average number of youth trained in a PartnerShop® in 2003 was 17.
- The average length of the training period was five months.

The most common barriers to employment faced by trainees were poor employment history and involvement with the criminal justice system.

Franchise Ownership Diversity

Our record for increasing diversity in our franchisee ownership population falls below where we'd like to see it. Our challenge remains a matter of identifying and eliminating traditional economic barriers to minority ownership. At the end of 2003, 81% of our shops were independently operated and 24.6% (57) of those operators were women or people of color, an improvement compared to 17.2% in 2002.

Worldwide Free Cone Day

In April 2003, Ben & Jerry's celebrated and held its 25th annual Free Cone Day, the day when all of our Scoop Shops worldwide say "thank you" to their communities. 871,271 free cones were scooped as compared to 801,000 in 2002. Of those, 786,184 were scooped in our domestic Scoop Shops and 85,087 were scooped internationally.

Packaging and Materials

Retail Operations has opportunities for leadership in environmental protection. Currently our Scoop Shops generate tons of non-recyclable trash from the cups and cone wrappers that we serve our ice cream in. We have challenged ourselves for several years to improve this situation. We found environmentally-friendly packaging that has been economically unrealistic.

In our shop design we faced similar confrontations between economics and the environment, but some progress was made. In 2003 we hired A&E Design to manage our design and build process and to review our design specifications for both economic and environmental impact. So far they have upgraded lighting specifications to meet or exceed the national standards for illumination and electrical usage. In 2004 we will research environmentally responsible materials and mechanicals. Vinyl will be eliminated in flooring; casework will be steel instead of plywood; wood trim will be FSC certified; and new environmental standards for refrigeration, paints and water storage will be met.

Field Operations

"As part of the Ben & Jerry's family, franchisees are the ones who carry the mission statement into the local communities."

Brand Audit, 2001

2003 marked a shift in franchise marketing. It was the third year that we had relied upon purchased media to drive customers to our shops. It was a year of increased competition from new ice cream parlors such as Cold Stone Creamery and Marble Slab. Finally, it was a year that continued negative same store sales trends across our system.

In this environment, Field Operations began to change the direction of Scoop Shop marketing. A marketing fund was set aside for a "Matching Bulk Program." If franchisees donated time and ice cream to a community event, we paid for 50% of the ice cream. Although we did a poor job of tracking the results of this program, it was extremely popular and perhaps a contributor to the rebound of our same-store-sales trend that continued in 2004. More importantly, it reflected a realization that we were not going to maintain and grow our share of the ice cream parlor pie by mimicking the competition.

SECTION SEVEN

ENVIRONMENTAL PERFORMANCE



Our manufacturing sites had mixed results regarding achievement of environmental goals in 2003. The Waterbury plant achieved their wastewater goal but missed other key indicators, which were high-strength dairy waste (waste ice cream) and the strength of their wastewater (measured as Biochemical Oxygen Demand or BOD). The new addition of equipment that secures a tamper-evident band around the lid caused some manufacturing problems, which led to higher waste. The Waterbury plant does not set a solid waste reduction goal due to the ongoing project of reducing incoming packaging. A solid waste evaluation determined that the two major sources of solid waste were incoming ingredient packaging and emptied out pints. Until more changes happen in incoming ingredient packaging, the plant's solid waste will not see any significant reductions. An incoming ingredient packaging team was formed to address this issue. For example, the most recent change of

recycling fiber ingredient drums has had a positive impact on the solid waste stream. This change allowed the plant to achieve a 15% reduction in solid waste for the year.

The St. Albans plant met both their BOD and solid waste reduction goals for the year. The goal associated with high strength dairy waste was not met. Like the Waterbury plant, tamper-evident banding equipment caused problems. But within a few months, most of the problems were sorted out and changes were made that would reduce the amount of waste. The most significant success for the St. Albans plant was the implementation of 2300 lb. totes for cherries used in Cherry Garcia® ice cream products. Prior to this change the plant had been using 5 gallon. pails; this change will eliminate over 47,000 pails per year.

ENVIRONMENTAL MANAGEMENT

Ben & Jerry's continues to maintain Environmental Coordinators at each of the manufacturing sites. These individuals are dedicated to operating and monitoring the sites' environmental activities. In addition to ongoing daily regulatory compliance, the Environmental Coordinators are responsible for wastewater management, composting, solid waste management and recycling efforts. These individuals are also responsible for communicating specific environmental initiatives to the sites. While the two Environmental Coordinators report directly into the manufacturing plants, they work closely with the Manager of Natural Resources Use and have a dotted line report. The Manager of Natural Resources Use sets the plants' overall environmental direction, provides regulatory guidance as needed, and is the Company's key resource for environmental information and insight.

The Environmental Coordinators compile monthly reports covering key environmental issues for the plant managers and the Manager of Natural Resources Use. These reports cover progress towards annual goals, status of key indicators for the plant and any relevant issues regarding environmental performance.

In 2003, the Manager of Natural Resources Use reported to the Senior Director of Operations. The Senior Director of Operations reports to the CEO of Ben & Jerry's. These positions are located at the Central Support office in South Burlington, Vermont.

ENVIRONMENTAL MANAGEMENT SYSTEMS

In 2001 Unilever introduced framework standards as part of a management system for improving environmental performance in 17 key areas. Beginning in 2002, the manufacturing sites initiated the development of an environmental management system that followed Unilever's framework standards. In 2003 training on the framework standards was initiated at manufacturing sites for key managers. The training included understanding each of the 17 elements and key sections with required training for plant employees. Also in 2003 an internal audit was completed on the framework standards by the Manager of Natural Resources Use. The result of the audit showed minor omissions that were corrected.

ENVIRONMENTAL TRACKING/COST ACCOUNTING

Ben & Jerry's tracks the cost and impacts of all waste and energy use associated with Company operations. Solid, hazardous and dairy waste production data are collected, as well as data from wastewater production, energy usage and recycling. The Manager of Natural Resources Use and the Environmental Coordinators use a system of integrated environmental tracking tables to collect the data which is normalized to a gallon of first quality product. Since 1994, Ben & Jerry's has been normalizing all figures with this unit of measurement in order to create baseline data from which progress can be tracked, trends can be identified and goals can be set.

| | Manufacturing | Distribution |
|--------------------------------|---------------|--------------|
| Chemical Use | x | n/a |
| Energy Use | x | x |
| Packaging | x | x |
| Solid Waste | x | x |
| Hazardous Materials in Product | n/a | n/a |
| Product Waste | x | x |
| Water Use | x | n/a |

ENERGY

In 2001 we established our first Energy Statement, which announced our goal to proactively address the impact our manufacturing process has on global climate change, specifically, with regard to Carbon Dioxide (CO₂) emissions.

Achieving the targeted 10% reduction in CO₂ emissions by 2007 over 2002 levels will be challenging. Our efforts began in 2002 when the St. Albans plant expansion gave us the perfect opportunity to implement energy conservation design plans, beginning with an evaluation of the plant's refrigeration system. We contracted with an outside engineering firm specializing in refrigeration; their report provided recommendations and options for improving energy efficiency. Through the energy efficient options that were included in the St. Albans expansion, the manufacturing plant will save 948,603 kW per year, which is equivalent to 64 annual tons of CO₂. Fifty percent of the cost of this report was funded by Efficiency Vermont, the nation's first energy-efficiency utility.

We also conducted a study with Northern Power Systems to evaluate alternative energy opportunities. The results of the study, completed in 2003 revealed that practical alternatives simply were not available at that time. That said, however, we intend to continue to evaluate technology that will assist us in making long-term changes that will have a positive effect on emissions reductions that go beyond improved production efficiencies at the manufacturing sites.

Energy Statement

Scientists began to recognize in the early 60s that an increase in Greenhouse Gases would make the earth warmer. These gases, which include carbon dioxide, methane, nitrous oxide and other manmade chemicals, are the primary culprits. While each of these gases has significant environmental impacts, carbon dioxide is the most prevalent in the atmosphere. Industry accounts for approximately one-third of all carbon dioxide emissions. Ben & Jerry's is committed to reducing our emissions and, therefore, will target a 10% reduction in carbon dioxide from our manufacturing facilities by 2007 over 2002 levels. To achieve this goal, we have developed five key areas of focus to reduce our energy consumption and to strive toward technological advances to reduce Greenhouse Gas emissions.

- We will evaluate our refrigeration systems for maximum efficiency.
- We will seek assistance from outside sources including Efficiency Vermont to identify energy efficiency opportunities.
- We will expand our current energy tracking system to include a calculation of Greenhouse Gas emissions.
- We will evaluate alternative energy options.
- We will provide extensive educational information to our employees, customers and suppliers regarding actions ever one can take to reduce Greenhouse Gas emissions.

Through our educational programs we believe we can have a positive effect on the reduction of Greenhouse Gases.

Thermoacoustic Research

As reported in 2002, Ben & Jerry's and Unilever Research partnered to initiate a two-year contract to fund a second round of research on Thermoacoustic Refrigeration (TAR) at Penn State University. TAR is an alternative refrigeration technology that utilizes sound waves to create cooling as opposed to the traditional means of mechanical refrigeration that relies on the compression and expansion of specialized gases. TAR has the potential to eliminate environmentally-harmful gases (Hydrofluorocarbons or HFCs) from the process of mechanical refrigeration. With more than 1.8 million ice cream cabinets worldwide that rely on mechanical refrigeration, Unilever joined with Ben & Jerry's in 2002 to sponsor groundbreaking research at Penn State in the application of TAR to ice cream freezer cabinets.

In 2003 Ben & Jerry's and Unilever Research funded the second year of research into the application of Thermoacoustic Refrigeration for cooling ice cream in point-of-sale cabinets. The goals of the research in 2003 were to complete the fabrication of a full-scale prototype TAR engine, to technically evaluate its cooling capacity, and to integrate it into a working ice cream cabinet. The prototype engine was completed in August 2003, and a month later the team reported cooling performance within the goals of the original research specifications for a commercial ice cream cabinet. 125 W of cooling was measured and an operating temperature of -20 C was achieved. Operating efficiencies were also measured that were consistent with "state of the shelf" vapor compression systems of similar cooling capacities (COP = 0.81). Based on these promising results, the Penn State team spent the remainder of 2003 integrating the engine into a standard ice cream cabinet for field trials and demonstrations scheduled for early 2004.

Penn State applied for three US patents for the TAR techniques developed under Ben & Jerry's sponsorship in 2003 (US patent numbers #6,775,027, #6,725,670. US patent filing #20030192323). Consistent with the original goals of the sponsorship, Penn State also worked diligently to identify potential commercial development partners. By the close of 2003, Penn State was in negotiations with several potential commercial partners in an effort to license the intellectual property to manufacturers of cooling appliances. Ben & Jerry's and Unilever will continue to decline participation in the commercial development of this technology as it is believed that the key to accelerating this technology to market is with commercial partners that have the appropriate industrial base to manufacture, market and distribute cooling devices.

CO₂ OFFSETS

In 2003 we continued our relationship with NativeEnergy, (www.nativeenergy.com). The goal of NativeEnergy is to develop clean, renewable resources to provide energy needs. Their desire is to help develop domestic renewable energy resources and to feature Native American projects which create

social, economic and environmental benefits. The Company took a major step forward by joining forces with the Rosebud Sioux Tribe to help them build the first large-scale Native American owned and operated wind turbine. Our intent was to include NativeEnergy in the 2003 One World One Heart Festival that was to be held in August in Woodstock, New York. Unfortunately, due to the cancellation of this Festival we were not able to highlight our relationship with NativeEnergy and the work we have done with offsetting the CO₂ emissions from our manufacturing plants through the Rosebud Sioux Wind Turbine Project in South Dakota. However, we still include them as key partners in our goal to raise awareness about global climate change.

ROSEBUD SIOUX TRIBE WIND TURBINE PROJECT

By offsetting two years of Ben & Jerry's carbon dioxide pollution from production and office energy use, Ben & Jerry's helped, through NativeEnergy's WindBuilders™ program, to finance construction of the Rosebud Sioux Tribe Wind Turbine Project. This tribally-owned and operated "demonstration" turbine, a single 750 kW NEG-Micon turbine, represents Phase I of the Tribe's wind development initiative. The Tribe completed construction in the spring of 2003, with a dedication ceremony on May 1, 2003.

The turbine has now completed a year of successful commercial operations, and the news is good. For the year, Ben & Jerry's allocatable share of the turbine's generating capacity has produced 99.86% of the kilowatt hours and 131% of the CO₂ reductions that NativeEnergy estimated would occur each year, based on the turbine's actual meter data and current published data for the average emissions profile of the electricity sources displaced by the turbine's electricity.

Perhaps more important, the turbine is a popular symbol on the reservation of the promise of a sustainable economy in harmony with the Earth. Other towns on the reservation pester the Tribal Utility Commission, asking, "When do we get our turbine?" and development progress continues well for Phase 2: a 10 MW wind farm near the reservation town of St. Francis.

TRANSPORTATION AND DISTRIBUTION

Transporting and manufacturing of our product are the two greatest sources of CO₂ emissions. With the closure of our Distribution Center in 2003, our transportation and distribution systems changed. Our goal had always been to run our transportation system as efficiently as possible. Over the years we had evaluated alternative fuels, but found we were limited by the availability of these fuels and the fuels' effectiveness in the tractor-trailers that we leased. Beginning in September of 2003, we began contracting transportation between our two manufacturing sites through a third-party transporter.

Ben & Jerry's still maintains a small fleet of light-duty diesel delivery trucks associated with Vermont's Finest® Distributors.

Vermont's Finest® focuses their distribution primarily in Vermont, servicing small local stores. In 2003 we added another route to help offer relief to a saturated route system. By May 2003, we were running 6 routes full-time, which added miles over and above previous years.

The following table details the 2003 emissions from Vermont's Finest® as well as the historical data for a tractor-trailer fleet that had been associated with the Distribution Center.

Diesel Emissions (tons)


| Trucks | Vermont's Finest® | | | DC Shuttles | | |
|-----------------|-------------------|---------|---------|-------------|-----------|------|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| Hydrocarbons | .21 | .17 | .29 | 1 | 1 | n/a |
| Carbon Monoxide | 1 | 1 | 2 | 7 | 7 | n/a |
| Carbon Dioxide | 357 | 289 | 500 | 2,092 | 2,109 | n/a |
| Nitrogen Oxides | 2 | 2 | 3 | 14 | 15 | n/a |
| Miles Traveled | 175,713 | 142,133 | 245,327 | 1,028,219 | 1,036,810 | n/a |

(Calculations based on EPA's MOBILE6 model) *No data for 2003 due to the Distribution Center closure. The Shuttle was managed through the DC.

ELECTRICITY AND FUEL USE

The State of Vermont is not one of the deregulated Energy States; therefore, we do not have the opportunity to choose the source of our energy. The Waterbury plant energy sources include electric power supplied by Green Mountain Power and fuel oil. St. Albans electrical power is supplied by Central Vermont Public Service Company; the plant also uses natural gas. The energy sources in Vermont are primarily nuclear and hydroelectric with the balance made up of coal and, to a small extent, wind. The Waterbury plant has consistently reduced their energy use over the past three years. This has been due to increased efficiencies in the production process. In 2004 Efficiency Vermont will conduct an energy evaluation of the Waterbury plant and make recommendations for increased efficiencies and reduction.

Energy Use by Source

|  | 2001 Normalized/gal 1 st Quality Product | Total (000) | 2002 Normalized/gal 1 st Quality Product | Total (000) | 2003 Normalized/gal 1 st Quality Product | Total (000) |
|---|---|--------------------|---|--------------------|---|--------------------|
| Electric and (KWHS) | 1.32 | 2,620,000 (+2%) | 1.31 (-0.1%) | 2,570,000 (-2%) | 1.32 (+1%) | 2,453,000 (-5%) |
| Fuel Oil (gas) | .009 | 52 (-17%) | 0.12 (+33%) | 99 (+90%) | .009 (-29%) | 51 (-49%) |
| Natural Gas (ccf) | .0125 | 242 (+24%) | .0122 (-2%) | 241 (-1%) | .021 (+75%) | 273 (+13%) |
| BTU's | 6519 | 277,000,000 | 6437 | 272,000,000 | 6387 | 246,000,000 |

*Large changes are a reflection of the frequency of the fuel delivery. For example, LP and fuel oil deliveries may occur more in 2002 versus 2001.

OZONE DEPLETING SUBSTANCES (ODS) & OTHER EMISSIONS

Ben & Jerry's continuously investigates new ways to reduce and eliminate use of ozone-depleting substances (ODS), especially those used as coolants in freezer "dip-cases" at our Scoop Shops. The oldest dip-case models (10 years or older) contain R-502 or R-12 coolants; models 3-10 years old contain R-22 or R-124 coolants with lesser ozone-depleting qualities. All newer units contain R-134 or R-404 hydro fluorocarbons (HFCs), coolants that are not considered ozone-depleters.

Except for the few old-model Vermont's Finest® trucks that have diesel cooling systems using Freon R-502, most contain the newer cold-plate technology which is charged electrically, cutting down on diesel emissions. The cold plates also contain the newer Freon, R-404A, which has lesser ozone-depleting qualities.

The Company uses anhydrous ammonia and propylene glycol freezing systems in the manufacturing plants. These systems contain no CFC's or other ozone-depleting chemicals and have no global warming impacts.

HAZARDOUS WASTE

Hazardous Waste Generation

Given the small amount of hazardous material the Company generates, Ben & Jerry's is considered an Exempt Small Quantity Generator (ESQG). This means that we do not generate greater than 220 lbs. of hazardous waste or 2.2 lbs. of acutely hazardous waste on a monthly basis. The hazardous waste generated at Ben & Jerry's facilities consists almost entirely of waste oil, water from maintaining boilers and compressors and small amount of methyl ethyl ketone (MEK). The State of Vermont regulates waste oil as a hazardous waste unless it is recycled. Overall, we continue to look for product substitutions that will ultimately eliminate any hazardous waste.

Hazardous Materials Produced

| Waste Production | 2001 | 2002 | 2003 |
|--------------------------|------|------|------|
| Used Oil (gals) | 1250 | 973 | 650 |
| MEK (gal) | 10 | 43 | 15 |
| Mercury (ballast) (lbs.) | n/a | 75 | 130 |
| Waste Absorbents (lbs.) | 250 | 150 | 340 |

WASTE MANAGEMENT POLICIES

Following are Ben & Jerry's hazardous waste policies:

- All hazardous waste is managed through APT Environmental Services of Vermont. The waste is transported directly to Cycle Chemical, Inc. for incineration. Ben & Jerry's doesn't use secure landfills for hazardous waste management.

- Used oil is reprocessed through NOCO, a Vermont-based oil company.
- All contractors serving any of our facilities must sign our company's "Contractor Handbook." This signifies an understanding of the Environmental Health and Safety and Quality Assurance requirements.

Reduce, Reuse, Recycle... RETHINK

While we continue to think about new ways to achieve solid waste reduction, we've discovered that coming up with proactive ways to prevent solid waste creation yields even better results, for our business and for the environment. We've found that eliminating waste at the source not only achieves the obvious waste reduction benefits, but also improves plant manufacturing efficiencies, reduces production waste, and saves money.

Incoming Ingredients Packaging

Incoming ingredients packaging remains our largest area of opportunity for reduction. Our success at implementing a system for receiving bulk cherries in returnable totes has provided the encouragement for our bulk handling team to keep evaluating similar possibilities for handling the many other ingredients we receive that are currently being shipped in small containers.

Ben & Jerry's solid waste and recycling achievements include:

- Manufacturing sites sold 493 tons of clean corrugated boxes for reuse by the garment industry and the produce industry, for a price of \$73,000.
- Over 50 tons of baled stretch wrap was sold to Trex Co. LLC. The income generated from this effort was approximately \$7,000. Trex combines the stretch wrap with wood chips to process into lumber that won't warp or splinter.
 - "Factory seconds" products (our designation for products not meeting 1st-quality specs due to such things as over- or under-filling, too many/too few add-ins, etc.) are stored in freezers designated for employee use at each site (employees are entitled to take home 3 pints per day); factory seconds may also be donated for charitable events.
 - Packaged product determined to be unusable/unfit for consumption is incinerated at a waste-to-energy co-generation facility in Massachusetts, operated by Ogden Martin Systems of Haverhill. In 2003, Ben & Jerry's incinerated 747 tons of product and ingredients that were unfit for human consumption.
- Fifty-five gallon plastic drums are either returned to the vendor for reuse or recycled. All cleaning chemical drums are returned to the vendor for reuse.
- In 2003, the manufacturing sites made \$80,000 from the recycling program. The revenue covers the cost of solid waste disposal and Green Team projects.

Waterbury Achievements

- Waterbury continued to achieve solid waste reduction through its efforts at recycling fiber drums and selling corrugated boxes to a cardboard reuse company.
- The plant's lunchroom is no longer supplied with disposable plastic tableware; reusable silverware is available instead.
- Earth Day was celebrated in April with environmental informational postings and seed and compost giveaways for employees.
- Environmental Awareness Week was observed in October.

Solid Waste Generated (Landfill) & Recycled

| Solid Waste & Recycling | 2001 | 2002 | 2003 |
|-------------------------|------|------|------|
| Recycled (tons) | 850 | 891 | 787 |
| Solid Waste (tons) | 902 | 737 | 643 |
| Recycling % | 49% | 55% | 55% |
| Solid Waste Norm. | 0.9 | 0.7 | 0.7 |

St. Albans Achievements

- By receiving incoming ingredients in large, returnable totes, we were able to reduce solid waste and recycling volumes. In 2003, we eliminated 47,000 5-gallon plastic pails from the waste stream by switching to the tote system for shipments of bulk cherries.
- Plastic boxes that previously held sterile sampling supplies were saved by QA staff and donated to a reuse store and local health food market.
- The majority of corrugated boxes were sold for reuse; others were donated to small local businesses and farmers for their produce sales.

Central Support Achievements

- Efforts to cut back office paper usage in 2003 resulted in a reduction of almost 40% for the year.
- Excess office supplies were donated to a local nonprofit organization that then sells those products to teachers or artists.
- Scrap paper was made into notepads.
- Lunchroom waste and paper towels from the restrooms were composted.
- Nickel deposit soda cans were collected by an employee and donated to a local nonprofit childcare center.
- Unneeded office furniture was donated to nonprofit organizations.
- The Central Support office was constructed with various environmentally sound building materials. All offices and conference rooms have motion sensors (as well as offices at the manufacturing sites), the flooring is an all-natural Marmoleum material; all office dividers are made of conditioned reused material; and all lighting uses high efficiency, low mercury light bulbs. Additionally, all desks throughout the Company have recycling buckets that are emptied in a common area.

Product Waste/High Strength Dairy Waste

There is always product waste associated with the company's manufacturing processes. This waste contains sugar, cream, eggs, flavorings and add-in ingredients, all mixed with water.

Waste product occurs in a variety of ways:

- Through the cleaning process associated with flavor changes on production lines.
- At the start/stop of production runs.
- When formulation errors occur.
- When there is production rejection.
- From spillage on factory floors.
- As a result of testing new flavors or equipment.

Plant Solid Waste Reduction Goals

| Solid Waste Reduction Goals | 2001 | | 2002 | | 2003 | |
|-----------------------------|------|--------|------|--------|------|--------|
| | Goal | Actual | Goal | Actual | Goal | Actual |
| St. Albans | -10% | *52% | -10% | -15% | -5% | -8% |
| Waterbury | -10% | -2% | 0% | -10% | n/a | -15% |

*Increase in solid waste due to suspension of fiber drum recycling program pending resolution of safety concerns

Plant High Strength Dairy Waste Reduction Goals

| | 2001 | | 2002 | | 2003 | |
|------------|------|--------|--------|--------|------|--------|
| | Goal | Actual | Goal | Actual | Goal | Actual |
| St. Albans | -10% | 9% | -10% | -19% | +5% | +34% |
| Waterbury | -5% | -20% | 0.068% | 0.068% | -5% | +8% |

heavily impacted by algal blooms associated with phosphorus. Locating our plant in the watershed that fed into the bay may have had a potential impact to increase this problem. The plant has not had a negative impact on the bay because wastewater is discharged into the municipal treatment plant and the cleaning solutions do not contain any phosphorus. The manufacturing teams at both plants continually try various cleaning solutions that don't contain hazardous components, yet still provide the necessary cleaning effectiveness.

High Strength Dairy Waste

| Product Waste Management | 2001 | 2002 | 2003 |
|---|------|------|------|
| Manure Pits | 37% | 41% | 56% |
| Compost | 63% | 59% | 44% |
| Normalized gals. waste/gals 1 st quality | 0.13 | 0.10 | 0.10 |

Despite the efforts to keep the ingredients flowing into the production system and not into the waste system, dairy waste is still generated. Product that is wasted is managed through two options:

• It is shipped to a permitted composting facility to be turned into fertilizer for landscaping, farms and home gardens.
 • It is placed in permitted manure pits for use as fertilizer.

This particular product waste, otherwise known as High Strength Dairy Waste (HSDW), represents one of the Company's greatest environmental impacts. Ice cream contains all those ingredients with higher amounts of sugar and fat which, without proper management at a wastewater treatment facility, can impact aquatic environments. Both manufacturing sites discharge to a municipal pre-treatment system, and each site maintains regulatory permits for this activity.

- It is shipped to a permitted composting facility to be turned into fertilizer for landscaping, farms and home gardens.
- It is placed in permitted manure pits for use as fertilizer.

The high strength dairy waste that is to be composted is sent to one of three sites in Vermont: the Intervale Compost Project, a nonprofit organization in Burlington, and two sites operated by the Vermont Compost Company. Once the material is composted, it is used as fertilizer by local nurseries and individuals.

The Waterbury plant has a pre-treatment system through which production wastewater is treated prior to discharge to the municipal system. The treatment plant uses a dissolved air flotation (DAF) unit and aerobic lagoons to treat the waste to regulated discharge levels.

Wastewater Reduction


Ben & Jerry's pays to bring water into the plants and to discharge to the town's treatment plants where we operate. Water conservation is important to the plants. Through ongoing efforts to reduce water use and ultimately what is discharged to the drain, the plants continually work on ways to reduce incoming water. For example, at the St. Albans plant, adjustments were made to a cleaning phase of the pasteurizer which involved the replacement of an acid wash by adding surfactants to the caustic wash. The change shortened the wash cycle by 1.5 hours, eliminated the addition of acid, and reduced water consumption by 2000 gals/day. The surfactants also helped to reduce fats, oil and

The St. Albans plant discharges to a municipal treatment plant. State regulations do not allow direct discharge to any of the state's rivers or streams. When Ben & Jerry's began researching in 1990 where to locate a new facility, the decision was based on the company's three-part mission statement. Therefore, we chose St. Albans because we would be providing jobs in an economically distressed area. However, the St. Albans Bay is

Incoming Water Use

| | 2001 | Norm | 2002 | Norm | 2003 | Norm |
|------------|------------|------|------------|------|------------|------|
| St. Albans | 23,563,000 | 2.08 | 23,857,000 | 2.05 | 27,604,125 | 2.15 |
| Waterbury | 10,573,949 | 1.9 | 10,601,404 | 2.03 | 9,726,686 | 1.73 |

Wastewater Gallons

|  | 2001 | Norm | 2002 | Norm | 2003 | Norm |
|---|------------|------|------------|------|------------|------|
| St. Albans | 18,727,188 | 1.65 | 17,221,910 | 1.48 | 20,062,046 | 1.57 |
| Waterbury | 6,754,271 | 1.23 | 6,418,537 | 1.23 | 6,418,356 | 1.15 |

grease buildup in the effluent tanks by breaking down grease and butterfat. Efforts like these are ongoing at both of the manufacturing sites.

GREEN TEAM

Each of Ben & Jerry's sites has a Green Team comprised of employees who have an interest in environmental issues. The employee-led teams come up with projects, activities and events that highlight relevant environmental issues, both internally and in the community. These events include Environmental Awareness week; distribution of young spruce trees on Arbor Day; participation in "Green Up Day," the state's annual roadside trash pickup event; and participation in the company-wide paper reduction campaign.

COMPLIANCE

- In 2001 there were no environmental compliance issues, occurrences or penalties.
- In 2002 there were no environmental compliance issues, occurrences or penalties.
- In 2003 there were no environmental compliance issues, occurrences or penalties.

Ben & Jerry's has never been issued any penalties from Federal Regulators. Ben & Jerry's considers all releases to the environment to be significant, whether they are chemical, oil or any of our ingredients. All releases are reported to the site Environmental Coordinator and the Manager of Natural Resources Use.

DAIRY STEWARDSHIP ALLIANCE PROJECT

In 2002 we concluded the Vermont Dairy Farm Sustainability Project. This three year pilot project, for which Ben & Jerry's was a contributing stakeholder, aimed to demonstrate economically viable opportunity areas for decreasing nitrogen and phosphorus loading and improving nutrient management on ten participating farms. The completed project included a discussion of the results and the development of an educational program.

A successor program, the Dairy Stewardship Alliance Project, was launched in the spring of 2003. Ben & Jerry's engaged four Masters Degree students from the Corporate Environmental Management Program at the University of Michigan's School of Natural Resources & Environment to develop a comprehensive, implementable set of economic, environmental and social indicators for dairy farming.

The goal of the project was to develop an on-farm self-assessment tool for the farmers to determine how sustainable their farm were in regards to a set of defined principles. Ultimately the project will be implemented in 2004; the results will be communicated back to the farmers in 2005 with specific steps they can take to address identified issues on their dairy farms. The project is a collaborative effort with the University of Vermont's Center for Sustainable Agriculture and the St. Albans Coop (Ben & Jerry's dairy supplier).

SECTION EIGHT SOCIAL PERFORMANCE

WORKPLACE BEST PRACTICES

Starting in 2002, Ben & Jerry's began to go through major restructuring. In the spring of 2002 we announced the closing of our Springfield and Bellows Falls sites. In 2003 both sites were sold and many employees were able to find work with these new employers. The Springfield site was sold to an ice cream manufacturer, Ellsworth, and the former Ben & Jerry's plant manager was asked to stay on. While these changes were occurring in Springfield and Bellows Falls, our plant in St. Albans had begun its expansion project that would create 40 new positions.

In the fall of 2002 we announced a significant reorganization at our Central Support offices and, in April of 2003, our sales force was restructured and relocated to the Unilever North American Ice Cream offices in Green Bay, Wisconsin. One hundred and ninety six people were severed from Ben and Jerry's. Although each individual received three months notice and a generous severance package, these changes had a significant impact. Our culture has been evolving and we continue to struggle with what to preserve, what avoid and what to create.

Throughout the Company, employees are again working to create a work environment that is filled with passion, fun and uniqueness. This past year was no exception to the rule and our employees had no shortage of ideas and plans for events. Among them were an Employee Appreciation Week, a Ben & Jerry's Spirit Week (with Senior Prom) and Camp Ben & Jerry's, which is our "Ben & Jerry-ized" version of a "bring your kids to work" event.

In 2003 a conscious effort was placed on creating more opportunities for

ongoing, open communication. This effort paid off, resulting in quarterly site meetings at each of our three locations, and quarterly leadership meetings followed by cascading of information and outcomes to all employees.

Additionally, the employee-planned Annual All Company Meeting provides an opportunity for employees from all three Vermont sites to come together once a year to reconnect and have fun.

The Performance Development Planning process was initiated by Unilever and adopted by Ben & Jerry's in 2002. In 2003 we made several enhancements to the existing Performance Development Planning (PDP) process. We significantly changed the documentation requirements and placed greater emphasis on the one-on-one dialogue between employees and their managers. The program provides an excellent opportunity for employees and their managers to discuss upcoming projects, and address training and development areas. The PDP process is a good example of how Ben & Jerry's partnership with its parent company to try to provide the best of both worlds for its employees.

Global People Survey Action Teams were busy at work during 2003. The teams focused on coming up with ideas and recommendations for enhancing our work experience. As a result of the Action Teams, several new programs were put in place:

- The Monthly Strategic Insight Series was created to give employees an opportunity to gather more detailed information about key objectives for each area of the business. The open invitation sessions provided opportunity for dialogue as well as questions and answers.
- A monthly newsletter from Yves Couette, CEO, was launched. The

newsletter provides regular updates on highlights about Company events.

- At the plant level, two peer-recognition programs were launched.

In 2004 strong emphasis will be placed on reviewing and enhancing our workplace best practices and wellness programs. Cross-functional teams will be formed to coordinate these efforts. Employees will be given an opportunity to rank the benefits that the company currently offers and will also be able to provide recommendations for enhancing existing programs. Ideas for new worklife practices or wellness programs will be encouraged. In addition to the internal feedback, external surveys will also be solicited from a diverse group of companies. We will be benchmarking with companies whom we consider to have a kindred philosophy to Ben & Jerry's. Recommendations will be presented and plans will be developed for implementation in 2005.

WORKPLACE RESTRUCTURING

In April of 2003 we announced the integration of Good Humor-Breyers and Ben & Jerry's to form a single, dedicated Unilever Grocery Sales Division. With this decision, we were once again faced with the difficult task of restructuring. As a result, the positions of 43 people in the Ben & Jerry's



sales department were affected: 11 employees transferred to North America Ice Cream and 32 positions were eliminated. In addition, two employees transferred to other departments in the Company and two remained in the Ben & Jerry's Sales department.

SEVERANCE PACKAGE

Eligible employees participating in the severance program received a severance benefit equal to a minimum of three month's salary, not to exceed a maximum of 12-month salary. The severance benefit was paid in a one-time lump sum payment based on a formula that credits employees with one month of salary for every completed year of service, calculated to the nearest whole year.

All severance payments were subject to withholding for all applicable federal, state, social security and other taxes.

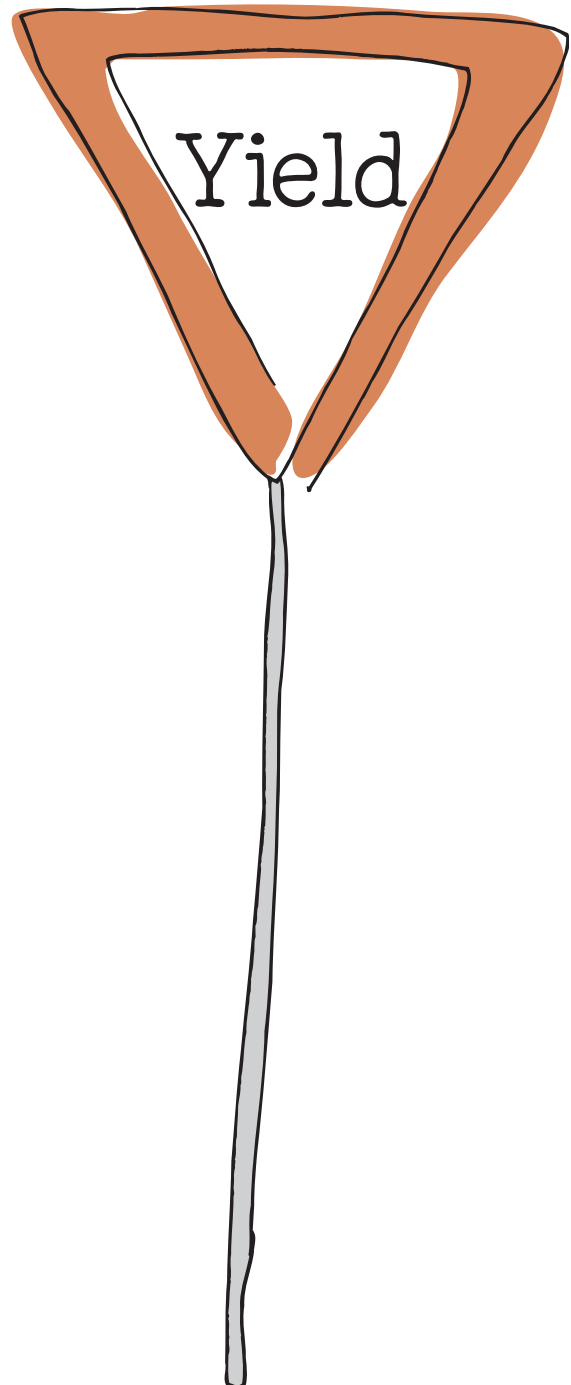
WORKPLACE MORALE

2003 proved to be a very challenging year filled with many changes, including the shift of our sales force to North American Ice Cream. Structurally, Ben & Jerry's looks very different today than it did in 2002. There is no denying that the severance process, while carefully managed, greatly impacted employee morale.

Focusing our energy on a new beginning, we launched a number of Proactive Communication Initiatives at each of our Vermont sites:

- The Company's senior leadership (collectively referred to as the Managers of the Mission or "MOMs") held several informal "Open Dialogue Sessions" as a way to share current Company information, keep employees in the communications loop and provide an open forum for discussion and feedback.
- The "Strategic Insight Series" was developed in order to communicate specific progress and plans to accomplish the company's 2003 strategies. Every month the MOMs partnered with members in their departments to present relevant topics. The series provided employees an excellent opportunity to gain information at a more detailed level.
- "Lunch with Yves" was designed to give employees a chance to share an open, constructive conversation with our CEO. Once a month, 3 to 4 people from each site were invited to have lunch with Yves. This was a great opportunity for Ben & Jerry's key decision makers and employees from all sites to share concerns, thoughts and ideas.
- The Real Scoop, a newsletter from Yves, was introduced in 2003. The newsletter provides a monthly snapshot of business and financial information along with departmental news and updates.
- To give employees ample time to schedule in advance, dates for quarterly site meetings and All Company Meetings were communicated at the beginning of the year. In addition, information from quarterly leadership meetings was subsequently communicated to employees via department meetings.

- Many of our Central Support employees joined together with their department members in 2003 to participate in a conference room design contest which generated a huge amount of enthusiasm, not to mention some pretty amazing displays of creativity. Jerry Greenfield and Yves Couette judged the rooms and handed out prizes at a luncheon celebration following the contest.
- Additional proactive communication initiatives are planned for 2004.



GENDER BALANCE

In 2003, 63% of the workforce was male and 37% was female, compared to 61% male and 39% female in 2002, and 60% male and 40% female in 2001.

In 2003, 4% of Ben & Jerry's workforce was nonwhite. Based on the 2000 census, Vermont has a 2.1% nonwhite population.

Gender Equity

| | Gender | Average Salary 2001 | Average Salary 2002 | Average Salary 2003 |
|--------------------------------|--------------|-----------------------|-----------------------|------------------------|
| Manufacturing & Administration | female (100) | \$25,976 | \$25,465 | \$29,507 |
| | male (216) | \$27,866 .93-to-1 | \$27,023 .88-to-1 | \$30,041 .98-to-1 |
| Professionals | female (55) | \$40,565 | \$45,851 | \$47,484 |
| | male (62) | \$39,095 1.04-to-1 | \$45,514 1-to-1 | \$46,738 1.02-to-1 |
| Middle Managers | female (29) | \$57,915 | \$75,461 | \$79,739 |
| | male (29) | \$59,068 .98-to-1 | \$75,985 .99-to-1 | \$80,425 .99-to-1 |
| Senior Managers | female (2) | \$90,297 | \$121,874 | \$132,151 |
| | male (5) | \$93,545 .97-to-1 | \$124,678 .98-to-1 | \$127,080 1.04-to-1 |

DIVERSITY

Ben & Jerry's embraces and promotes workplace diversity. We strive to be successful and inclusive in attracting and retaining a diverse workforce. For instance, for many years we've continued to attract and retain individuals of varying sexual orientation; and for just as long, we've continued to offer benefit programs that recognize and support partnerships other than those of the traditional marriage.

The State of Vermont continues to face challenges in attracting people of diverse race and ethnicity. We continue to partner with local colleges, universities, schools, state and local agencies to network with a diverse population. We have implemented a Student Development Program to continue to promote an inclusive workplace.

We have created a cultural awareness both internally and externally in our recruitment efforts to identify opportunities in the utilization of strategic sourcing at all local and national levels such as: advertisements in newspapers, trade journals, web sites, search firms, academic institutions, etc.

COMPENSATION & BENEFITS

Livable Wage

In 1995 we established a method for calculating a livable wage figure for Vermont. We define a livable wage as a starting wage for a single person that will sustain a quality of life that includes expenditures for housing, utilities, out-of-pocket health care, transportation, nutrition, recreation, savings, taxes and miscellaneous expenses. The livable wage we established for 2003 was \$9.98/hour, or \$20,759 annually. The livable wage receives an adjustment based on COLA (Cost of Living Allowance) figures each year to ensure the relative value is sustained in today's marketplace. We acknowledge that this annual salary figure is for a single person and does not constitute a living wage for an entire family. The minimum wage in Vermont is \$6.75/hr (\$14,040/yr) and the national minimum wage is \$5.15/hr (\$10,712/yr).

Compensation Ratio

The compensation ratio is defined as the calculated ratio between the highest and lowest full-time total compensation earners within Ben & Jerry's in a given fiscal year. Typically

this ratio compares the total compensation of the CEO of the business unit to that of an entry-level full-time wage earner. The compensation ratio for 2003 was 17.6 to 1.

Bonus Incentive Plans

The business endorses a practice of ensuring that every full-time employee is given the opportunity to achieve some form of variable pay in addition to his/her base pay. This practice provides an added incentive to achieve sound business results. Last year the Company paid out bonuses to managers via the Short Term Incentive Plan (STIP). The Company also paid out bonuses to other employees based on the Performance and Savings Incentive Plan (PSIP), which encompasses all full-time exempt and non-exempt employees not covered in the STIP Plan. The payout in 2003 was \$546 per employee.

Benefits

Ben & Jerry's continued to offer competitive benefits to its employees. Recent negotiations between Fletcher Allen Healthcare (FAHC) and in-state providers have driven the average cost of healthcare in Vermont up by an exorbitant rate. Most businesses are looking at as much as a 100% increase over 2003 existing rates. Ben & Jerry's healthcare provider, Cigna, renegotiated with FAHC, allowing the Company to absorb an average cost increase of 30% per year over the next three years. Even with this outcome, employees will see much higher premiums starting in 2004.

The average cost of benefits per employee based on 2003 costs was \$16,500. For health and dental benefits, the ratio of company paid vs. employee paid benefits is 80% vs. 20%, compared to 70% vs. 30% in most companies. Ben & Jerry's remains one of the few companies in Vermont with a 20% employee contribution. In 2003 the Company absorbed more than a million dollars in additional costs to maintain its generous health insurance programs.

TRAINING

In 2003 we offered the final course topics that were identified in the company-wide needs assessment that we completed in 2002. These final topics included a 12-module Supervisory and Management Series, Basic Mediation, Project Management, Performance Management and Employment Law.

In August we conducted another more focused needs assessment, which was a combination of one-on-one meetings with company directors and managers and an online training needs assessment that was sent to all employees.

Training

| | 2001 | 2002 | 2003 |
|----------------------------------|--------|--------|--------|
| Number of employees trained | 424 | 701 | 609 |
| Total accumulated training hours | 11,000 | 10,400 | 16,432 |

The results of this survey indicated that the top 10 training needs were now as follows:

1. Project Management
2. Computer Skills
3. Decision Making Processes
4. Strategic Planning
5. Communication Skills
6. Analytical Problem Solving Skills
7. Critical Skills
8. Innovation/Creative Thinking
9. Stress Management
10. Coping Skills

In the fall we began planning our training program for 2004. Having identified Project Management as the top focus area, we partnered with a local Project Management organization and designed a program that used "action learning" as its foundation. We decided to design the program so that intact project teams could attend the training workshops as a group and apply their learning immediately to the project at hand. We also addressed and planned delivery for 8 of the remaining training areas. Additional support and funding for Project Management was secured from the state and through our ongoing alliance with Vermont Technical College's learning partnership.

We ended up the year with a 12-week long Dale Carnegie Course and the monthly Strategic Insight Series sessions. 2003 proved to be yet another building year of skills and competencies for our employees, whereas 2004 shows an increasing focus on strategic application of skills to meet business objectives.

WORK LIFE SURVEY— GLOBAL PEOPLE SURVEY (GPS)

Two years ago we launched the Global People Survey (GPS) to get to the heart of our organization and develop effective links between our people, performance and business growth. We partnered with Unilever's first ever work life survey and, going forward, every two years, we will continue to deliver the GPS. International Survey Research (ISR), an independent consulting firm specializing in employee research, administers the survey.

We have been administering the Ben & Jerry's Work Life Survey every two years since 1990, the year 2000 being the sole exception due to the Unilever acquisition.

In May 2002 we had the highest response rate in Ben & Jerry's history with a 90% response rate (out of 780 full- and part-time, hourly and salaried employees, 705 responses were completed).

We formed GPS Action Teams at each of the sites to review site-specific finds on the 10 top and bottom survey questions. The GPS Action Teams focused on areas needing improvement and made recommendations for action in the following areas: employee morale, communication, visibility of senior leadership and preservation of the Company's unique culture and origin.

In September 2004 we will administer the Ben & Jerry's Global People Survey in partnership with Unilever and we will continue with the GPS Action Teams at each of the sites.

WORKPLACE HEALTH & SAFETY PERFORMANCE

A strong focus on safety awareness, training, ergonomic innovations, self-behavior observations and, of course, having fun with safety and celebrating our successes led to our best safety record ever in 2003.

We demonstrated our commitment to workplace safety through safety management programs that included engineering controls, administrative procedures and worker protective measures that were employee-driven. This was an all-inclusive approach to workplace safety and health resulting in significant safety milestones being achieved.

We took a proactive approach to accident prevention and process improvements.

The Company's overall Injury Incident Rate was a historical low of 6.45, which is below the industry average of 9.1 for ice cream manufacturing. A significant milestone for manufacturing was that both Waterbury and St. Albans achieved one year without a lost-time case. Overall lost-time cases decreased from 14 in 2002 to 3 in 2003 and lost-time days decreased from 440 in 2002 to 143 in 2003. Lost-time cases are just one measure of safety, but they reflect the most serious cases when someone is unable to return to work.

Examples of Achievements

Employee involvement in safety continues to grow with participation in:

- Ergonomic improvements
- HazMat Team Monthly Training
- GOTCHA cards for safe work practices
- Material Safety Data Sheets Master Library
- Safety Slogan Project
- Development of Two Scoop Topics
- Addition of shift safety sub-committees

Approximately 40% more ergonomic projects were completed compared to 2002.

Ben & Jerry's safety slogan, "Safety: we all have a hand in it," has begun to blossom and is evident in the increased employee participation and the individual championing of safety.

| | 2001 | 2002 | 2003 |
|-----------------|------|------|------|
| Lost Time Days | 179 | 440 | 143 |
| Lost Time Cases | 26 | 14 | 3 |

Emergency Response & Public Disclosure

All of Ben & Jerry's sites have trained personnel and equipment capable of handling chemical emergencies. Following is a list of the steps we take to ensure employee, community and environmental safety:

- Each manufacturing site that handles potentially hazardous chemicals is fully-furnished with Level A Chemical protective suits, monitoring equipment, self-contained breathing apparatus (SCBA) units, and other hazardous material (HazMat) response equipment. Trained HazMat teams are comprised of maintenance staff, employees and volunteers from various departments, including managers and supervisors.
- Each site is required to submit to the State of Vermont a complete listing of hazardous chemicals used on site. In addition, walk-through of each plant is conducted with outside emergency personnel to identify hazardous areas.
- Each manufacturing site has completed the Risk Management Program as required by the Environmental Protection Agency's Chemical Emergency Preparedness and Prevention office. This program requires the company to prepare two risk scenarios based upon the amount of anhydrous ammonia stored on-site.
- Ben & Jerry's safety staff are members of the Vermont Safety and Health Council.
- All of Ben & Jerry's Emergency Response plans have been updated to include Process Safety Management and Risk Management Planning. They are available for review by affected parties, including local ER personnel, town officials and homeowners.
- Ben & Jerry's works with local response crews to update emergency response training.
- Ben & Jerry's is happy to provide facility-specific information to the communities where plants are located.
- Ben & Jerry's reports to Tier II (Vermont's Community Right To Know Program), which lists any and all Hazardous Materials/Chemicals that are used and/or stored on site.
- Ben & Jerry's safety staff includes a Certified Safety Professional (CSP) and two safety staff members hold a Bachelors Degree in Safety and Health.
- One member of Ben & Jerry's safety staff has served 16 years on a fire department's Special Operations Division, supervising tactical responses to serious fires entrapments-entanglements in vehicles and machinery; high angle-swift water rescue situations; building-, below grade- and trench collapses; mass-casualty incidents; HazMat releases and EPA Tier II compliance inspections.
- Ben & Jerry's safety staff consists of a member who has been trained to the National Fire Protection Association's 472 professional competence standards as a Hazardous Materials Technician-Chem-Bio Specialist and is an Urban Search and Rescue Specialist Instructor for the Federal Emergency Management Agency's structural collapse response program.

GIVING BACK

Ben & Jerry's Foundation

The Mission of the Ben & Jerry's Foundation is to make the world a better place by empowering Ben & Jerry's employees to use available resources to support and encourage organizations that are working towards eliminating the underlying causes of environmental and social problems.

About the Foundation

Ben & Jerry's Foundation, a separate entity from the Company, was established in 1985 through a donation of stock in Ben & Jerry's Homemade, Inc. These funds are used as an endowment. Since the time of the merger agreement between Ben & Jerry's and Unilever in 2000, Ben & Jerry's Homemade, Inc. has made a minimum yearly donation of \$1.1 million dollars, adjusting the amount upward annually for sales growth and inflation. In 2003 the Foundation received from Ben & Jerry's Homemade, Inc. \$1,289,000. These funds will be given away in 2004.

Since these significant dollars for philanthropy are the result of the hard work of the Company's staff, employees are extensively involved in the Foundation's grant-making. In general the purpose of Ben & Jerry's philanthropy is to support the founding values of the Company: economic and social justice, environmental restoration and peace through understanding; and to support our Vermont communities and other communities throughout the United States.

The Foundation administers the following programs:

Employee Grant-Making Committee

A nine-member committee representing each of the Ben & Jerry's sites in Vermont makes funding decisions (subject to review by the trustees) on grants to national and Vermont-based nonprofit organizations to support progressive social change and environmental work. Members are chosen by their peers. Grants range from \$500 to \$15,000. To learn more about this program and to review our 2003 grant recipients, visit www.benjerry.com/foundation.

Community Action Teams

Each of the Company's Vermont sites has an employee Community Action Team or CAT. The teams review and decide on small grant requests, generally \$100 to \$1,000 for local Vermont-based nonprofit organizations. These grants are intended to express both employees' concerns and the Company's intent to be a good neighbor.

In addition to the grant-making program, the teams work with their site management to identify, undertake and underwrite community enhancement projects. Projects must be undertaken with a 501c(3) approved nonprofit or a municipal entity. (There are guidelines used for determining appropriate projects.)

Employee Matching Gift Program

The Foundation matches dollar-for-dollar up to \$1,000 a year per staff member for contributions that our employees make to nonprofit organizations.

Other Grants

The Foundation trustees may make grants to nonprofit organizations in the areas of children and families, environmental restoration, sustainable agriculture and in support of the Company's Social Mission initiatives. These grants may not be used for sponsorships, promotions or

other marketing purposes. Recognizing that part of the company profits comes from international sales, the Foundation trustees annually allocate funds for grants to registered non-governmental organizations operating outside the United States.

"The U Fund"

In addition to the funds allocated to the Foundation from the Company, the Foundation trustees oversee and administer a one-time, \$5 million dollar gift that resulted from the Unilever acquisition. These funds are granted proactively to nonprofit organizations that support citizen education and activism around globalization issues and social justice. In 2003 the Trustees distributed \$703,000 in grants that included \$300,000 to Global Exchange (www.globalexchange.org), \$100,000 to United for a Fair Economy, (www.ufenet.org), \$100,000 to The Ruckus Society, (www.ruckus.org), and \$100,000 to Citizen Works, (www.citizenworks.org).

| Funds Disbursed | 2001 | 2002 | 2003 |
|---------------------------------|--------------------|--------------------|--------------------|
| Employee Grant Making Committee | \$755,900 | \$893,300 | \$851,873 |
| Number of grant recipients | 82 | 92 | 91 |
| Community Action Teams | \$193,320 | \$194,539 | \$187,100 |
| Number of grant recipients | 210 | 211 | 181 |
| Other Grants (Corporate) | \$80,620 | \$80,200 | \$101,000 |
| Number of recipients | 36 | 43 | 28 |
| Employee Matching Gift Program | \$30,880 | \$29,986 | \$25,871 |
| % of staff participation | 13% | 13% | 15% |
| Total granted | \$1,060,720 | \$1,144,025 | \$1,165,844 |

Product Donations

Ice cream donations have long represented Ben & Jerry's commitment to give back to the communities where we do business. In 2003 the program was restructured to accommodate changes in our distribution system which limited inventory storage to selected warehouse locations. While we still gave away ice cream to many nonprofit organizations that use it to advance their fundraising activities or to celebrate a successful event, we were limited in reaching the entire country with actual product. These days, we are able to donate pint coupons rather than ice cream to out-of-state nonprofits. In 2003 we gave away approximately 12,000 coupons to 700 nonprofits who requested donations. In Vermont we gave away over 9,000 gallons of second quality product in support of a wide range of nonprofit and community activities.

In addition to giving coupons and ice cream to various nonprofit organizations, the Ice Cream Donations department supported the Big Apple Circus with ice cream valued at \$20,000 (our cost, not retail), which BAC sold at their performances. The money raised by this program went directly to the BAC Clown Unit which travels to children's wards in hospitals throughout the US. This project was almost totally funded by the sale of Ben & Jerry's product. We have supported the Big Apple Circus for over 5 years.

To learn more about our ice cream donations program visit www.benjerry.com/our_company/donations/index.cfm.

COMMUNITY BASED ACTIVITIES AROUND THE GLOBE

Internationally, as business has begun to do better, Social Mission has begun to manifest itself. Take a look at what Ben & Jerry's is doing in its communities abroad and at home.

United Kingdom

PartnerShop.

The first European PartnerShop® was opened in November 2003 in the historic old Roman city of Chester in the North West of England. Owned and operated by a social business, the Furniture Resource Centre (FRC) Group, the shop represents a unique job training opportunity for the community's socially excluded youth. All of the profits generated from the Chester shop will support FRC's social program to continually provide training and support for youth across the English Northwest.



FRC Group, which celebrates its fifteenth anniversary this year, is famous for its recycling and social housing initiatives which not only improve lives, but also offer opportunities for unemployed people. It is hoped that more locations will be opened with FRC Group over the next three years.

PartnerBus.

The UK's fundraising PartnerBus, the Flying Friesian, continued its mission of scooping up cones for hungry music festival-goers while raising much needed funds for the children's charity, ChildLine, in 2003. Now in its fifth year, the bus has raised in excess of £63,300 (\$115,500) for ChildLine's ChiPS (ChildLine in PartnerShip with Schools) program which provides support for mentally and physically abused children. An uncharacteristically long hot British summer ensured that despite increased competition from other ice cream brands entering the festival market, record sales were achieved – the result being a donation of £19,713 (\$35,970)!

KidsCause.org

2003 marked the third year of KidsCause.org, Ben & Jerry's UK web-based Foundation. The site administered grants of £10,000 (\$18,242) to a total of five children's charities including ChildLine, National Missing Person's Helpline, The Children's Society, Alone in London and 870 House. Information on the organizations together with regular project updates on how funding is being implemented is available online at www.kidscause.org.uk.

Community Action Days— Random Acts of Kindness

The UK's first ever Community Action Day was held on the 20th July 2003, but we guarantee it won't be the last! Over 50 Ben & Jerry's UK web fans dragged themselves out of bed on a sunny Sunday morning to help nurse a long abandoned London tree nursery back to life.

Volunteers alongside Ben & Jerry's employees transformed the site through the building of a brand new composting area and the planting of new flowers, herbs and vegetables. The crowning glory had to be the setting down of six new park benches from which tired gardeners took a pew and admired their handiwork. Tools were exchanged for a final tub of ice cream to toast the nursery's health and good fortune, and the site was officially declared open by the Mayor of Hammersmith and Fulham at 6 pm.

National Blood Service

Now in its third year, our "I Gave, I Saved" blood program seeks to debunk urban myths on bloodgiving and encourage more young people to do their bit. We drive recruitment of new donors through educational packs, which come equipped with a free 500 ml tub voucher. Building on the success of our partnership with the National Blood Service in England, in 2003 we took the initiative over the border and into Scotland.

Thanks to our support and on-campus awareness raising, the NBS reported a 35% uplift in attendance figures at the 38 universities we attended in 2003.

The Prince's Trust

In partnership with a youth charity, The Prince's Trust, we sponsored a group of 13 school leaders through a 12-week training program. The program helps disadvantaged youth get the life skills and basic training they need to overcome their

personal challenges and take the next step in their lives—whatever that may be. Across departments, Ben & Jerry's UK staff took time out of their working lives to mentor the group in a range of projects from job interview skills training to working alongside the group on a community action day for a local daycare center. Watching the group develop from day one to course graduation was a richly rewarding experience for all of us.

Weird World Championships

Ben & Jerry's UK is very proud to be the sole sponsor of three World Championships. These wacky World Championships cover everything from head to toe (literally as far as Toe Wrestling Championships is concerned!). If you are into communing with nature, we reach for the skies (that's our Conkers Championships pun!) and plumb the depths (literally) with Bog Snorkelling. All three events are also fundraising events for the local charities. Donations are collected on the day, while many competitors collect sponsorship money for the charity for their completion of the event. This year one competitor from Dublin set a new fundraising record for Cystic Fibrosis by raising in excess of £500 (\$912).

The Netherlands

2003 was a year of changes for Ben & Jerry's in The Netherlands, but we continued our initiatives to bring our Social Mission to life. We focused on strengthening the bonds with the not-for-profit organizations with whom we have worked in the past.



WAR Child

WAR Child's mission focuses on the psychosocial needs of children who have suffered from war and/or conflict situations. We work with the Dutch branch of WAR child and sponsor their "FEAST for PEACE" initiative. This is a yearly event in which we challenge restaurants, hotels, canteens, etc. to sponsor WAR child with at least 10% of the day's turnover.

WAR child takes care of all the publicity and invites the general public to the participating restaurants. For more information, visit www.feastforpeace.nl.

Villa Pardoes

Located on the grounds of the Efteling amusement park, Villa Pardoes is a fantastic place where kids with life-threatening illnesses can spend a week with their families.

Besides keeping the fridge filled with ice cream, Ben & Jerry's aims "to connect wallets" with Villa Pardoes. Within our network we linked our customers, Movie Max, Videoland, and Jamin with the Villa. All these companies have sponsored with either money or products. We also invited Rene van de Kerkhof (a famous retired soccer player) and Leontien van Morsel (women's world champion cyclist) to become ambassadors for Villa Pardoes. Visit: www.villapardoes.nl

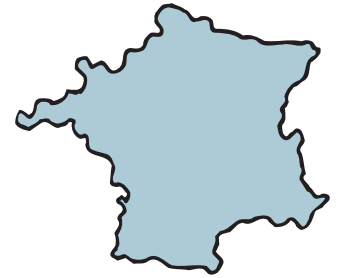
GAAF Stichting Centrum voor Creatief Leren

This foundation supports and educates highly gifted youngsters who risk dropping out of school. Ben & Jerry's networks for GAAF and sometimes donates seminar income to them. Visit: www.creatiefleren.nl

France

Solidays

Between 2000 and 2003, we sponsored a huge benefit event called SOLIDAYS, a musical festival whose profits are donated to several nonprofit organizations working to help people with AIDS.



Cyclo Pouce

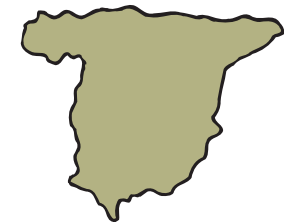
Ben & Jerry's is the major sponsor of the "La Villette Outdoor Cinema Festival." This yearly event is one of the highlights of Parisian summer nights. A series of films is projected onto a giant outdoor screen at Parc La Villette. Screenings are free and deckchairs can be hired for an extra fee.

It's here that we started an initiative to support Cyclo Pouce, a nonprofit organization that helps people in need by putting them to work repairing and renting bicycles. We've lent them one of our ice cream vending carts so they can generate extra revenue from ice cream sales.

Spain

Blood donation campaign

We continue to partner with various blood banks, holding blood donation campaigns at universities and rewarding blood donors with a free pint of ice cream. In 2003 we brought the campaign to Madrid, Barcelona and Valencia, the three biggest Spanish cities with the biggest university communities. The uniqueness of the initiative generated a great deal of publicity. As a result, the blood banks reported an increase in blood donations of over 40%, and we gave away over 6,000 pints of ice cream.



Partnering with World Wildlife Fund (WWF)

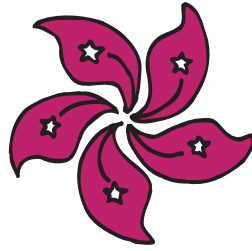
In 2003, we continued our support of the World Wildlife Fund's Global Warming Campaign, by celebrating International Ozone Day at all Ben & Jerry's Scoop Shops. Each of the shops donated their ice cream sales for the day to WWF, for a total of donation of over € 4,500 (\$5,575).

Menudos Corazones—BP Petrol Stations

Menudos Corazones is a nonprofit organization dedicated to helping children with heart problems, as well as their families. During the Christmas season, in a joint initiative with BP Petrol Stations, we donated € 1 per pint sold at the Petrol Stations to Menudos Corazones. The success of our first joint initiative with a key customer company has inspired our team to pursue similar campaigns in the future.

Hong Kong

While establishing a Ben & Jerry's presence in Hong Kong, our partners there supported their community with such sponsorships as the Sowers Action Charity football game to benefit educational and developmental programs for children in China, and the Matilda Hospital Sedan chair race in support of diverse charities in Hong Kong.



Ben & Jerry's USA

At Ben & Jerry's, our commitment to community-based activities goes well beyond what our Foundation does by giving funds to nonprofits. It speaks to what we do almost every day.

In this section, we asked our departments and plants to write about any work they did in their communities in 2003. Here are some examples of their community-based activities:

Central Support Information Services Group

In 2003 the Information Services Group (ISG) involved their teams in a number of efforts related to families, the community and the environment.

To help area families, we continued to participate in a number of collection and delivery efforts for food and holiday gift-giving.

We also continued to offer job shadowing opportunities to students in the community and we began designing plans for an internship program which we expect to launch in 2004.

At the start of the year we launched a campaign to drastically cut back paper usage with a goal of seeing a 50% reduction. We took steps such as installing software to monitor paper usage at the printer and installing computers in all conference rooms to support paperless meetings. We fell short of our goal, finishing the year with a 39.4% cutback in paper usage, and a commitment to shave off another 20% over the course of 2004.

Design Department

Our in-house Design department continued to look for ways to go paperless. We began conducting design reviews on screen and proofing materials via electronic PDF files. Electronic proofing has helped in two ways: we saved paper and we also eliminate some need for overnight mail delivery. We also took a more proactive approach to working with vendors, particularly printers, to source environmentally-responsible paper and inks. Some of the designers also provided pro bono design work for a community nonprofit, Camp Ta-Kum-Ta, which serves children with cancer. Other pro bono work included design for a community park event.

Waterbury Plant

The Waterbury Community Action Team completed a project at

the local Moretown Recreational Park. The project provided a much needed cleanup and general facelift for the community ballpark. We spent the day painting, seeding new turf and cleaning up the ball field. We also held our Annual Great Pumpkin Giveaway to benefit local community nonprofits.

Distribution Center

The Distribution Center maintained their ongoing support of local nonprofits through ice cream donations.

St. Albans Plant

In St. Albans the plant completed various community-based events. The Community Action Team coordinated two truckload sales to benefit such organizations as the Leukemia Lymphoma Foundation and The Family Center.

The St. Albans plant also coordinated five large community projects that took place in one day: Buildings and camping shelters were painted at Lake Carmi State park; lean-tos were painted at Burton Island State Park; trees were planted for the Missisquoi State River Basin Association; a playground was built at Houghton Park; and construction and maintenance projects were completed at the Missisquoi Wildlife Refuge.

MARKETING & SALES PROGRAMS

2003 Global Warming Campaign One Sweet Whirled™, Year II

One Sweet Whirled™ is a Ben & Jerry's flavor dedicated to increasing awareness of the issues surrounding global warming. A portion of the sales proceeds go to Bama Works (www.dmband.com/bama/bama_main.asp), a foundation tied to the Dave Matthew's Band and our common commitment to fighting global warming.

In comparison to 2002's huge introduction of One Sweet Whirled along with a multifaceted campaign including the Dave Matthew's Band, our activities behind One Sweet Whirled™, were considerably more modest than during the previous year. Budget considerations placed us in a position to continue some smaller scale efforts, but we regretted not being able to more aggressively advance the program in 2003. That said, One Sweet Whirled™ saw top-tier support for a non-introductory product, including:

- Point of sale materials
- Continued Package messaging
- B&J website support
- Feature in a Coupon campaign with Save Our Environment.org
- Viral email campaign with Save Our Environment.org (SOE) This was sent to over 300,000 of their registered environmental activists, offering a free scoop in shops for those that took action.

2003 Global Warming Campaign Results

- Personal Pledges—6,414
- Personal Pounds Pledged—44,697,496
- Letters to Congress—4,667
- New SOE members—17,573

Rock the Vote Campaign

In 2003 Ben & Jerry's began a close relationship with Rock the Vote (www.rockthevote.com), a non-partisan, nonprofit organization dedicated to protecting freedom of speech and empowering young people to register and vote. That relationship, while still formative during 2003, will set the stage for heavy partnership activity in 2004, providing us with an opportunity to put our marketing resources to work in support of voter registration programs and awareness raising around election issues. 2003 saw Ben & Jerry's contribute Ice Cream by Mail (ICBMs) to Rock the Vote's campaign to attract sponsors, with the intent of recruiting an even stronger foundation for programming in 2004.

One World One Heart Festival

The One World One Heart Festival is an annual music and Social Mission event held in Vermont in late spring. The event began as an adjunct to the early shareholder meetings, and evolved over the years into ever larger events with higher level musical talent and crowds. It was always a free event.

Budget pressure following the 2002 Festival caused us to re-examine the format and benefit of this event. Due to the desire in 2003 to make it bigger than ever in honor of Ben & Jerry's 25th birthday, three critical decisions were made: 1) Move the event out of Vermont to Bethel, New York, site of the original Woodstock Festival, 2) Book top-level talent, and 3) Charge a modest admission to offset costs.

In retrospect, we learned that executing our new Festival strategy required core competencies we did not possess as a company—most notably, remote site selection, talent recruitment and how best to manage advertising and promotion to drive advance ticket sales. In the end, this led to ticket sales falling below the level required to support an event of this magnitude. Rather than compound the cost liability and the embarrassment of a near empty house, we cancelled the Festival.

This difficult situation was made more difficult by a lack of adequate internal communication and controls, all of which resulted in higher costs to the Company than necessary and a more abrupt cancellation of the event, disappointing employee volunteers, ticket holders, suppliers and the Bethel community.

The cancellation created a storm of poor press and a fair amount of ill will. The Bethel area that had hoped to leverage the event into revenues as well as improved awareness of the business and recreational activities the area offers.

In canceling, Ben & Jerry's met all commitments to vendors, from reimbursing food vendors for unsaleables, to payment to scheduled musical artists. Additionally, key Ben & Jerry's staff returned to Bethel to meet with community leaders about ways that we could help them with their revitalization program. These meetings resulted in Ben & Jerry's contributing dollars and Ice Cream By Mail to various Bethel community-building projects.

For A Change™ Ice Cream.

We believe in using the power of our day-to-day business decisions—including how and where we buy our ingredients—to help drive social change. The vanilla, cocoa and coffee extracts we buy for our For A Change™ flavors deliver great quality and taste for our ice cream while returning benefits to farmers in the form of support for local and economic progress and environmental sustainability. The farmers that grow the vanilla, cocoa, and coffee beans that we use in the For A Change™ flavors are members of cooperatively run farmer associations. These community structures help promote members' quality of life, improve workers' benefits and labor practices, and sustain a commitment to their land and communities. We pay our suppliers a premium for these quality ingredients, and they work to help the farmer associations by providing them with credit and financing arrangements, along with long-term buying contracts and technical assistance. We believe that helping to support these farmer associations will go a long way toward creating positive social change. With economic independence and empowerment come new opportunities for education, healthcare, housing, employment, and the tools to sustain healthy communities and farms.

We originally named this flavor line For A Change™ for a couple of reasons. Smooth flavors without chunks represent a change for our flavor developers. And, equally important we believe the primary ingredients are sourced in a way that can support positive social change.

In planning for 2004, concerns arose that the For A Change line name might have been confusing to consumers. The decision was made to remove the phrase, leaving the flavor names simple and straightforward (Vanilla, Chocolate, Coffee and Strawberry) while maintaining our commitment to values-led ingredient sourcing.

Organic Ice Cream

We entered a new arena in 2003, testing a line of four organic ice cream flavors in several US markets. We had considered organic ice cream for years, and the increasing availability of organic ingredients, along with the publication of USDA organic standards in 2002, made testing the idea all the more feasible. We were very enthusiastic about the organic concept, as it is consistent with our commitment to product quality and environmental protection. While small volume runs of organic products presented some manufacturing challenges, we successfully produced four flavors (Chocolate Fudge Brownie, Strawberry, Vanilla and Sweet Cream & Cookies) that were certified organic by Oregon Tilth. The test began in Boston and San Francisco, with marketing support that included print advertising, in-store product sampling, and coupons, and an in-store event in Boston with co-founders, Ben and Jerry. The test was expanded to include Denver, Portland, and Seattle during the summer season. Results were promising, and these four flavors were rolled out nationally in 2004 to natural food stores and natural food sections of conventional grocers.

Considering Carbs

With the focus on health, obesity and carbohydrates in full swing, we engaged in some difficult discussions in 2003 about how best to respond to consumer demand for products that address these concerns. Carbohydrate conscious and no sugar added products could only be produced using artificial ingredients, which meant departing from our all natural commitment. While it was a difficult decision and one that many employees struggled with, we ultimately responded to consumer demand by launching a line of 8 new ice cream pints in 2004 that included Light ice cream (all natural), Carb Karma® ice cream (for use as part of a low carb diet) and No Sugar Added ice cream. Also we repackaged Low Fat Frozen Yogurt flavors (Cherry Garcia®, Chocolate Fudge Brownie and Half Baked™) as part of this line.

Royalties

Although the band Phish has announced that they are breaking up at the end of 2004, their legacy will continue through the sweet notes of Phish Food® Ice Cream. Phish Food produces royalties for the Waterwheel Foundation (www.phish.com/waterwheel), that was created in 1997 by the band. This foundation oversees the band's various charitable activities. Including the Touring Division, the protection and preservation of Lake Champlain and the Vermont-based Giving Program. Royalties paid to the Waterwheel Foundation in 2003 totaled \$183,492.

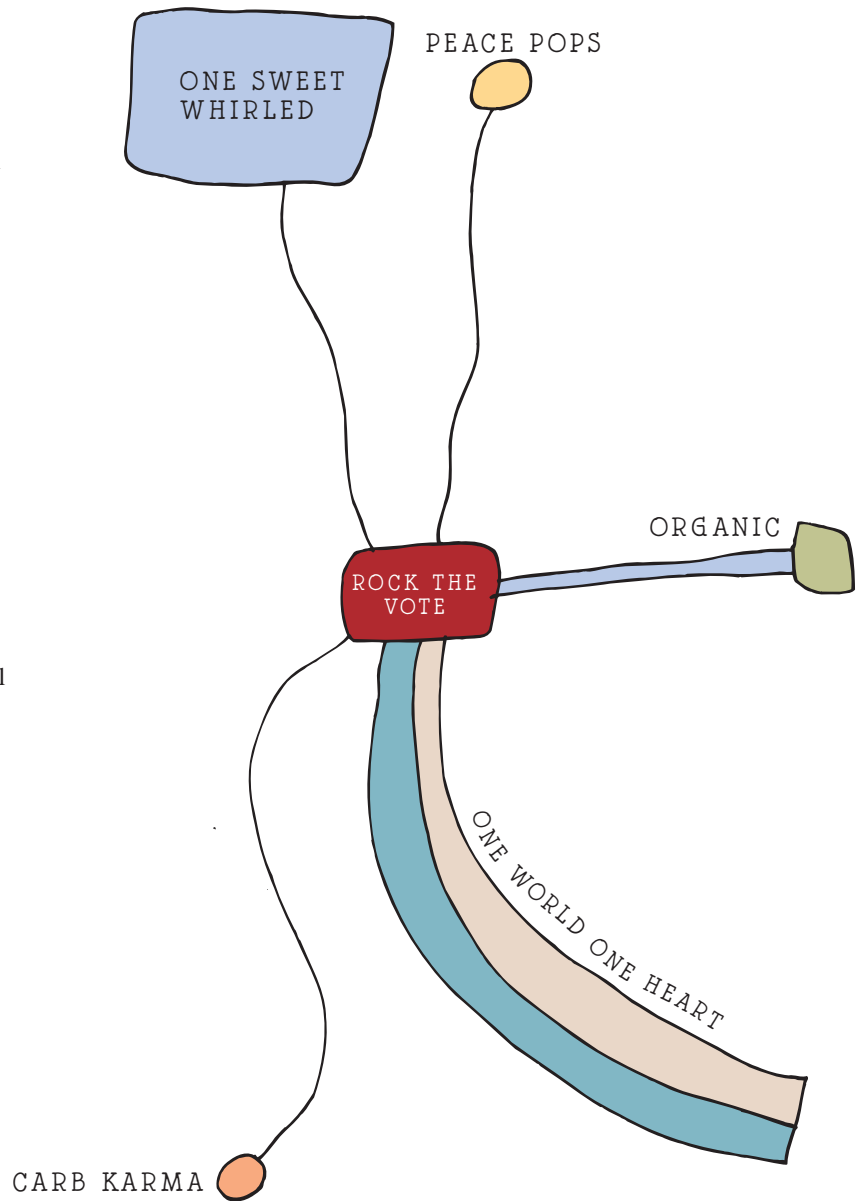
The Dave Matthews Band flavor, One Sweet Whirled™, is another ice cream that is helping to raise awareness for the environment. This ice cream produced royalties of \$59,059 for Bama Works, a foundation set up by the Dave Matthews Band. Bama Works donates half of the royalties to SaveOurEnvironment.org, a collaborative effort of the nation's most influential environmental advocacy organizations harnessing the power of the internet to increase public awareness on today's most important environmental issues.

And finally, Butter Pecan generated \$70,746 for the Tom Joyner Foundation in 2003. The *Tom Joyner Morning Show* radio program is a top-rated, nationally syndicated morning radio show with a weekly listenership of + 5,000,000 on over 100 stations. The Tom Joyner Foundation is a nonprofit organization that provides assistance to students at Historically Black Colleges and Universities.

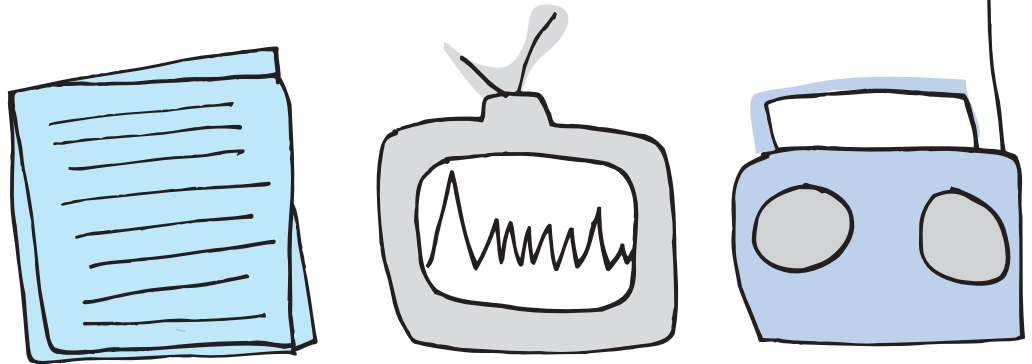
All of these royalties come from Ben & Jerry's Homemade, Inc. and are in addition to the amount the Ben & Jerry's Foundation receives from the Company for grant-making.

PEACE POPS. Line: Our Peace Pops® flavors include Cherry Garcia® Cookie Dough, Vanilla, and Vanilla with Heath® Toffee.

The spirit of Peace Pops® and the message they convey seem more relevant now than ever. The packaging for this novelty line directs consumers to our website where they can check out our list of 50 Ways to Promote Peace. The ideas and activities listed cover a flexible range of topics and commitment levels, from the practically effortless to the simply practical to the powerfully proactive. Check it out at www.benjerry.com/features/50_ways/50ways.cfm.



IN THE NEWS...



EXTERNAL COMMUNICATION

Public Relations: Media Impressions & Analysis

Editor's Note: Ben & Jerry's continues to grab headlines coast-to-coast and around the world. In 2003 news about our brand yielded over 8,000 articles in US newspapers with a total circulation of over 1 billion. That's a lot of ink! Of course, we want to know what newspaper and television reporters are writing and saying about the brand and more importantly, we want to ensure that the messages we set out to share actually resonate. So we've turned to some expert analysis folks in Washington, DC to help us measure the effectiveness of our Public Relations ~ our "Share of Voice" (SOV) among competitors and the "Favorability Ranking" (FR) of our media relations efforts.

We're pretty well convinced that the folks at CARMA International who crunch the numbers for us got combined scores of 1600 on their SATs, because the monthly and year-end analysis of our efforts to promote Ben & Jerry's three-part mission are thorough, objective and well-written (and we'd be remiss if we didn't acknowledge the colorful graphs that translate all the stats to meaningful information and valuable next steps).

What follows is excerpted from the CARMA International year-end analysis—a bird's eye view of Ben & Jerry's in the media for 2003.

Media Exposure

Within the super-premium ice cream industry, Ben & Jerry's was effective in maintaining 75 percent of the overall share of voice and generated the highest percentage of favorable coverage (52 percent) compared to Edy's/Dreyer's (47 percent) and Häagen-Dazs (38 percent). Ironically, Ben & Jerry's popularity in reporting was also its biggest shortcoming, as 44 percent of this year's coverage mentioned Ben & Jerry's in a neutral context. Ben & Jerry's, like Häagen-Dazs, was synonymous with decadence and guilty pleasure, which inspired the media to use Ben & Jerry's as an example when in-depth descriptors were not necessary to convey an idea. Still, this neutral coverage dissipated the impact that Ben & Jerry's favorable reporting

had on the overall takeaway. Ben & Jerry's also garnered the highest average favorability rating among competitors with a 56 rating, falling four points from 2002's average.

Ben & Jerry's proved to be an innovative Company in the way in which it portrays its colorful corporate roster. The Flavor Gurus, Ben & Jerry's reportedly wacky and clever team of taste engineers, generated some of the most consistently favorable coverage for the Company this year. The R&D team was also easily identified by name and personality in the coverage, which added to the Company's intimate approach to marketing. The profile piece on the Flavor Gurus proved to be popular, as publications picked up the wire story even two months after its initial launch.

Free Cone Day continued to be an anticipated subject for most publications, as evidenced by community profile pieces, exuberant customer response, colorful photos of the Ben & Jerry's brand, and references to the Company's Social Mission behind every free scoop. The charitable donations were almost always represented in Free Cone Day coverage, identifying specific funds or programs.

The fat content in the ice cream was referenced in a Center for Science in the Public Interest study. Ben & Jerry's avoided serious media strife by maintaining its platform on the quality of its ingredients. In addition, the media often perceived the study's findings as obvious and ludicrous to think otherwise. However, the majority of this dietary coverage referenced Ben & Jerry's in passing and focused on its indulgent appeal. In some rare cases, Ben & Jerry's was able to generate recognition for its lower fat ice creams and sorbets in this coverage. For example, women's magazines were quick to promote Ben & Jerry's lower calorie items.

Ben & Jerry's Rock the Vote Campaign got off to a strong start through its flavor naming contest with America Online, garnering favorable media attention for the Primary Berry Graham® flavor while promoting its mission for social change.

For A Change™ Campaign

For A Change products garnered media attention throughout the year and all reports mentioned the Company's Social Mission, which was used as a platform for the Company's goals. Ben & Jerry's was able to promote its mission for social change by using the beans harvested by Indonesian farmers, which the press was quick to embrace; clarifying that the mission behind the ice cream pints was far from the uncharacteristically simple vanilla, chocolate and coffee flavors. Media coverage continues to portray to consumers that Ben & Jerry's is more than an ice cream company, educating the public on where Ben & Jerry's ingredients are derived and how the Company does not put a geographic limit on its philanthropy.

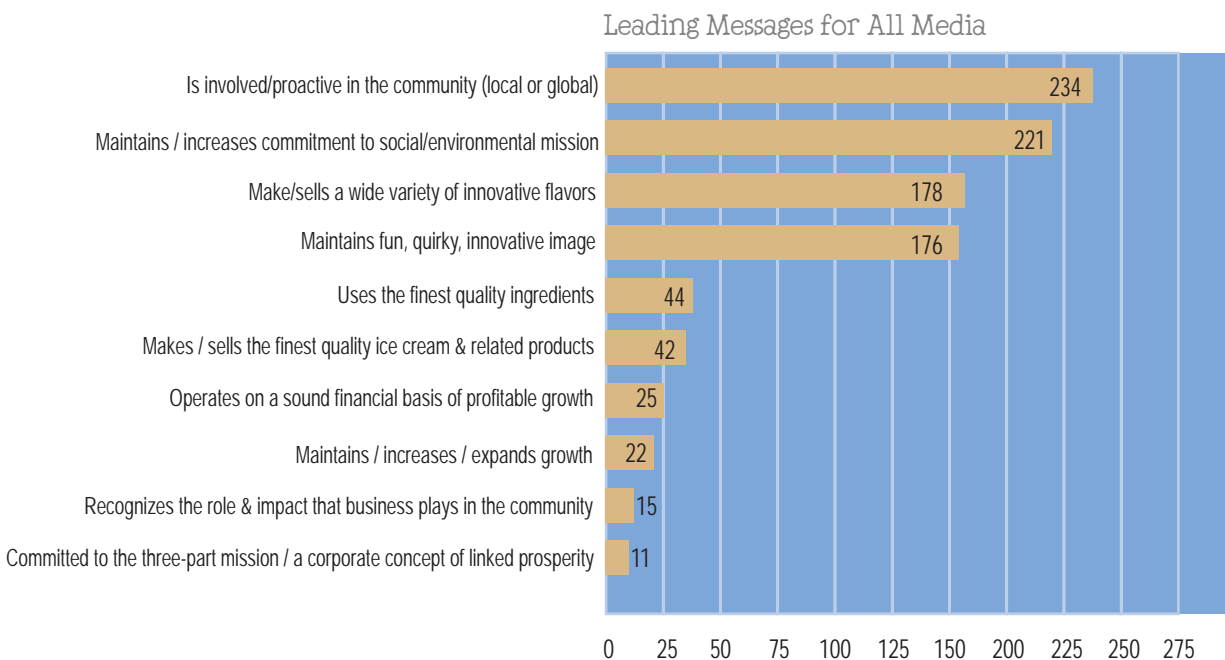
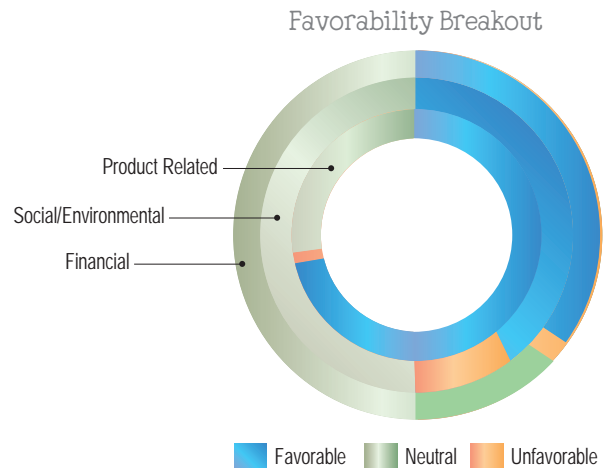
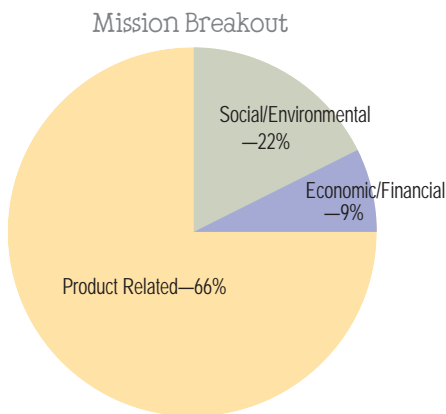
Brand Campaigns

Based on both print and broadcast coverage, the Ben & Jerry's branded campaigns performed well this year in their favorable reach. Although new products such as the 'Wich, organic

products, Uncanny Cashew®, Core Concoctions®, Oatmeal Cookie Chunk® and Brownie Batter® were all eagerly discussed flavors in the media, some of Ben & Jerry's most influential and unique reporting stemmed from the Company's energetic approach to research and development. The media also enjoyed discussing the "flavor gurus" and increased Ben & Jerry's voice in the media.

Free Cone Day

For the past two years, Free Cone Day has received parallel coverage with another event. In 2003 Ben & Jerry's celebrated its 25th Anniversary against the backdrop of its Free Cone Day, where in 43 stories the media referenced Ben & Jerry's as a company that is always evolving. Reports on the anniversary also discussed how Ben & Jerry's started as a small scoop shop at a gas station that turned into a multinational and multifaceted brand. Free Cone Day press attention earned highly favorable placement, especially with photos and captions of ice cream smeared children and vast lines of customers awaiting a scoop



of their favorite Ben & Jerry's ice cream. Most stories that were not news briefs announced that Free Cone Day proceeds (money donated by charitable consumers) would benefit local charities.

New Organic Flavors

The test market for Ben & Jerry's organic lineup received a generous volume of media coverage, with the majority of reporting stemming from Vermont, even though the selected cities were Boston, Massachusetts, and San Francisco, California. Stories discussed the limited time offer in the Northeast and California and how the company remained Committed to its social and environmental missions in creating the earth-friendly treat. The move to organic was praised by Vermont's Agriculture Secretary Stephen Kerr, who also put his confidence behind the brand's success in 11 reports. These articles were especially positive on the fact that Ben & Jerry's was making an effort to reach out to the community and use local resources.

One World One Heart Festival

With the cancellation of the One World One Heart Festival, the media was seemingly intrigued that the concert failed due to a reported economic downturn. The festival to battle pollution and global warming was not just reported on as a cancelled event, but the media often reflected an ironic tone in reporting. Ben & Jerry's suffers a melt-down (*Star-Ledger*, August 22), Never mind (*Telegram & Gazette*, August 22), 1 world, 1 heart, few people (*Houston Chronicle*, August 22) were just a few of the headlines that met the concert's cancellation. The brand also lost out on the positive coverage that would have taken place had the event been held. However, even without news of the One World One Heart Festival cancellation, Ben & Jerry's coverage would have only averaged one point higher (57 rating) in favorability over the year.

Consumer Comments

"Keep Oatmeal Cookie Chunk as a permanent flavor!" was one of the most common requests we received in 2003. Thankfully, we decided to heed our consumer demands on that topic, and will bring the beloved Limited Batch® flavor back to the shelf in 2004. From flavor suggestions and student requests for company information, to cries for flavor revivals and, of course, the "occasional" complaint about not enough chunks in the ice cream, we think there can't possibly be anything we haven't heard from our consumers. Yet, they continue to shock and surprise us every day with their tales of wedding bliss over a freezer full of Mint Chocolate Cookie, or their latest invention with brownies from their pint of Half Baked™. They certainly keep us on our toes!

In 2003 we continued the double digit increases in consumer contacts seen in recent years with nearly 18,000 consumers contacting us, a 12.5% increase from 2002. Of these, 13,500 were questions and praise! A recently completed research study has identified that the improvements Ben & Jerry's has made to the website is significantly changing the way in which consumers contact us. This change, while improving our ability to communicate with consumers through a dramatic 59% increase in consumer contacts via the web, makes the

interpretation of past complaint data with current complaint data more difficult. The study suggests that the most accurate method for evaluating trends in consumer complaints is by using data received via the phone. This channel of contacts saw a 12% improvement in 2003. Looking at all complaints through letter, phone and the web, Temperature/Texture abuse remains the main source of consumer dissatisfaction, representing 35% of all complaints. Temperature/Texture abuse is when the product is damaged by exposure to fluctuations in storage conditions that cause the product to melt and refreeze to varying extents based on the conditions. The Time Temperature Indicator study completed in 2003 indicated that this abuse was occurring at the retail level. To address this, the North American Ice Cream (NAIC) Sales group, with the assistance of the GHB manufacturing team, distributed a proper handling of ice cream training DVD for retail employees.

CONTACT INFORMATION

Key contacts within Ben & Jerry's concerning social performance are Yola Carlough (yolac@benjerry.com), the Head of Social Mission or Lisa Pendolino (lisap@benjerry.com), Social Mission Coordinator. For environmental issues, contact Andrea Asch (andrea@benjerry.com), Manager of Natural Resources Use. And for Foundation information also contact Lisa Pendolino (lisap@benjerry.com), Co-Director.



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