GREEN SUPPLY CHAIN – UNILEVER

RAM BHADOURIA
UNILEVER.

Mysore

GreenCo Silver

LEADERSHIP AND STRATEGY

UNILEVER SUSTAINABLE LIVING PLAN

Small Actions. Big Difference.

INTRODUCTION

Two billion times a day somebody, somewhere, uses a Unilever brand.

Our products make small but important differences to the quality of people's everyday lives.

We have ambitious plans to grow our company. In fact, we intend to double our sales. This growth will create jobs and income for all those whose livelihoods are linked to our success – our employees, our suppliers, our customers, our investors and hundreds of thousands of farmers around the world.

Sustainable growth

But growth at any cost is not viable. We have to develop new ways of doing business which will increase the positive social benefits arising from Unilever's activities while at the same time reducing our environmental impacts. We want to be a sustainable business in every sense of the word.

We do not believe there is a conflict between sustainability and profitable growth. The daily act of making and selling consumer goods drives economic and social progress. There are billions of people around the world who deserve the better quality of life that everyday products like soap, shampoo and tea can provide.

Creating a better future

Our vision is to create a better future in which people can improve their quality of life without increasing their environmental footprint.

Our strategy is to increase our social impacts by ensuring that our products meet the needs of people everywhere for balanced nutrition, good hygiene and the confidence which comes from having clean clothes, clean hair and good skin.

But we recognise that in order to live within the natural limits of the planet we will have to decouple growth from environmental impact.

This starts with our own operations. We will achieve absolute reductions in greenhouse gases (GHGs), water and waste. In particular we will meet the United Nations' requirement* to reduce GHGs by 50-85% by 2050 in order to limit global temperature rise to two degrees.

However, our impact goes beyond our factory gates. The sourcing of raw materials and the use of our products by the consumer at home have a far larger footprint. We recognise this and so our plan is designed to reduce our impacts across the whole lifecycle of our products. Innovation and technology will be key to achieving these reductions.

The Unilever Sustainable Living Plan

will result in three significant outcomes by 2020.

1. We will help more than a billion people take action to improve their health and well-being.
2. We will decouple our growth from our environmental impact, achieving absolute reductions across the product lifecycle. Our goal is to halve the environmental footprint of the making and use of our products.
3. We will enhance the livelihoods of hundreds of thousands of people in our supply chain.

Delivering these commitments won't be easy. To achieve them we will have to work in partnership with governments, NGOs, suppliers and others to address the big challenges which confront us all.

Ultimately we will only succeed if we inspire billions of people around the world to take the small, everyday actions that add up to a big difference – actions that will enable us all to live more sustainably.

Paul Polman
Chief Executive Officer

Reduce GHGs by 50-85% by 2050.

'Halve the environmental footprint of the making and use of our products.'

Public disclosures made through :

- Unilever's Website
- Online Unilever Sustainable Living Report 2012
- GRI Reports
- Environmental Disclosures

UNILEVER SUSTAINABLE LIVING PLAN

Small Actions. Big Difference.

THE UNILEVER SUSTAINABLE LIVING PLAN

USLP will result in three significant outcomes by 2020.

- We will help more than a billion people take action to improve their health and well-being.
- We will decouple our growth from our environmental impact, achieving absolute reductions across the product lifecycle.
- Our goal is to halve the environmental footprint of the making and use of our products.
- We will enhance the livelihoods of hundreds of thousands of people in our supply chain.

REDUCING ENVIRONMENTAL IMPACT

By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.*

GREENHOUSE GASES

Halve the greenhouse gas impact of our products across the life cycle by 2020.*

WATER

Halve the water associated with the consumer use of our products by 2020.**

WASTE

Halve the waste associated with the disposal of our products by 2020.*

ENHANCING LIVELIHOODS

By 2020 we will enhance the livelihoods of hundreds of thousands of people as we grow our business.

SUSTAINABLE SOURCING

By 2020 we will source 100% of our agricultural raw materials sustainably.

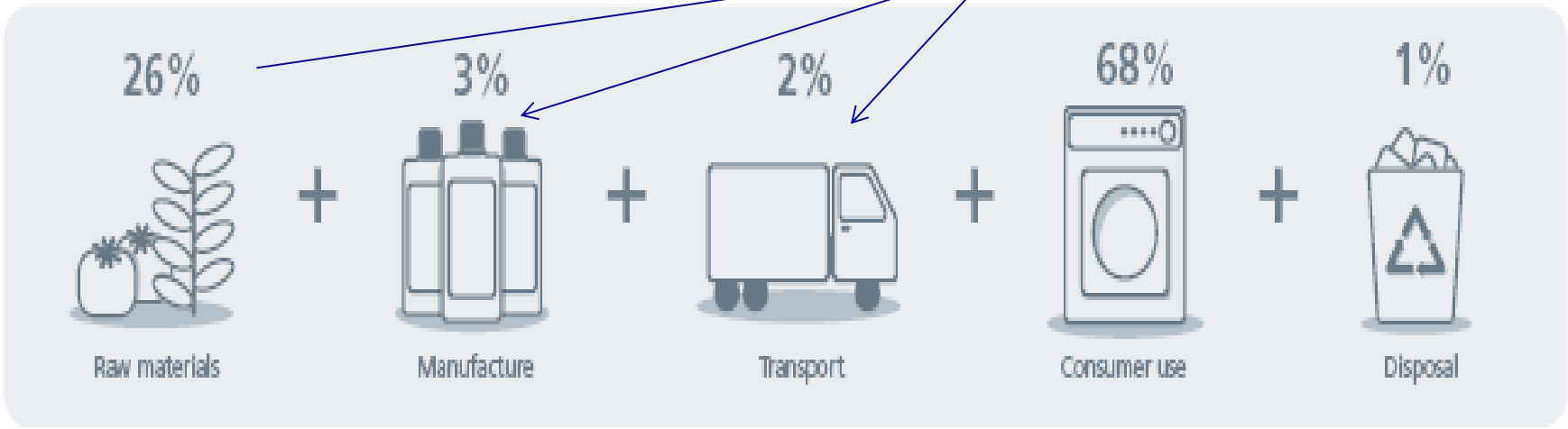
BETTER LIVELIHOODS

By 2020 we will link more than 500,000 smallholder farmers and small-scale distributors into our supply chain.

END TO END SUPPLY CHAIN

Our Footprint

Using this metric we set a baseline by calculating the GHG emissions across the lifecycle of over 1,600 representative products. We calculated it at an absolute level as well as on a 'per consumer use' basis in 14 countries. The calculation covers 70% of our volumes.



Source for footprint and breakdown below: Unilever 2008 baseline study across 14 countries. Total in tonnes.

The baseline shows us that manufacturing and transport represent just 5% of our total impacts, while sourcing of raw materials and consumer use together account for over 90%.

BETTER PRODUCTS …. LESS WATER / ENERGY

One in 3 households worldwide uses a Unilever laundry product – that's 125 billion washes a year.

Concentrated liquid detergents reduce GHGs by 10-50% per dose

If everyone used concentrated variants we would save over

4 MILLION TONNES

of CO_2 per year, equivalent to taking

1 MILLION CARS

off the road annually

GREEN PRODUCTS (LCA APPROACH.. WATER).

Our Footprint

Using this metric we set a baseline for over 1,600 representative products, calculated at an absolute level as well as on a 'per consumer use' basis. The calculation was done in seven countries which we have defined as water-scarce, accounting for around half the world's population.

approx 50%

Water used in the raw materials we source

This is an estimate and we are working with our partners to measure the water used to grow our crops

<0.1%

Water we add to the product

50%

Water used by consumers in water-scarce countries

Source for footprint and breakdown below: Unilever 2008 baseline study across seven countries. Total in litres.

BETTER PRODUCTS …. LESS WATER / ENERGY

In water-scarce countries nearly 40% of our domestic water footprint comes from washing clothes. In many of these markets people do the laundry by hand.

With Comfort One Rinse fabric conditioner you only need one bucket for rinsing rather than three

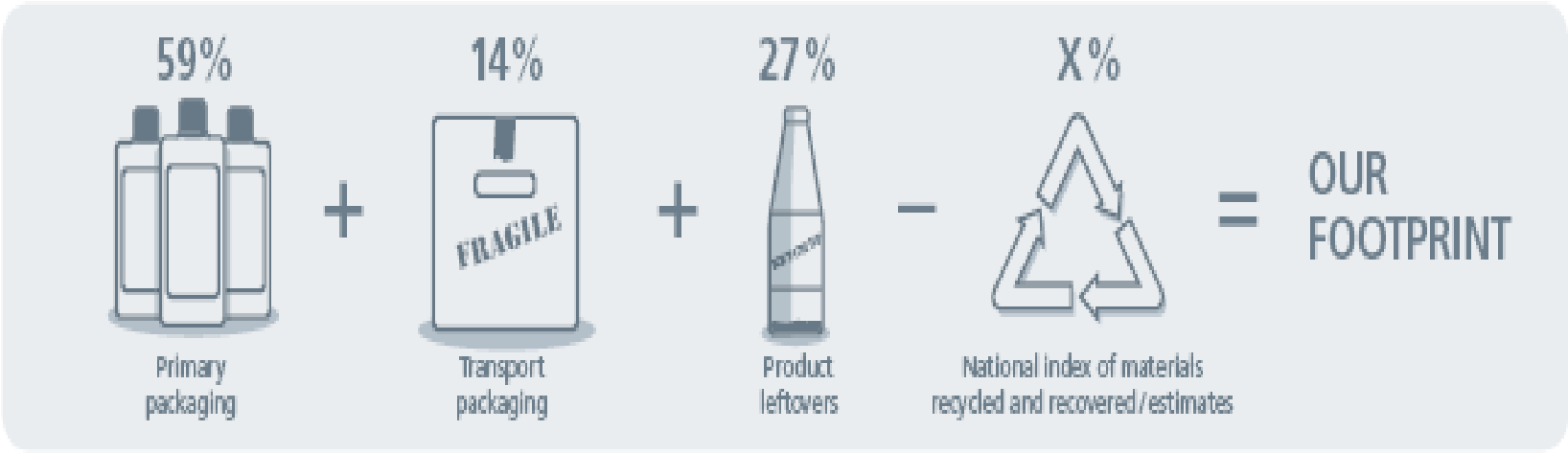
30 LITRES
of water saved per wash

More than
500 BILLION LITRES
of water would be saved if all our laundry product users in Asia and S Africa used Comfort One Rinse

GREEN PACKAGING (LCA APPROACH).

Our Footprint

Using this metric we set a baseline by calculating the waste from over 1,600 representative products. We did it at an absolute level as well as on a 'per consumer use' basis in 14 countries. The calculation covers 70% of our volumes.



Source for footprint and breakdown below: Unilever 2008 baseline study across 14 countries. Total in tonnes.

OUR TARGETS

Halve the waste associated with the disposal of our products by 2020.*

Reduce packaging

- By 2020 we will reduce the weight of packaging that we use by a third through:
  - Lightweighting materials.
  - Optimising structural and material design.
  - Developing concentrated versions of our products.
  - Eliminating unnecessary packaging.

Reuse packaging

- We will provide consumers with refills in our home and personal care portfolio to make it possible to reuse the primary pack.

Tackle sachet waste

- Our goal is to develop and implement a sustainable business model for handling our sachet waste streams by 2015.

Recycle packaging

- Working in partnership with industry, governments and NGOs, we aim to increase recycling and recovery rates on average by 5% by 2015, and by 15% by 2020 in our top 14 countries. For some this means doubling or even tripling existing recycling rates.
- We will make it easier for consumers to recycle our packaging by using materials that best fit the end-of-life treatment facilities available in their countries.
- By 2020 we will increase the recycled material content in our packaging to maximum possible levels. This will act as a catalyst to increase recycling rates.

Eliminate PVC

- We will eliminate PVC from all packaging by 2012 (where technical solutions exist).

• ***Our Long term and Short term targets along with an Action Plan.***

OUR TARGETS

Halve the waste associated with the disposal of our products by 2020.*

Reduce waste from our manufacturing

- By 2020 total waste sent for disposal will be at or below 2008 levels despite significantly higher volumes. This represents an 80% reduction per tonne of production and a 70% absolute reduction (versus a 1995 baseline).
- All newly built factories will aim to generate less than half the waste of current ones.

Future Challenges

To achieve our target of increasing recycling and recovery rates we will need to work in partnership with governments, reprocessors and NGOs.

We will work towards the longer-term goal of 100% sustainable packaging by exploring the potential for emerging technologies and 'cradle-to-cradle' approaches.

Integrating sustainability into our innovation process has helped our designers develop products and packaging that use materials more efficiently.

Our redesigned Suave shampoo bottle saved the equivalent of more than

100 MILLION

plastic bottles over four years

The upside-down deodorant pack for Rexona, Sure and Dove uses up to

18% LESS

plastic in each pack

- ***Our Long term and Short term targets along with an Action Plan.***

SUSTAINABLE SOURCING OF RAW MATERIAL.

Our Footprint

For certain raw materials our share of world volumes is large.

Unilever share of world volume 2009 (estimate)	
Black tea	12%
Tomatoes for processing	6%
Dried onion and garlic for processing	5%
Palm oil	3%
Rapeseed oil	2%
Sunflower oil	2%
Soy	1%

OUR TARGETS

By 2020 we will source 100% of our agricultural raw materials sustainably:

- 10% by 2010
- 30% by 2012
- 50% by 2015
- 100% by 2020

SUSTAINABLE SOURCING OF RAW MATERIAL.

All Lipton Yellow Label and PG Tips tea bags in Western Europe were sourced from Rainforest Alliance Certified™ farms by 2010.

Covering 70 tea estates and

38,000

smallholder farmers

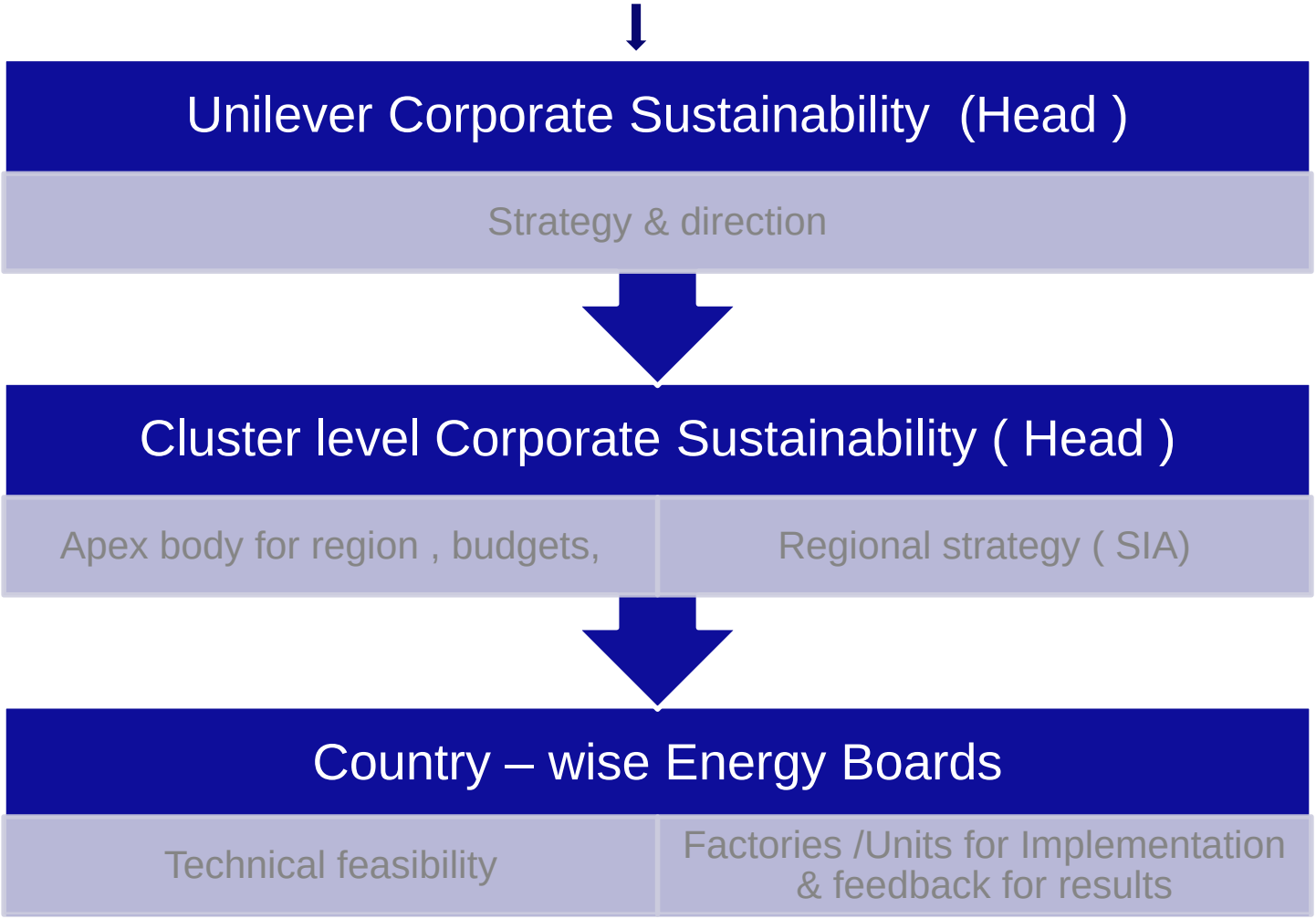
Providing good working conditions for

175,000

tea growers and conserving water supplies and protecting wildlife

POLICY MAKING AND RESPONSIBILITY MATRIX

Unilever Executive Board – USLP



MYSORE FACTORY -GREEN SUPPLY CHAIN

- HUL Mysore Unit manufactures and packs '*Instant Coffee'* and '*Conventional Coffee'* at its state of the art facility.
- The main raw materials used for the product are :
    a) *Raw Coffee Beans*
    b) *Roasted and Diced Chicory*
- Raw coffee beans are grown in Coorg and Chickmagalore districts of Karnataka and sourced via auction.
- Roasted and diced chicory is sourced from Jamnagar and Etah district of U.P.
- Chicory is a tuber, and it is roasted and diced to suit the needs of instant coffee manufacturing.
- Roasted, diced & ground chicory powder is sourced for the manufacture of conventional coffee.
- The Unit uses laminate ,and pouches as primary packing material and these are sourced from Paper Products Ltd (Hyderabad).
- CFCs, woven sacks and HMHDPE bags are also used as secondary packing material and are sourced within Mysore/ Hosur.
- The finished product is packed in CFCs and transported to various C&FA situated at different states by trucks. The transported pack mix ensures full loadability to reduce transportation costs.

EDUCATION AND AWARENESS CREATION

EDUCATION & AWARENESS CREATION

SUPPLIER ENGAGEMENT FOR QUALITY IMPROVEMENT

1. Project Vertice
2. Supplier panchayat
3. Supplier University
4. Q-Day activities

- **Operations will be carried out with care for the environment and will include compliance with all relevant legislation in the country concerned.**

We work in line with the UN Global Compact's Principles 7, 8 and 9 on environmental matters, and expect of both ourselves and our suppliers an adherence to all national laws and regulations governing the environment and proper management of resources wherever we or they operate. We actively seek to work with those that do the same; so too, those that go beyond compliance, can demonstrate environmental best practice or continuous improvements.

INDONESIA: BUILDING PARTNERSHIPS WITH SUPPLIERS

The development of high-quality suppliers is crucial to our business and to the growth of the Indonesian economy.

BUILDING PARTNERSHIPS WITH SUPPLIERS IN INDONESIA

We have been operating in Indonesia since 1933. The nature of the Unilever Indonesia (UI) business has been through many changes since then, but throughout we have developed as a strong local business, deeply rooted in the country's economy and society. In 1981 the company went public and listed 15% of its stock on the Jakarta Stock Exchange.

RELATED LI
> Supporting entrepreneu
> Indonesia

Public Disclosure: *Unilever building partnership with suppliers.*
Supplier Guidelines for environmental care.

'HUL believes in educating and creating awareness to its suppliers and vendors on a constant basis to align them to the company's goal in maintaining Safety, Health, Environment and Quality.'

'*Supply Panchayats*' is a fruitful initiative which results in discussion between the Stake Holders (Units) and the Vendors to sort out issue related to :

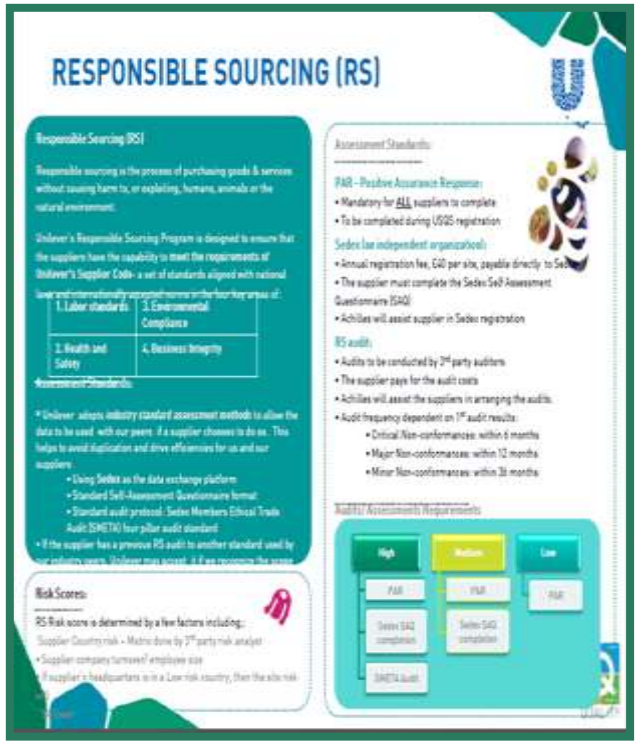
Delivery	*Quantity*	*Quality*	*Cost*
Environment			

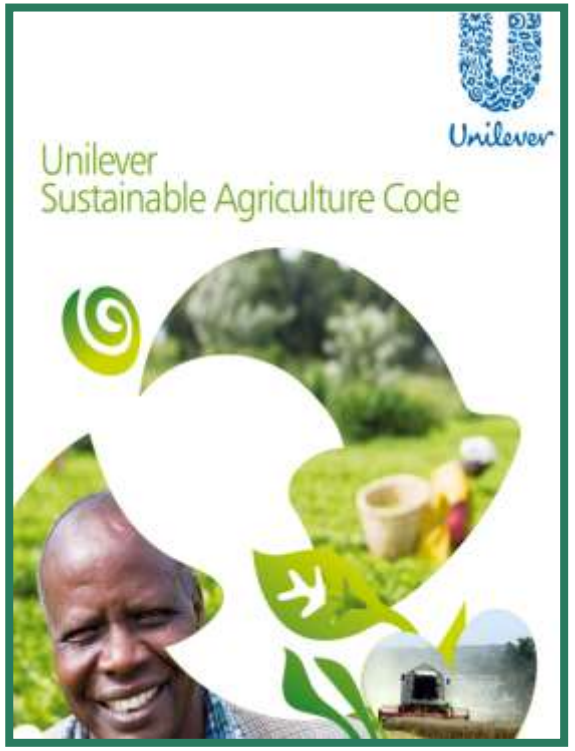
A performance appraisal report gives the details of each supplier. Supply Panchayat is also a forum to appreciate/ reward and recognize the best supplier for reduction in wastage, energy and overall cost.

All the strategic suppliers are attend the Supply Panchayat.
More than 80 % of suppliers attend the same.

GREEN PROCUREMENT GUIDELINES

SYSTEMS & PROCEDURES FOR GREEN PROCUREMENT





Responsible Sourcing

Supplier Quality Approval

Agriculture Code

'All the systems are implemented and in practice in the entire system'

Unilever

UNILEVER SUSTAINABLE PAPER AND BOARD PACKAGING SOURCING POLICY

As part of its corporate vision and sustainability strategy, Unilever is committed to environmental sustainability particularly in the areas of water, waste, greenhouse gas emissions, and sustainable sourcing of renewable materials (including paper and board).
Unilever is a leading consumer goods company buying considerable quantities of wood fibre based materials that are mainly used for paper packaging. We acknowledge we have a role to play, through our procurement practices, in promoting sustainable forest management practices and in helping to put an end to deforestation.

Our Principles

- Our aim is to ensure that our paper packaging is either from recycled material or comes from well managed forests and we will buy whichever material is best in order to ensure product quality.
- To achieve this, we will work with our suppliers and other stakeholders to:
    - Progressively increase sourcing virgin paper and board from certified sources with full chain of custody.
    - Promote the expansion of forest certification through our purchasing practices.

Our Ambition

- Unilever requires all suppliers to have mechanisms in place to ensure that the paper packaging is made from either recycled fibre or from 'known and legal' virgin fibre sources.
- In addition, suppliers will need to have mechanisms in place to ensure that virgin fibre paper packaging comes from forests that are not being converted to plantations or non-forest use, where traditional and civil rights are respected, and high conservation values are protected.
- As a further step, we will give preference to virgin paper packaging delivered through acceptable Forest Management Certification Schemes with full Chain of Custody certificates.
- We will work with all of our suppliers to progressively increase the proportion of certified material as larger quantities become available.
- Currently the Forest Stewardship Council (FSC) certification scheme is the most comprehensive Forest Management Certification Scheme globally. Wherever it is available and viable to do so, we will give preference to sourcing FSC certified virgin paper or board.
- We will, however, also accept paper based packaging from national certification schemes that are brought under the framework of international Forest Management Certification standards (e.g. PEFC) when they are compatible

Unilever

[Public Disclosure of Green Procurement Guidelines]

EFFICIENCY IMPROVEMENT PROGRAM FOR SUPPLIERS

Mysore

100 % of the chicory manufacturers/converters are audited.

100 % of the Instant Coffee Suppliers are audited.

SUPPLIER AUDITS

Unilever Quality Knowledge & Guidance

SQA Audit Protocol – 2013

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Page No:	1 of 6

SUPPLIER QUALITY APPROVAL AUDIT PROTOCOL – 2013

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- *Audit Protocol*

RESOURCE INTENSITY REDUCTION IN SUPPLY CHAIN

BASELINES AND TARGETS RM SUPPLIER - MYSORE

Raw Material	Annual requirement in tons	Yield	Waste in tons	Target yield % 2013	Targeted waste in tons	Reduction % 2013	Target yield % 2020	Targeted waste in tons	Reduction % 2020
Green bean @ 2009 level	12000	45%	6600	48%	6240	5%	55%	5400	18%
Chicory @ 2009 level	4500	70%	1350	76%	1080	20%	78%	990	27%
			7950		7320	8%		6390	20%

Sl.no	RM Supplier Projects	Res	Activity completion
1	Optimise the roasting std of chicory roots and maximise aqueous extract	HURC & Etah chicory supplier	2011 end
2	Optimise the BBB (black,brown & broken) ratio @ Green bean supplier end	GB supplier & Procurement team	2013
3	Drive energy conservation intiatives at supplier and transport	Chicory supplier & procurement team	2013
4	Help farmers to increse the profitability	Procure ment team, HURC + Pant nagar Agri University	On going

REDUCTION IN SUPPLIER RESOURCES - MYSORE

IMPROVEMENTS IN AE OF CHICORY CUBES BY OPTIMISING THE DEGREE OF ROAST

DARK ROAST CHICORY TILL MARCH 2012	LIGHT ROAST CHICORY FROM APRIL 2012
AQUEOUS EXTRACT % < 70	AQUEOUS EXTRACT 74 – 78 %

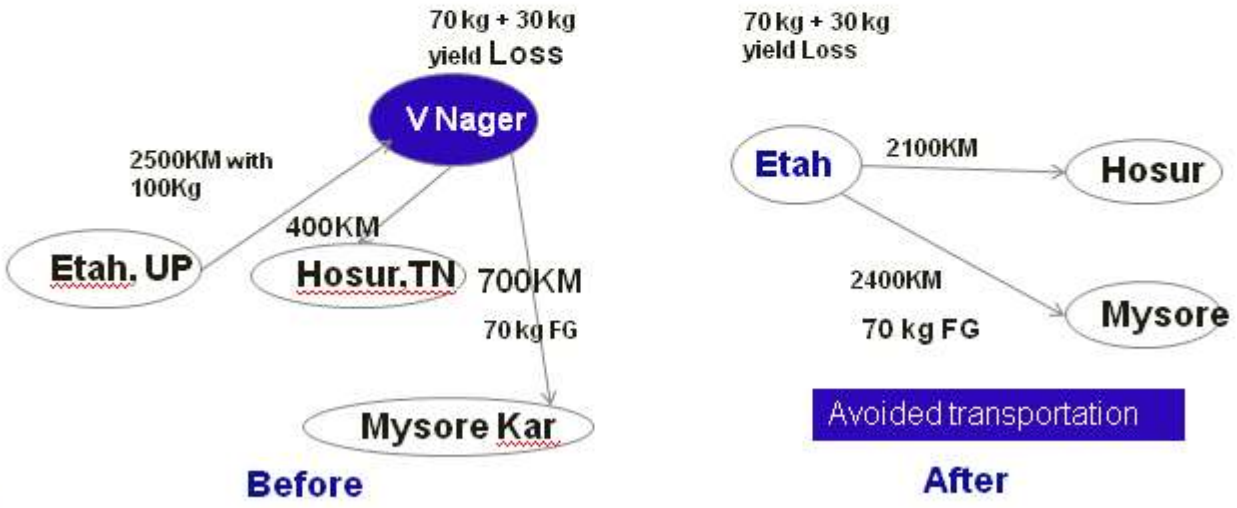
ABOVE ACTION REDUCED FUEL CONSUMPTION
-Bio mass by 76.5 tons per annum

REDUCTION IN SUPPLIER RESOURCES – MYSORE

TRANSPORTATION OPTIMISATION

R & G powder at Etah – Logistic/ operational Advantages

Started R & G powder at Etah instead of V.N. for logistic



REDUCTION IN SUPPLIER RESOURCES – MYSORE

RESULTS: TRANSPORTATION OPTIMISATION

R & G powder facility at Etah

Total stock at Etah in Raw	5350 T

Assumption-

1. Monthly requiment 210 T per Month
2. 75% requirement will be met by 3P

Total Saving based on attached working	
Powder consumption per year in T	*2520*
Expected Volume from 3P per year in T	*1890*
Powder Production at ETAH instead of JE Virudhanagar	
Per T saving	*4137*
Total Saving Every Year in L	*78*

Conclusion--

1. Source of RM is in Etah so it will be better to Roast & Grind at Etah and then send it to MYS/HSR.

2. Process Loss are high in R & G powder (30%) so it will straight forward give us 30% saving in freight cost.

3. Storage cost is low competitive as compare to Virudhanagar/HSR/MYS.

4. Approx 79L per year saving will be there even at 75% requirement produced at Etah.

Environmental friendly

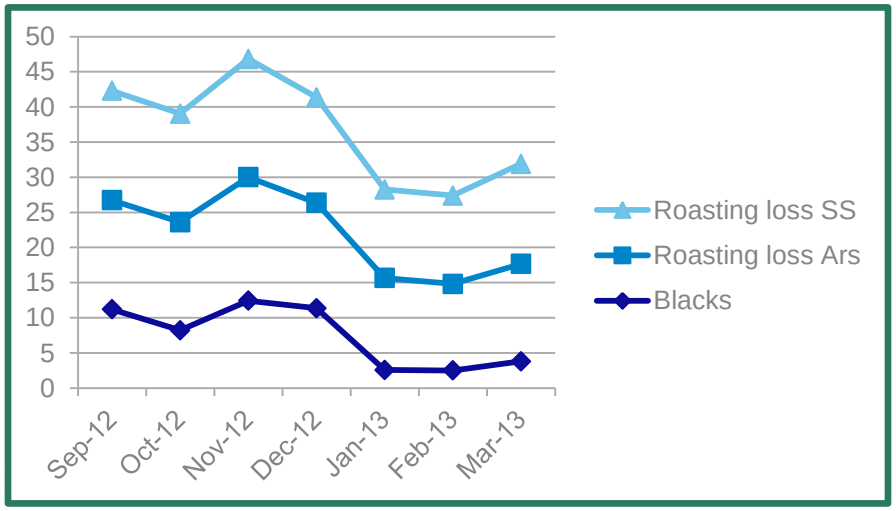
Roasting at JE virudhanagar	
Total Approx KM run required	515250
Roasting at JE ETAH	
Total Approx KM run required	248063
Total KM run Saving by Roasting at Etah	267188
Diesel in lt	89063
Diesel in T	72141
Energy from diesel (@43GJ/Kg)	3102
CO2 @75kg/GJ in T	232.96
We will able to reduce approx Carbon Foot Print in T	*232.96*

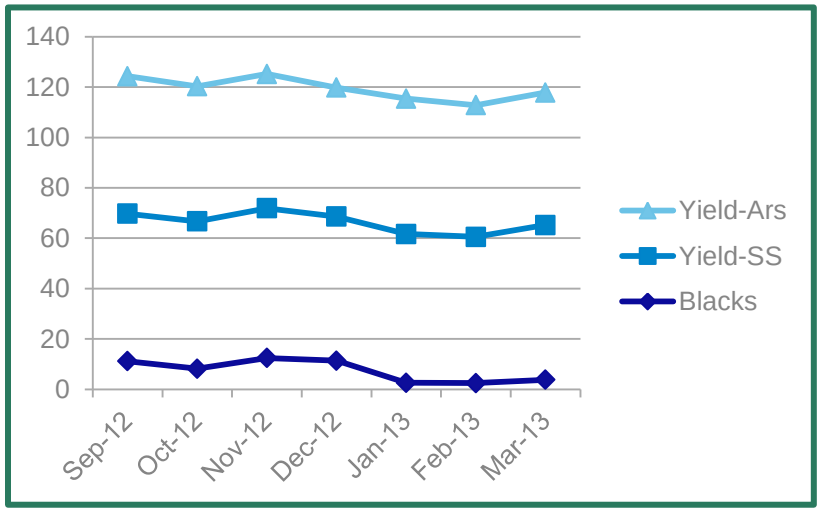
REDUCTION IN SUPPLIER RESOURCES

GREEN BEANS BBB REDUCTION (IN PROGRESS)

Blacks V/S Roasting loss			
Month	Blacks	Roasting loss Aurus	Roasting loss SS
Sep-12	11.19	15.53	15.57
Oct-12	8.219	15.39	15.44
Nov-12	12.43	17.57	16.83
Dec-12	11.36	15	15
Jan-13	2.574	13.08	12.61
Feb-13	2.5	12.33	12.56
Mar-13	3.8	13.86	14.23

Blacks V/S Yield			
Month	Blacks	Yield-SS	Yield-Ars
Sep-12	11.19	58.53	54.55
Oct-12	8.219	58.49	53.56
Nov-12	12.43	59.46	53.3
Dec-12	11.36	57.21	51.21
Jan-13	2.574	59.13	53.71
Feb-13	2.5	58.05	52.24
Mar-13	3.8	61.45	52.56





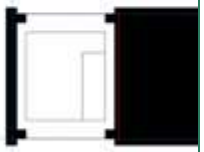
GSC C 6.2 REDUCTION IN SUPPLIER RESOURCES

'A research project with Panth Nagar Agriculture University at Panthnagar (Uttarakhand), to increase the farmer profitability and reduce water & fertilizer consumption.'

Ink Optimization (Implemented in 2011)

- White ink removal in the back panel o all the LUP structures.

- Registered white ink brought cost saving advantage
- Savings of 7.18T in white ink.



Machine platform- *Single to Twin track*

(Implemented in 2012)

- Productivity increase by 85%.
- Energy savings of 34%
- Removal of the Inkjet coding on the back panel
- Replacing the inkjet with Embossed type of coding

Optimization of Laminate

(Implementation in 2013)

- Structure optimization of LUP laminates (Rs 1,2,3,5&10).
  - Existing structure is 10µPET/7µFoil/30µPoly
  - New Structure is 8µPET/7µFoil/30µPoly
- Laminate savings of approx 116T

Other Initiatives

Q/ A

5 minutes

Thanks