Dear Suppliers

Welcome to the first edition of your magazine, which will bring us all together through a common goal of sustainability. Each new edition will share the latest good news stories, update you on sustainable sourcing and will introduce you to the latest Quickfire software updates from Muddy Boots.

This edition will introduce you to Your Control Union, a global consultancy and auditing organisation, specialising in sustainable agricultural standards. Unilever has partnered with Control Union to help us implement our sustainability agenda with our suppliers. More information can be found on page 5.

In the ‘Meet a Supplier’ section on pages 6 - 9 you can learn about other suppliers and their path to being sustainably sourced.

Pages 10 – 12 feature our Brand Spotlight! The focus for this edition is Knorr; how it all started, its commitment to sustainability, the value of the Knorr Sustainability Partnership and the Knorr Landmark Farms. We learn from Enrique Arceo, Brand Development Manager at Knorr, what the brand’s ambitions are for the future.

We focus on one of our 11 sustainability indicators on page 13. In this issue we cover Biodiversity and the important role farmers have in both conservation of land and maintaining the health of our environment.

Last but by no means least, Christof Walter from the Sustainable Sourcing Development team provides an inside view on why smallholder farmers matter so much.

I hope you find this magazine informative and we look forward to sharing future editions with you.

Kind regards
Andrea
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SUSTAINABLE SOURCING KEY FACTS

OUR JOURNEY

- In 2010, 10% of our agricultural raw materials were sustainably sourced
- By 2012, this figure will increase to 30%; reaching 50% by 2015
- We are on track to sourcing 100% of our agricultural materials sustainably by 2020

SUSTAINABLE AGRICULTURE SUPPLIERS PANEL

An international group of Unilever Suppliers have volunteered to be part of a panel to advise Unilever on their Sustainable Agriculture Code implementation activities.

See the next issue of this magazine for feedback on the next Unilever Sustainable Agriculture Suppliers Panel meeting.

Membership may change based on discussion needs and topics, please inform Andrea Granier, andrea.granier@unilever.com if you are interested in joining.

PANEL OBJECTIVES

- Act as a super-user consultative committee for implementing the SAC
- Identify and focus on benefits to you and your farmers
- Provide a forum for discussing software enhancements
When the new Unilever Sustainable Agriculture Code was launched in Quickfire earlier this year, we introduced a number of new features to help with data collection. Checking compliance levels with the Unilever Sustainable Agricultural Code and demonstrating sustainable farming practices has never been easier!

WHAT’S IN IT FOR ME?

- Track your progress and benchmark your performance against the average for your raw materials
- Easy login to Quickfire Office via https://unileverquickfire.muddyboots.biz/
- Assessment and software available in 12 languages
- Generate assessments to send to anyone in any location. Large volumes of data can be collected offline
- ‘Filter out’ questions that are not relevant to you, or are covered by other standards or certification schemes, making the assessment quicker to complete
- Select your preferred unit of measure (imperial and metric), and results are calculated to show improvements
- A new pre-submission validation check ensures that Unilever can only see complete assessments
- Find out whether your raw materials ‘count’ as sustainable

Should you have any questions about the Code, the Implementation Guidelines or the assessment questions, please contact your Unilever Sustainable Sourcing Representative.

For technical questions related to the software and training, please contact support@muddyboots.com.
Unilever Procurement partners with Control Union, a global consultancy and auditing organisation specialising in sustainable agriculture standards, to help you to implement Unilever’s sustainability agenda.

With the goal to source 100% of Unilever products sustainably by 2020, it is vital that we now provide you with the knowledge and tools to source your raw materials sustainably.

Sibel Simsek from Control Union tells us why the Sustainable Agriculture Code is so important.

I have worked in the Agricultural/Food Sector for 18 years. In that time I have been involved in production at farm level, processing, Quality Management, R&D, laboratory tests, auditing, certification and more. In 2003-2004 I won an EU Scholarship at Reading University to study Common Agriculture Policy and this is where I first heard about Sustainability. When I returned to Turkey I was enthusiastic about sharing my knowledge and experience; however I was very surprised at the lack of interest generated. It was at this stage my own hope began to fade.

When I was asked to join the Unilever Sustainable Agriculture Code (SAC) Project I was the Quality Manager of the Control Union-Turkey office. It was hard for me to leave my country and my position within the company. The reason for my involvement is based on a combination of three factors; Unilever, Control Union and Sustainability.

The Sustainable Agriculture Code training sessions took place all over the world. During this time it was evident that there was a lot of faith in the Code. We all firmly believe that this faith will be shared by Unilever suppliers at all levels via the Unilever-Control Union Team. It is a real challenge making people aware of how they can establish sustainable sourcing for generations to come. I have even calculated my own carbon footprint and I am shocked to learn how I too am polluting the world!

When training was complete and Control Union and Unilever started their introductory supplier visits, I felt that this Project was really going to be a success. After many years, my hope was raised again.

I originally came from the Middle-Anatolian region; in an area where farmers know very little about sustainable agricultural practices, or sustainability in general. Some farmers are still applying cotton registered pesticide onto cucumber; still burning straw on the field after harvest; and do not know that the nitrogen in the manure applied is polluting drinking water. Building drip-irrigation systems could save money but farmers are not aware of the benefits that projects such as this can bring. These people need training, support and appreciation.

I wish all farmers, suppliers and traders could be involved in this project in my country, because the Unilever Sustainable Agriculture Code provides inspiration to all.
Many of the fragrant aromatic herbs used to create Knorr’s flavourful products come from Daregal in the fertile region of Milly la Forêt, France, a family-run company founded in 1887 which works with around 60 farmers farming around 1200 hectares growing fresh herbs. The objective of all of their growers is to live from their farm, but more importantly, to educate their children; the next generation. The quest to improve what they grow and enhance the environment sees Daregal embarking on two long-term biodiversity projects with support from Knorr.

The first project is focused on building up Daregal’s knowledge of basil. Many traditional varieties of this iconic Mediterranean herb are now vanishing, so Daregal will embark on a plant prospection over the Mediterranean area to preserve them from disappearance and also to characterise them. “We’re working with the National Conservatory of Fragrant, Medicinal and Aromatic Plants on this project. The Conservatory, created in 1987, preserves, manages and highlights a library of aromatic herbs to which collected basil will be added to. We’ll be looking for plants that have the best flavour and which grow well and use these for cross-breeding,” explains Frederic Jaubert, Managing Director of Daregal.

The second project is to increase biodiversity among Daregal’s farms. “When you have a lot of farms with large open areas growing single crops you reduce biodiversity. Working with our farmers we’re going to identify areas which are harder to cultivate successfully, perhaps because they’re by a river or hard to reach and make an agreement with them to allow these areas to go back to their natural state so increasing biodiversity in the area. There is no economic incentive for our farmers; they will take part in this project because they want to do something that’s good for people in general and they believe in it.” Once the land has been set aside, it will be monitored to chart its increased biodiversity.

“We’re a family company so our objectives are long-term. Sustainability is important and this is an interesting opportunity. We need Knorr to make these projects happen. There will be a number of benefits. With regards to the basil research, our aim is to supply Knorr with even better basil and protect the biodiversity in our farms. We work with people who are proud of what they do, so it is a case of showing them that they can also be proud of helping the environment.”

Frederic Jaubert, Managing Director, Daregal
MEET A SUPPLIER
COMPAGNIA LATTIERO CASEAERIA SRL (CLC)

Last month Italian supplier CLC became Unilever’s first dairy supplier to achieve sustainability status through the self-verification process against the Sustainable Agriculture Code. The supplier claims that 40% of its dairy volume is ‘sustainably sourced’, based on the volume sourced from farms in Hungary which have recently passed the Code’s tough criteria. The aim is to run the self-verification process across their remaining farms over the coming months and approve their total volume by the end of 2012.

Talks began between Unilever Procurement and CLC following the launch of the Sustainable Agriculture Code in early 2010. Through tight collaboration with Unilever’s Procurement team, CLC has moved extremely fast on improving and cascading new farming practices among their supplier base.

“When first assessed earlier this year CLC did not yet comply with the standards in our Code. Together we designed a plan to improve their risk assessment, training and integrated pest management processes,” says Laurent Azoulay, Unilever Procurement Manager for Dairy. “On reassessment they are now considered to be sustainable, but CLC are not content to just stop there. They are now looking at how they can improve their farming practices further, which is what our programme is all about, continuous improvement.”

CLC recently received funding from the Knorr Partnership Fund for a new project they will trial in spring 2012. The fund will help finance a new precision farming cultivator that is equipped with satellite technology to intelligently spray herbicide along field crop lines without damaging the crop itself. If the project is successful herbicide use will be reduced by 50%, lowering input costs and damage to the crop and environment. This will be trialled on the maize crop grown as feed for cows on CLC’s farms.

“The strategic relationship between CLC and Unilever Procurement is a great example of how close partnership can really benefit both companies. Unilever is planning to allocate more volume to suppliers who deliver sustainability, incentivising you to work with us on this initiative – partner to win. At the same time we continue to keep on track reducing our overall impact on the environment and to meet our sustainable living plan target to source 100% of our agricultural raw material sustainably by 2020 - Unilever to win.

Andrea Toth, Unilever Procurement Operations Manager, Dairy
MEET A SUPPLIER
CONSORZIO INTERREGIONALE ORTOFRUTTICOLI (CIO)

One of Knorr’s tomato suppliers is the well-respected Consorzio Interregionale Ortofrutticoli (CIO), a major European association of tomato growers working with 690 farmers farming 9000 hectares of land in the area of Parma, Piacenza and Cremona in North Italy. This major supplier has been working closely with Knorr on sustainability and the farms it works with are considered to be ‘Landmark Farms’, offering best-practice examples of sustainable farming among Knorr’s farms.

“We work with Knorr together on sustainable agriculture initiatives,” says Valerio Guareschi, Sales Manager for CIO. “Here at CIO we have an agronomist department to help the farmers improve their farming techniques and sustainability.” In order to achieve sustainability, CIO’s farmers have had to learn to use new technology, embracing the benefits it can bring.

“In the past there was a different approach to agriculture,” explains Valerio Guareschi. “There was a timetable for actions which was followed automatically, so there was an inappropriate use of resources. Now everything is monitored so the farmers only fertilize to support the proper growth of the plant. We were the first to use Quickfire, the data system software used in sustainable agriculture which allows us to process data efficiently.”

CIO has worked hard to control the amount of water used by its growers, using drip irrigation. It has also focussed on detecting and monitoring the moisture in the soil so that the plants are irrigated in the most efficient way possible, without being either over-watered or under-watered. The use of Global Positioning System (GPS) technology has brought major advances in farming techniques. “It allows for precision farming, so there are no overlapping areas, areas that are treated twice or not treated at all.” This way of farming allows CIO’s farmers to grow more productively, increasing quality and yield while cutting down on costs to the farmer and lowering water and chemical usage. CIO has already admirably demonstrated their commitment to sustainability but is always looking for new ways to improve.

“Sustainability is crucial to our business because we are farmers and the soil is a part of us and we must use it in the right way, without damaging it. The sustainability project with Knorr is extremely important for us and we are currently working on new proposals to partner with Knorr.”
This year Unilever and Agraz / Agusa, a global tomato supplier with operations in Spain and USA, have started working together on sustainably sourcing all tomatoes before 2015. Showing their commitment to join Unilever’s quest for a sustainable supply chain, Agraz recently published their own sustainability report announcing plans to be 100% sustainable in the near future.

Over the next 12 months Unilever will support Agraz as they roll out their sustainability programme to around 41 farmers across Spain and Portugal.

Agraz, who supplies Unilever with tomato paste, powder and now diced tomatoes from the 2011 crop, began working with Unilever on sustainable farming in 2008 using Quickfire from Muddy Boots. Quickfire enables Agraz to ensure that their farmer’s practices comply with the standards of our Sustainable Agriculture Code, a necessary step to ensure their crops count as ‘sustainably sourced’ as soon as possible.

In October 2010 Agraz appointed a team of five dedicated personnel to its sustainability programme, responsible for teaching farmers better agricultural practices. Unilever also recently assigned Agraz with a local consultant to support their farmers and put improvement plans in place where necessary, for farmers to meet the standards set out in our Code.

“"Our partnership with suppliers like Agraz is fundamental to us achieving our 2015 target for sustainable fruit and vegetables. We hope other suppliers will take the initiative like Agraz, make our sustainability objectives their own, and put them into practice out in the field.

Andrea Granier, Unilever Sustainable Procurement Manager, Natural Ingredients""
The fact that Knorr is a brand that people trust is very important to us. We are tackling sustainability with the same dedication and passion that we bring to making great tasting food. By working together, we will ensure that each and every action we take will make a difference!

HOW IT ALL STARTED...

The business began when founder Carl Heinrich Knorr experimented with drying seasonings and vegetables to preserve their flavour and nutritional value. He set up a factory in 1838, producing the first Knorr product – which was called ‘Erbswurst’ or ‘Soup Sausage’ – a quick supplement for industrial workers. In 1873 Heinrich Knorr also dried soups which were sold in shops across continental Europe. By 1885, pre-cooked foods were developed.

In 2000 the Knorr Brand was acquired by Unilever through a merger with Bestfoods. With presence in over 80 countries, Knorr has been a cornerstone and a driver of growth for Unilever ever since.

Knorr also has the biggest agricultural footprint from all Unilever brands, which is why it has a strong commitment to sustainability.

OUR COMMITMENT TO SUSTAINABILITY

At Knorr we go extraordinary lengths to create great tasting food. Our chefs are passionately committed to selecting and using the highest quality and tastiest ingredients with which to create our recipes. It is our chefs’ belief that sustainable agriculture, with plants grown in healthy soil and irrigated with just the right amount of water, delivers the high quality, flavourful vegetables and herbs which they demand as their starting point.

Knorr’s commitment to sustainability means that not only must the ingredients we use be the best, they should also be produced sustainably.
At Knorr we go to extraordinary lengths in everything we do. From seed to spoon, we take pride in providing our consumers with great tasting recipes that are created using the best ingredients, responsibly grown.

As part of our dedication to great flavour, our goal is to source all our vegetables, herbs, meats and spices from sustainable sources by 2020. In order to achieve this, we initiated our sustainability journey under Unilever’s Growing for the Future programme, which was based on the Unilever Sustainable Agriculture Code.

We are now ready to take our commitment to sustainable sourcing to the next level, as Growing for the Future evolves to become the Knorr Sustainability Partnership. The Partnership will enable us to establish even closer relationships with our suppliers, as we work together to address the challenges of sustainable agriculture.

THE OBJECTIVES

1. To support you on complex sustainable agriculture projects that you are unable to tackle alone
2. To enable you to develop your ideas and accelerate the implementation of sustainable agricultural practices
3. To share with you a joint vision on sustainability
4. To recognise and make an example of those of you that embrace sustainable agriculture according to the Unilever Sustainable Agriculture Code

CHEFMANSHIP & SUSTAINABILITY

In Hamburg two weeks ago we held an event on Chefmanship and Sustainability at the Unilever DACH head office, 30 journalists, 2000 consumers and many Unilever employees attended. Two of our 170 vegetable & herb suppliers participated in the event; educating delegates about the natural ingredients we use in our products and how we are involved in the Unilever sustainable sourcing programme.

The aim of the event was to promote our new campaign idea ‘We Live Food’ featuring Knorr chefs with their passion for good food and Knorr landmark farm suppliers with their dedication to natural ingredients and sustainability.

The day was filled with cooking demonstrations ran by three Knorr chefs, a press conference and lots of consumer interaction where the suppliers gave insights on growing vegetables and herbs for Knorr.

“The setting to the event was great and made it a real success – wooden houses decorated with bright tomato and herb pots, a mini field with parsley and basil, and Knorr products scattered around. Television presenter Bettina Tietjen moderated throughout the day along with many Unilever executives; explaining alongside the Knorr chefs and suppliers how passion for cooking and good ingredients makes the difference for Knorr products,” says Melanie Schiele, Marketing Manager at Herb supplier ESG Krauter.

At the end of the event both suppliers were honored by Harry Brouwer, EVP DACH and Klaus Ridderbusch, VP Marketing Savoury for their engagement as Knorr Landmark farmers. Melanie Schiele sums up: “Unilever honors our engagement. For us this is a great recognition of the work we do.”
Our Knorr Landmark Farms are agricultural role models among our suppliers, offering fine examples of implementing the best sustainable practices from which other growers can learn from and follow. The stories of these Landmark Farms offer a fascinating insight into how they are championing agricultural sustainability every day.

Our ambition is to make every farm a Knorr Landmark Farm and get all our vegetables and herbs sustainably grown for all Knorr products. This way our consumers will have the satisfaction of knowing that not only they are enjoying products made from great tasting ingredients, but that these ingredients have been grown sustainably. We believe that sustainable agriculture is the way to go and that as a trusted food brand we have a responsibility to work towards this. Our approach to sustainability is innovative, industry leading and fundamental to our commitment to quality.

At Knorr, our commitment to making great tasting food starts at the roots with careful consideration for how our ingredients are grown and nurtured because – ultimately – that will determine the quality consumers will see and taste on their plates.

“We believe that, as a trusted food brand, we have a responsibility to work towards sustainable agriculture. Our ambition is to make every farm a Knorr Landmark Farm and get all our vegetables and herbs sustainably grown in compliance with Unilever’s Sustainable Agriculture Code. Our approach is industry leading and fundamental to our commitment to quality and great-tasting food.”
In 2008 we developed our Sustainable Agriculture Code which is based on 11 Sustainability Indicators, including water, energy, pesticide use, biodiversity, social capital and animal welfare. We will focus on a new Sustainability Indicator in each edition of this magazine.

Biodiversity is an area where many of you are having difficulty and we hope the below examples will give you some practical steps that you can take to help you on your path to biodiversity.

WHAT IS BIODIVERSITY?

Farmed land is home to many ‘wild’ species, both rare and common, worldwide. Farming depends on the ‘ecosystem services’ provided by pollinators, predators, the organisms who build soil fertility and the forests and riparian strips of native vegetation that help maintain rainfall, water flow in rivers and reduce flooding. So, farmers have important roles in both conservation and in maintaining the health of the environment.

Of course, the biodiversity priorities for farmland are very different in different parts of the world, and the actions that you and your farmers are able to take can also vary enormously. This is why it is good to start thinking about a biodiversity action plan!

SOME EXAMPLES

These are two examples of Biodiversity in highly intensive farming areas, such as California.

YOU CAN HELP BY FINDING OUT...

...if there are rare or endangered species that already use the farmland, and if so how the habitat can be improved for them, without harming farm profitability. For example, would planting trees in strategic locations support rare birds or butterflies during migrations or in the nesting season?

What are the services provided by biodiversity to the farm, for example, wild bees as pollinators, or how can we reduce the ecological impact of our farming activities, for example, how can the load of eroded soil in the local river be reduced?

WE’RE HERE TO SUPPORT YOU

Local experts should be pleased to help you identify the types of actions farmers can take to improve the biodiversity value of farmed land – but if you find it difficult to find the right people to talk to, Unilever can support you.

An owl box at Morning Star

A pollinator wasp nest at Mullen Farm
We’re working on this with our partners and advisors, such as Oxfam, who, with other partners, have developed criteria for fair and inclusive smallholder supply chains. An initial priority is to map the Oxfam criteria against certification standards like Fairtrade and the Rainforest Alliance – so that farmers certified against these schemes can also count as ‘meaningfully involved’.

We’re also working in partnership with Oxfam on a smallholder farmer project in Azerbaijan, and are planning to set up another in Africa.

Smallholder farmers commonly grow their crop on less than 2 hectares of land. They make up 85% of the world’s farmers, and are also among the most vulnerable. Often cut-off from access to training and education, they lack knowledge of the techniques that would help them maximise their yield and income. Unilever is now working to address the issue. One of the key commitments we have made is to link over 500,000 smallholder farmers into our supply chain by 2020.

Christof Walter and Jan Kees Vis from the Sustainable Sourcing Development Team, lead this project. Here Christof provides an inside view on why smallholder farmers matter so much.

WHAT DOES THE BUSINESS MEAN BY THE IDEA OF ‘LINKING SMALLHOLDERS INTO THE SUPPLY CHAIN’?

This means bringing them into meaningfully involved, win–win relationships with Unilever – in which we benefit from increased yields, sustainably produced crops and security of supply, and they enjoy training, support and security of livelihood.

We’ve started rolling out Rainforest Alliance (RA) certification to smallholder cocoa growers, cutting out the middleman and training them to improve their farming practices, cut their use of costly chemicals, get higher yields, and ultimately earn more money for their harvests. That means a better standard of living for them and their families. Magnum is aiming to source 80% of its cocoa from certified farms by the end of 2012 – so the impact will be substantial.

HOW DO YOU PLAN TO EVALUATE WHETHER YOU ACHIEVE THIS GOAL?

We’re working on this with our partners and advisors, such as Oxfam, who, with other partners, have developed criteria for fair and inclusive smallholder supply chains. An initial priority is to map the Oxfam criteria against certification standards like Fairtrade and the Rainforest Alliance – so that farmers certified against these schemes can also count as ‘meaningfully involved’.

WHAT PROGRESS DO YOU HOPE TO HAVE MADE BY THE END OF THIS YEAR?

The big aim for this year is to have clarity on the numbers of farmers we already have in our supply chain, especially when it comes to our big portfolios: tea, cocoa, palm oil and sugar. We’ll build a roadmap to reach out to at least 500,000 smallholders and get them meaningfully involved over the next nine years.

WHY HAS UNILEVER PRIORITISED WORKING WITH SMALLHOLDER FARMERS OVER THE NEXT 10 YEARS?

If we help smallholder farmers improve their farming practices, we can help them increase their yields and profitability within one or two years.

And if we, together with our partners, train smallholder farmers to implement sustainable farming practices on their farms, and link them more closely to our supply chain, it’s good for everyone. Farmers receive higher and more secure incomes and we do something positive to address the challenge of increased demand for food and agricultural commodities around the world. And finally, more food can be produced on the valuable, scarce land currently available for global food production. It’s all about small actions adding up to make that big difference.
...your partner for good

Muddy Boots Software Ltd
t: +44 (0)1989 780540
www.muddyboots.com

Technical Support
t: +44 (0)1989 780540
e: support@muddyboots.com

Anna Powell
Unilever Account Manager
+44(0)1989 780540
a.powell@muddyboots.com