

AdPro: The AdGreen Program and Levy Policy



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The AdGreen Program

As part of Unilever's overall commitment to be a carbon-neutral company by 2030, and to have net zero emissions from our products from cradle to shelf by 2039. AdPro are leading the conversation with regards to advertising production, in 2020 Unilever became a founding consortium member of AdGreen.

AdGreen has two clear aims namely to (i) measure the carbon footprints of advertising production and (ii) empower the industry to reduce emissions and to act for a zero-carbon-zero-waste target.

AdGreen exists to unite the advertising industry to eliminate the negative environmental impacts of production, enabling the community to measure and understand waste and carbon impacts, empowering them to act for zero waste / zero carbon. Provided free at the point of use, the project comprises of training, online resources, renewable energy, and offsetting schemes, and coming later in 2021, a [carbon calculator](#) followed by certification.

Timing

The first phase of the program will be launched in the UK in June 2021, with the launch of the industry Carbon Calculator in September 2021, this will then be closely expanded to other key markets with the overall ambition of a global program.

How is AdGreen funded?

To ensure AdGreen can continue to provide resources, tools and training to support the advertising production community's transition to net zero with no barriers to use, sufficient income needs to be generated. The AdGreen Levy was introduced after discussion with AdGreen's advisory board and consultation with a cross industry working group. It is operated under the guidance of trade associations concerned with the production of advertising.

The AdGreen Levy will be administrated for AdGreen in the UK by the AdGreen team who are based at the Advertising Association, and payments will be made to AdGreen (Advertising Association AdGreen Ltd).

AdGreen does not act as a consultancy. AdGreen Levy payments cover the project operating cost – an advertiser paying the levy should not consider it to be a fee for consultation or a direct payment for a carbon calculation from the Principal Production Partner (PPP).

The AdGreen Levy is not intended to generate 'profit' for AdGreen beyond the operating costs of the program.

Unilever's pledge

As a founding and key consortium member Unilever has agreed to apply this levy on all Unilever productions, the first phase of the program will focus on PPPs in the UK.



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What is the levy?

The AdGreen Levy is 0.25% of the production cost to the advertiser, based on specified production costs that will be subject to the levy (see Appendix for inclusions), up to a total levy amount of £2,500 per production (equivalent to £1,000,000 of leviable production cost). The Unilever brand's PPP commonly their creative, digital, PR, etc. agency* will collect the levy via production spend invoices and in turn pass it on to AdGreen on Unilever's behalf.

*When brands are not working via an agency and directly with a production supplier the production supplier will become the Principal Production Partner and assume all responsibility to implement the AdGreen process.

How is the AdGreen levy calculated?

The AdGreen Levy is 0.25% of the cost of producing advertising assets as described above. This is the same as £2.50 per £1,000 of relevant production cost or £100 per £40,000 of relevant production cost.

In 2019, the amount which would be subject to the levy for an average production¹ was £128,971.44. In this case, the levy due would be £322.43.

- For tax purposes, The AdGreen Levy qualifies as a normal advertising expense as per other production costs
- It is recommended that The AdGreen Levy be a separate line item on each production cost estimate
- It is recommended that The AdGreen Levy be included in the total cost on the production cost invoice (not invoiced separately) so as to avoid needing to generate additional PO numbers
- It is recommended that all costs to produce the advertising asset(s) are included in the AdGreen Levy scheme but not on costs to use the asset(s) (see Appendix for costs subject and not subject to the levy).
- The AdGreen Levy is calculated on applicable Principal Production Partner items in the production cost estimate before the Principal Production Partner's VAT is applied (if applicable)²
- The AdGreen Levy cost itself is not liable to VAT.

What production costs are subject to the levy?

Simply defined as all costs *to produce* the advertising asset(s) are included in The AdGreen Levy scheme. As long as the PPP is based in the UK, the levy is applied to recommended relevant costs regardless of the country the advertising content will air in and irrespective of where the production activities take place.

What production costs are not subject to the levy?

All costs to **use**, **store** and, **transmit** the advertising asset, as well as the PPPs insurances and personnel costs (unless included in the production cost estimate) are **excluded**. This means things like cast, music and stock footage usage fees, legal reviews, agency personnel costs and clearance fees aren't subject to the levy - and media spend is also not included. UniAdapt in-house post-production is also excluded. **For a full breakdown of inclusions and exclusions of costs subject to the levy (see Appendix).**

¹Based on 16 surveys submitted by members of the IPA's Production Policy Group where number of jobs was also provided. Total production cost declared for 2019 was £358,712,562.29, and total jobs declared for 2019 were 2086. Average job cost £171,961.92. A broad average of 75% was given by the same members as to the amount of leviable costs, therefore leviable cost for an average job is £128,971.44.

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² If costs for 3rd party services outside of the UK are included in the production cost estimate and subject to the levy as defined in the recommended inclusions, the levy percentage should be applied to the full cost, including any local VAT/sales tax.

How and when is the AdGreen levy collected?

The levy is added to production cost estimates on [relevant items](#) by the advertisers' UK based registered PPP the levy is applied to the brands production cost estimate, which must be approved as standard by the Unilever AdPro Producer and the brand project leader. The payments are collected on AdGreen's behalf by the PPPs and passed to AdGreen on a quarterly basis (the first being those collected from July 1st - September 30th, 2021).

In most cases the PPP will be the Unilever brand's Agency, but it could also be a production company working directly with the Unilever brand for example.

What is my action as a PPP in order to be set up to collect and pay the levy on Unilever's behalf to AdGreen?

If you're a [Principal Production Partner](#) e.g. Agency or production supplier working directly with a Unilever brand executing primary production, you'll need to [register with AdGreen](#) before July 1, 2021, so they are aware that you will be collecting payments on Unilever's behalf and hold them until you pass them to AdGreen each quarter. Submitting the form constitutes consent to be contacted quarterly by AdGreen regarding any payments due.

For those operating as PPPs for the majority of their work this is the recommended workflow:

1. PPP registers with AdGreen as an [AdGreen Levy collector](#) via the form hosted on the levy section of the AdGreen website – this constitutes consent to be contacted quarterly by AdGreen regarding any levy payments due to AdGreen
2. PPP applies The AdGreen Levy to relevant items on the production cost estimate, totalling the amount as a separate line item (see appendix for example).
3. PPP includes the total AdGreen Levy amount (ex VAT) in the initial² production cost invoice total, assuming the advertiser has made their intent to pay The AdGreen Levy known to the PPP (see 'Recognition Agreements' section below)
4. PPP is paid The AdGreen Levy amount by the advertiser along with payment for any other items on the invoice it is included on
5. PPP logs all levy payments collected
6. The AdGreen Levy payments are then collected by the AdGreen team as set out in the invoice cycle table below, with quarterly reminders to registered PPP requesting completion of a form declaring how much has been collected for the previous quarter, along with a PO number if needed, and key contact
7. The PPP should ensure they can extract these costs to easily provide reports to Unilever on ongoing levy costs (e.g., applying a specific service code). These should be able to provide brand and brand country location plus overall Unilever spend information either monthly or quarterly, as per brand or AdPro request.

What if I only undertake work occasionally for Unilever?

If an organisation is acting as a PPP only occasionally, and usually operate as a 3rd party production partner for example, we recommend following steps 2-4 above, and then using our online payment tool to pass the funds to AdGreen as needed.



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Unilever Brands do not need to register, we have already provided commitment of our intent to AdGreen.

Are there additional resources available?

Yes, download AdGreen's [resources guide](#) to find further support.

My agency wants to include costs for the Green Steward or Carbon Offset Codes, or Green Levy programs is Unilever still accepting these costs too?

No, Unilever is committed to AdGreen only, so no other costs for additional initiatives will be covered by Unilever.

Actions required by Marketing

1. Brand teams should communicate to their agencies and/or PPP their pledge to AdGreen and levy contribution on all productions from start of launch date (**July 1, 2021 for Unilever**).
2. Upon further global rollout brief all other brand agencies to ensure they also adopt and comply with Unilever's pledge to AdGreen and levy contribution.

I'm a Unilever brand - what if I am not working with an Agency?

The PPP will be defined as the supplier you are briefing to execute the asset creation, where you are not engaging an agency and working directly with a production supplier, they will take on the role and all responsibilities relating to the levy management. They will be required to set up an account with AdGreen and collect and pay the levy on your behalf.

What if my production is cancelled or postponed?

Your PPP is to invoice the total AdGreen Levy amount on the initial production cost invoice, as such there is a chance the project could be subsequently postponed or cancelled and some or all of the levy cost would need to be returned.

Note: For those paying via the online payment tool (see previous section "*How is the AdGreen levy collected*"), **the recommendation is to pay The AdGreen levy to AdGreen only once the job has been completed, in case of cancellation or postponement.**

Cancellation or postponement where credit is due back to Unilever

In the event of a project cancellation or postponement where credit is due back to Unilever, if The AdGreen Levy amount has been billed to and paid by Unilever to their PPP but not yet passed on to AdGreen, any levy credit due (i.e. that which is a percentage of costs now due back to Unilever) should be paid back along with any other relevant cancellation costs by your PPP, the PPP should follow Unilever's standard credit recover process to return these fees.

If the AdGreen Levy amount has been billed to and paid by Unilever to their PPP and has already been passed on to AdGreen, any AdGreen levy credit due (i.e., that which is a percentage of costs now due back to Unilever) should be paid back to Unilever along with any other relevant cancellation costs, the PPP should follow Unilever's standard credit recover process. It is recommended that the amount paid to AdGreen in error should then be deducted from the following quarter's total payment to AdGreen by the PPP in order to balance. Where



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the brand is not working directly with a production supplier this would be deducted and returned by AdGreen and through the PPP back to Unilever.

Cancellation or postponement where further costs are required to execute production

In the event of a project cancellation or postponement where further costs are required in order to complete the production and there are leviable items included, it is recommended that The AdGreen Levy % should be applied as normal, invoiced to Unilever, paid to the PPP, and then forwarded to AdGreen in due course.

How often is the AdGreen levy percentage reviewed and by whom?

The AdGreen Levy will be reviewed each April by the AdGreen Finance Committee in collaboration with the AdGreen Advisory Board, AdGreen Levy Working Group, starting in April 2023. The AdGreen Levy percentage will be adjusted as necessary, with any change

communicated via the organisations to be in effect from June 1st that same year. The AdGreen levy percentage will be capped at 0.5%. Annual financial reports will be produced by AdGreen from 2023 and housed on the AdGreen website.

A lower levy can be achieved if any/all of the following occur:

- More advertisers opt in
- Production spend increases³
- AdGreen budget required decreases
- Other revenue sources are secured for AdGreen
- Initial loan funds are gifted in part or in full

Why is Unilever making this pledge?

As a global company of this scale Unilever is well-placed to to reduce the environmental impact from advertising shoots. We can be pioneers in the advertising industry and bring other organisations together to genuinely reduce our environmental impact. We cannot manage what we can't measure, which is why we believe the carbon calculator tool inspires green and sustainable processes across all our productions to create a more environmentally sustainable advertising production industry now and in the future.

Additional Questions:

As a Unilever brand do I have to agree to contribute to the levy?

Currently we have very little data on the carbon footprint of Ad Production globally. Collecting and analysing this data is essential if we're to effect real change in the industry. As such all Unilever brands are required to make the levy contribution to help reach Unilever's net zero targets.

How can I access reports on how my brand is tracking towards zero emissions?

Through your PPP, they will be able to supply reports from the AdGreen calculator on how your brand is tracking annually or for individual productions. AdPro can also support this request.

³ Based on the yearly Campaign report of media spend for top 100 advertising agencies (published each April). When 2019 data was compared with 2019 production spend information submitted from the IPA's Production Policy Group for the relevant agencies, production spend is 10% of total spend where media spend is 90%. For leviable production spend, a broad average of 75% is used - see footnote 1. Therefore, a percentage of 8.3% [recurring] can be used to estimate leviable production spend from publicly available media spend figures. Further IPA Production Policy Group surveys will be required in the future to confirm whether this estimate remains broadly correct.



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Can my team participate in the training?

Yes, and this is advisable and for PPPs and Unilever brands at all work levels, many CEOs from key consortium organisations have undergone the AdGreen training and have found this incredibly beneficial. Simply register at: [AdGreen Training](#).

How can I access spend reports on my brands levy contributions?

Through your PPP, they will be able to supply levy spend reports from AdGreen. AdPro will also be including a category in U-Quote to capture this spend (for productions going through AdPro).

My agency is located in the UK, but we are filming outside of the UK can they still participate in the program?

Yes, during phase one – (UK), provided your PPP is in the UK (regardless if the material is being aired or published in the UK) no matter where the shoot occurs globally, you can participate.

My principal production partner is not located in the UK do we tell them to follow AdGreen?

For the first stage of the AdGreen rollout program, no, but once the AdGreen globally rollout occurs your AdPro team will advise when non-UK PPP must adopt the program.

I would love to demonstrate my brands participation in the program, can I include a logo certification in my asset communication?

Certification is being considered by the AdGreen consortium and more information to follow once the calculator goes live. Many UK Broadcasters are now including similar certification in their parallel calculator program.

What can I do to ensure my agency complies to the program?

All agencies must comply with the Unilever AdPro Regional Guidelines which re-iterates the mandate that agencies must comply with AdGreen once it is launched.

How will I need to report levy costs to Unilever?

The PPP should ensure that these costs can be easily extracted (e.g., applying a specific service code) and provide reports to Unilever on show the total contributions made on Unilever productions by brand and country location information. The PPP must ensure their finance departments are clear of the reporting requirements ahead of commencing levy contributions.

My brand budget is already over stretched, what if I don't have the additional money to cover this?

Implementing a reduced carbon footprint on your production will achieve real budget savings which in turn will more than cover Unilever's levy contributions along with reducing production carbon emissions. Unilever's spend on production related travel more than exceeds the cost of the levy contributions and travel is the greatest contributor to carbon emissions on our productions.

APPENDIX

Cost that are subject to the levy (inclusions)

All costs to produce the advertising asset(s) are included in The AdGreen Levy scheme.



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- The AdGreen Levy should be a separate line item on each production cost estimate
- The AdGreen Levy should be included in the total cost on the production cost invoice (not invoiced separately) so as to avoid needing to generate additional PO numbers
- The AdGreen Levy cost itself is not liable to VAT.

For the avoidance of doubt this encompasses:

- All Principal Production Partner costs as per the production cost estimate, unless noted in exclusions below, including but not limited to day rates, visas, travel/transport, accommodation and associated away from home expenses for those attending a production event in person
- All third-party production partner costs including their mark-up and insurance (see exclusions for the Principal Production Partners' insurance)
- Principal Production Partner personnel but only if they are included in the production cost estimate (AdGreen understands that in most cases they are part of general Principal Production Partner contracts as opposed to production cost estimates and will therefore not be included in the majority of cases)
- Talent costs including but not limited to: Basic Session Fees (BSFs), licences and visas, travel/transport, accommodation and associated away from home expenses, chaperones, handlers for animals. **(In markets where talent fees are applied without a distinction between session and usage costs the full cost is excluded from the levy).**
- Music costs including but not limited to musician session fees, visas, travel/transport, accommodation and associated away from home expenses, instrument hire, composition fees for demos, music searches
- Post-production costs whether the services are provided by a third-party or the Principal Production Partner themselves including but not limited to offline and online edits, sound effects and mixes, grades, titles, animation, motion graphics, retouching, transfer to tape as part of telecine, plus day rates, visas, travel/transport, accommodation and associated away from home expenses for those attending a production event in person

Costs that are not subject to the levy (exclusions)

It is recommended that all costs to use, store, transmit the advertising asset(s), principal production partner insurance are excluded from The AdGreen Levy scheme.

Examples of Usage costs

- Talent usage
- Music usage for bespoke or library tracks and copyright, publishing
- Stock footage (purchase and/or usage fees)
- Images (purchase and/or usage fees)
- Character IP/usage

Examples of storage costs:

- **Linear Tape Open (LTO) storage for elements, rushes, selects, final assets etc.
- **Cloud based storage for elements, rushes, selects, final assets etc.
- Long term physical storage for key props, sets, wardrobe, product

****Please highlight to ensure these do not incur levy charges when applying levy to post production costs).**



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Examples of transmission costs (including business affairs costs):

- Playout/Fulfilment
- Clearcast and late copy fees
- Upload/download charges
- Any other clearances

Examples of insurance (relative to principal production partner only, see inclusions for the third party production partners' insurance):

- Production and Campaigns Indemnity
- Commercial Producers Indemnity and any inclusive risks (e.g., Products, props, sets, wardrobes, hire charges etc)
- Weather insurance
- Death & Disgrace and other indemnities relevant to artists
- Employer Liability & Public Liability

Other items:

- Agency personnel fees
- UniAdapt and any other localisation and adaptation services where supplier is executing in-house using employee personnel (e.g., no hiring of third parties to undertake this work)
- U-Studios ratecard in house post production (where U-Studios execute bespoke production those costs would be subject to the levy)



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Agency Cost Estimate Summary Levy inclusion Example

		TOTAL
	Featured Artistes	£0.00
	Walk-ons & Extras	£0.00
	Hand Artistes	£0.00
	Special Artistes	£0.00
	Voice Over Session Fees	£0.00
	Children & Chaperones (including Child Licences)	£0.00
	Foreign Artistes	£0.00
	Artistes Overtime	£0.00
	Wardrobe Calls, Re-call Fees and Child Casting	£0.00
	Artist/VO Usage	£0.00
	Music	£0.00
	Travel & Accommodation	£0.00
	Other	£0.00
	TOTAL	£0.00
Cost Code	Production Company	£0.00
	Production Company AdGreen Levy @ 0.25	£0.00
Cost Code	Post Production Company	£0.00
	Post Production Company AdGreen Levy @ 0.25	£0.00
	Transmission Estimate Total (see attached for breakdown)	£0.00
	COMBINED TOTAL	TOTAL ESTIMATE EXCL INSURANCE (EX VAT)
		£0.00
	Insurance %	£0.00
	Terrorism Insurance %	£0.00
		£0.00
	TOTAL	£0.00
Cost Code	Total AdGreen levy @ 0.25 (PC+PPC+CA applicable item lines)	TOTAL
		£0.00
	TOTAL ESTIMATE (EXCL VAT)	£0.00

N.B As the production company and post production companies should be responsible for providing their AdGreen levy total please ensure their individual contributions are visible on the overall breakdown or as part of the total cost.



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Production Company Summary Estimate Levy inclusion Example

PRODUCTION COMPANY COST ESTIMATE			
			Budget n°
			Date
			Shoot dates
TITLE		DIRECTOR	
PRODUCT		PRODUCER	
CLIENT		COUNTRY OF FILMING:	
PRODUCTION COMPANY		DELIVERABLES	
STUDIO DAYS	2		
DAYS ON LOCATION			
BREAKDOWN			
		Estimate EUROS	
1 PREPRODUCTION			
2 TALENT			
3 CREW			
4 EQUIPMENT			
5 STUDIO AND LOCATION COSTS			
6 PROPS - WARDROBE			
7 TRANSPORT & PER DIEMS			
8 LOCATION COSTS			
9 STOCK & PROCESSING			
10 POST PRODUCTION			
11 TRAVEL			
12 INSURANCE - MISCELLANEOUS - PERMITS			
13 SUB TOTAL :			
14 MARK UP & OVERHEADS	10 %		
15 ADGREEN LEVY	0.25% (LEVY APPLIED TO LINE ITEMS 1 -10, 14)		
16 ITEMS WITH NO MARK-UP			
TOTAL PRODUCTION ESTIMATE			

For further information contact: dana.cadden@unilever.com



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