

# PROCUREMENT & SUPPLIER DEVELOPMENT IN THE CONTEXT OF SUSTAINABILITY



MARTIN HUXTABLE – PROCUREMENT DIRECTOR INGREDIENTS  
& SUPPLIER DEVELOPMENT.



UNILEVER  
SUSTAINABLE  
LIVING PLAN

# UNILEVER IS A GLOBAL COMPANY

**400**  
**BRANDS**

**SALES IN**  
**+190**  
**COUNTRIES**

**OPERATIONS IN**  
**100**  
**COUNTRIES**

**150**  
**MILLION**  
**PURCHASES**  
**A DAY**

**USED**  
**2BN**  
**TIMES A DAY**

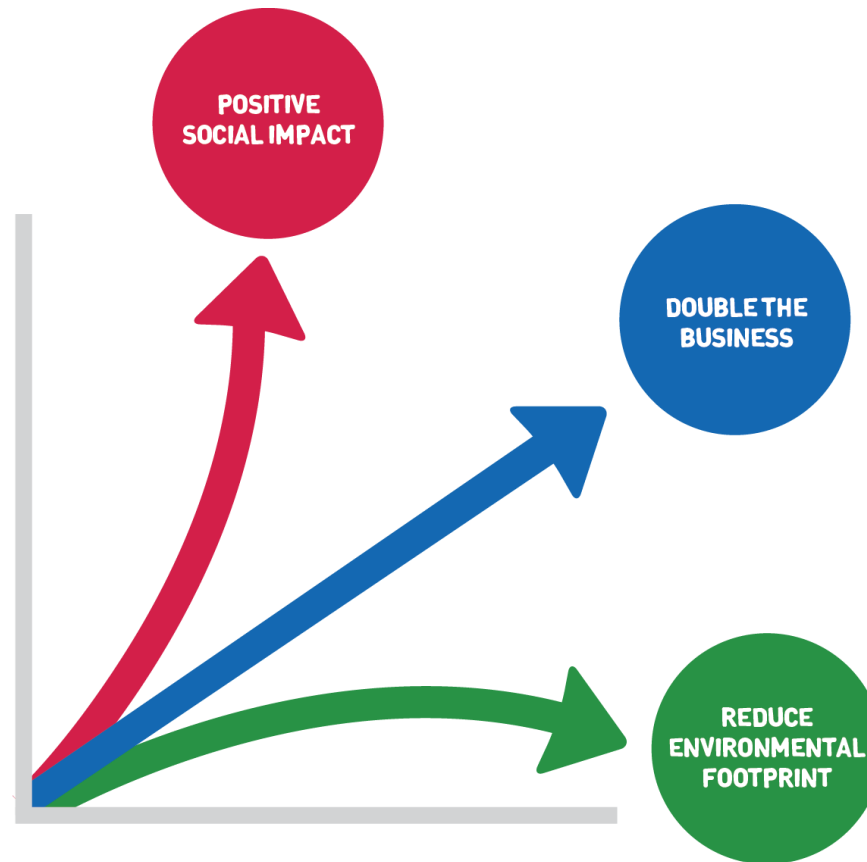
# WE MAKE MANY OF THE WORLD'S FAVOURITE BRANDS



# CONTEXT – THE WORLD FACES HUGE CHALLENGES



# OUR VISION



**DOUBLE THE SIZE OF OUR BUSINESS,  
WHILST REDUCING OUR ENVIRONMENTAL  
FOOTPRINT AND INCREASING OUR  
POSITIVE SOCIAL IMPACT**

# 3 BIG GOALS BY 2020



HELP MORE THAN  
**1 BILLION**  
PEOPLE IMPROVE  
THEIR HEALTH  
& WELL-BEING

HALVE ENVIRONMENTAL  
**FOOTPRINT OF  
OUR PRODUCTS**

**SOURCE 100%**  
OF AGRICULTURAL  
RAW MATERIALS  
**SUSTAINABLY**



# 2010 USLP: OUR AMBITIOUS PLAN



## IMPROVING HEALTH AND WELL-BEING

By 2020 we will help more than a billion people take action to improve their health and well-being.

### HEALTH AND HYGIENE

By 2020 we will help more than a billion people to improve their hygiene habits and we will bring safe drinking water to 500 million people. This will help reduce the incidence of life-threatening diseases like diarrhoea.

### NUTRITION

We will continually work to improve the taste and nutritional quality of all our products. By 2020 we will double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.



## 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 lifecycle by 2020.\*

### WATER

Halve the water associated with the consumer use of our products by 2020.\* 1



### WASTE

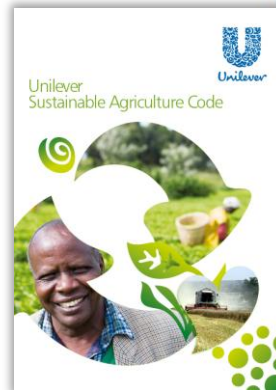
Halve the waste associated with the disposal of our products by 2020.\*

### 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.



## ENHANCING LIVELIHOODS

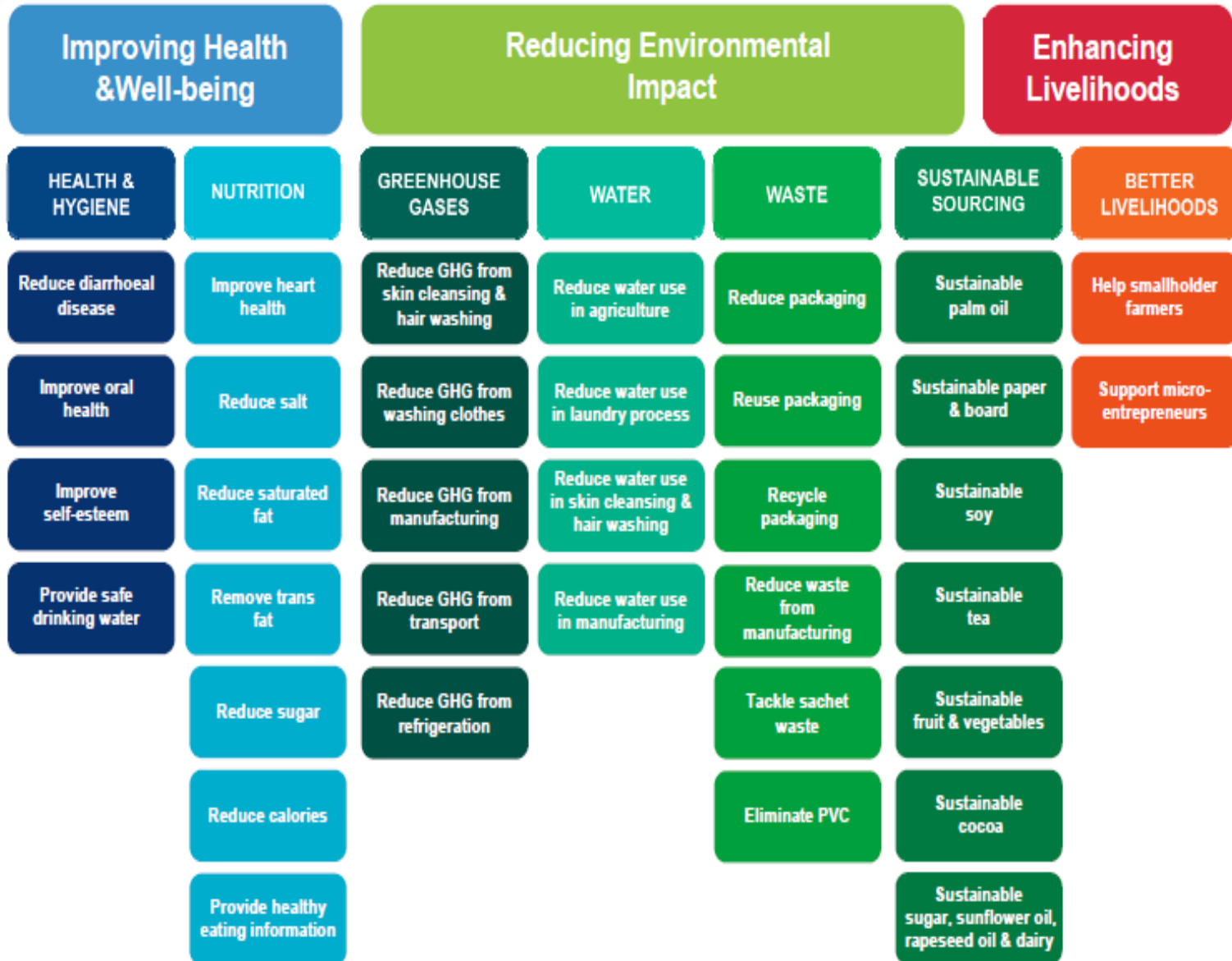
By 2020 we will enhance the livelihoods of hundreds of thousands of people as we grow our business.

# UNILEVER SUSTAINABLE LIVING PLAN

Small Actions. Big Difference.



# SUPPLY CHAIN IS AT THE HEART OF USLP DELIVERY

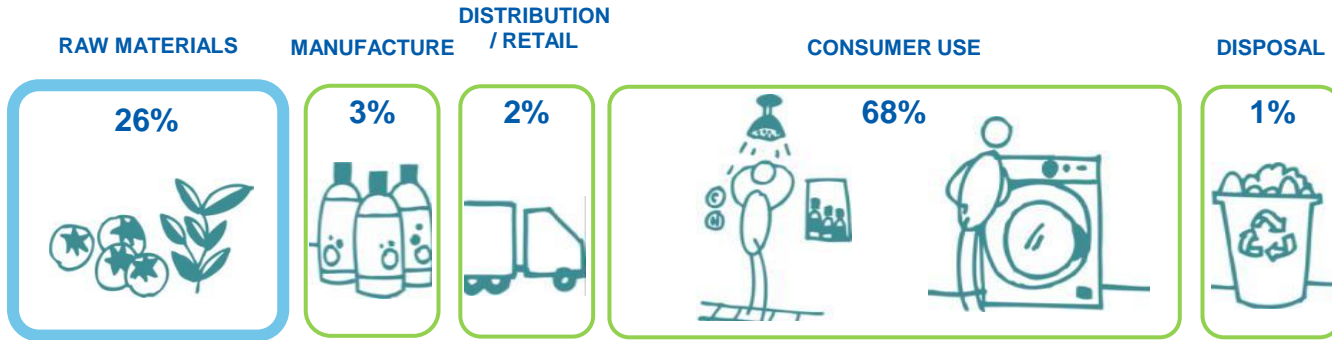




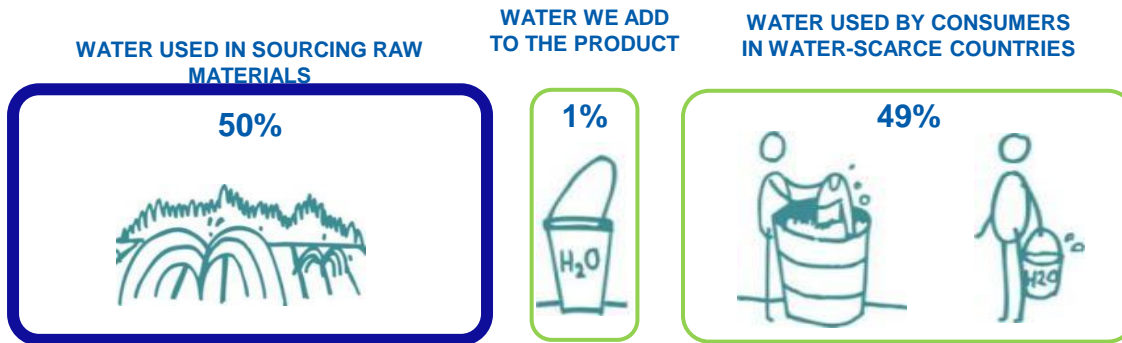
# USLP IS TAKING FULL VALUE CHAIN RESPONSIBILITY



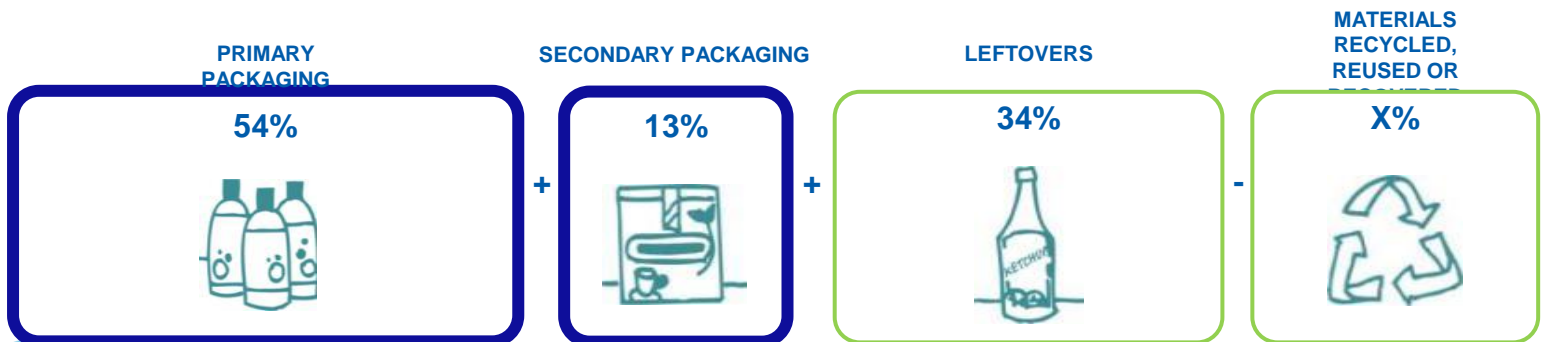
## Greenhouse Gases



## Water use



## Waste



# THE VALUE CHAIN



Unilever



# THE BUSINESS CASE FOR SUSTAINABILITY IS COMPELLING



Unilever



# SUSTAINABLE SOURCING

SOURCE

**100%**

OF AGRICULTURAL  
RAW MATERIALS  
SUSTAINABLY

**HALVE**

ENVIRONMENTAL  
FOOTPRINT OF  
OUR PRODUCTS

HELP

**1 BILLION**

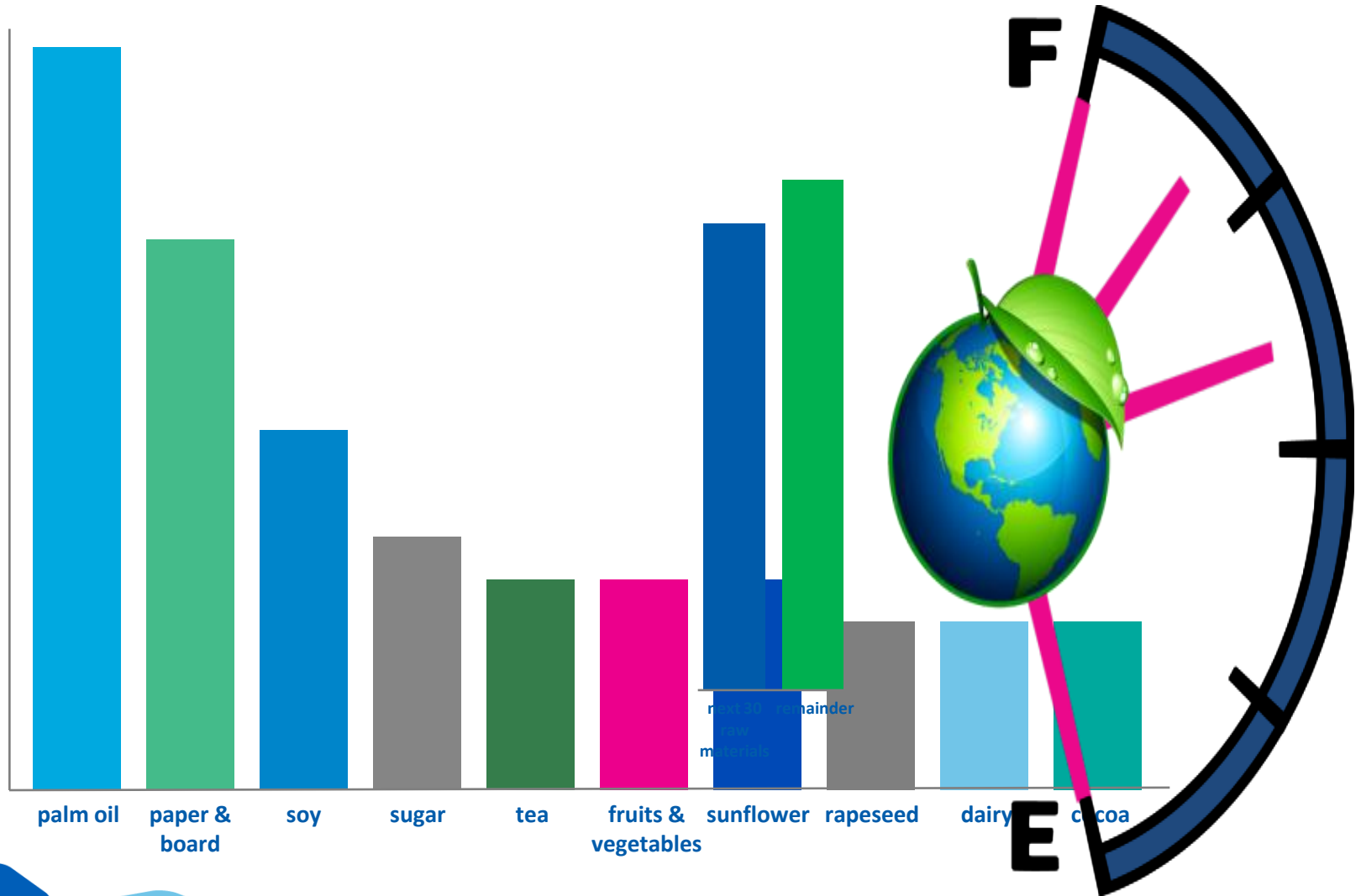
PEOPLE IMPROVE  
THEIR HEALTH AND  
WELLBEING

# UNILEVER IS A MAJOR BUYER OF AGRICULTURAL PRODUCE





# WE WILL SOURCE 100% OF OUR RENEWABLES SUSTAINABLY BY 2020



# SUSTAINABILITY



what does it mean?

a **sustainable** business is a  
**growing and profitable** business  
that delivers **positive social, economical**  
and **environmental** outcomes

# SUSTAINABLE SOURCING OF AGRICULTURAL RAW MATERIALS – WHAT ARE THE GLOBAL ISSUES?



- 24 million tons of cropland top soil lost each year
- 5-10 million ha lost pa. due to environmental degradation
- Agriculture uses 70% of world's fresh water resources, while 40% population experiences water scarcity
- 85% of pesticides never reach their targets
- 75% genetic diversity crop plants lost during past century
- 24% mammals and 12% bird species threatened



# HOW ARE WE GETTING THERE:

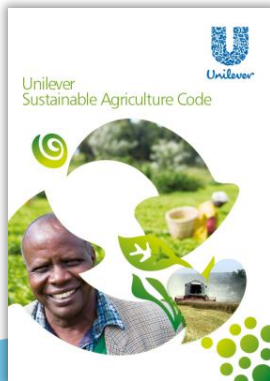


## Self-Verification – Sustainable Agriculture Code

We developed the Code and its 11 key indicators using several Lead Agricultural Projects over a period of 12 years. Each indicator focuses on a specific area of sustainable farming, such as soil health, pest management or energy.

## CERTIFICATION:

Based on a benchmarking process Unilever has accepted certain external standards as a whole or partially to cover certain chapters of the Unilever Sustainable agricultural code



# COMPLIANCE - CHAPTERS OF THE SAC



Continuous improvement



Waste



Agrochemicals and fuels



Energy and Greenhouse gases



Soils



Social and human capital



Water



Value chain and local economy



Biodiversity



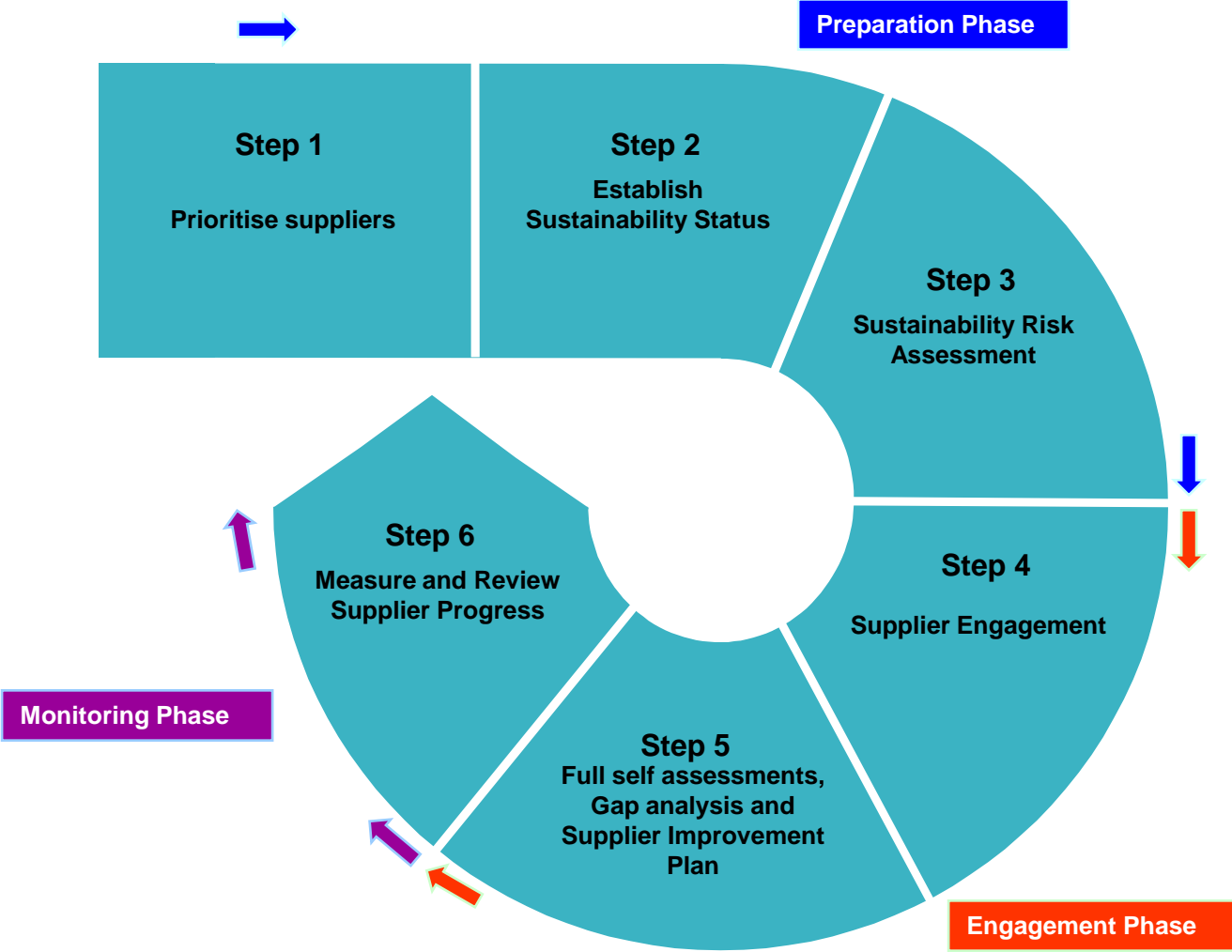
Animal welfare



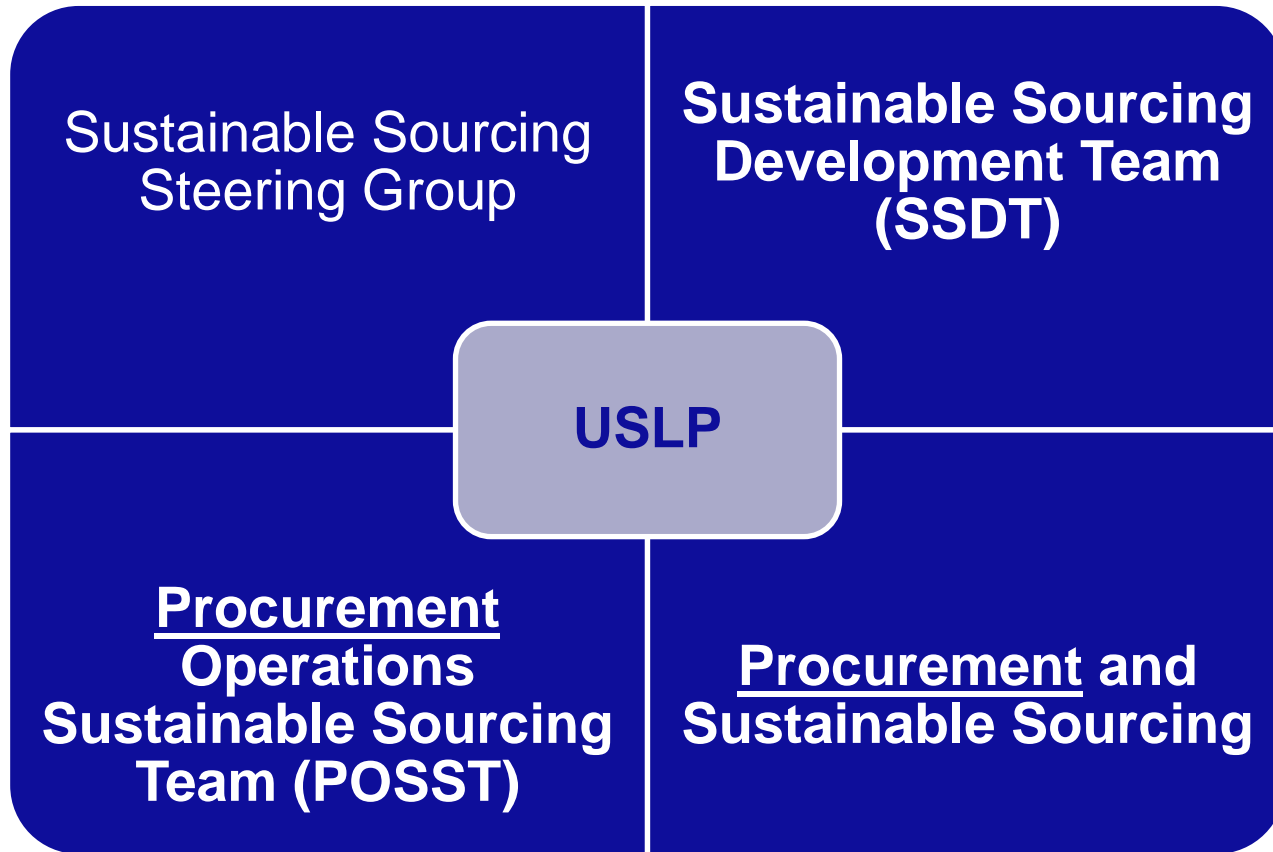
Training



# OUR IMPLEMENTATION PROCESS WITH OUR PARTNERS AND FARMERS:



# UNILEVER SUSTAINABLE SOURCING IMPLEMENTATION COMMUNITY



**AFTER 2 YEARS...**



where we are  
today ?

# SUSTAINABLE SOURCING PROGRESS IN 2012



PALM OIL	100%
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PAPER & BOARD	63%
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SOY	10%
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SUGAR	8%
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TEA (LIPTON)	69%
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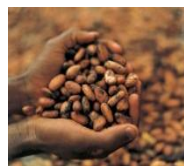
FRUIT & VEG	7% (FRUIT) 59% (VEG)
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SUNFLOWER	14%
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RAPESEED	16%
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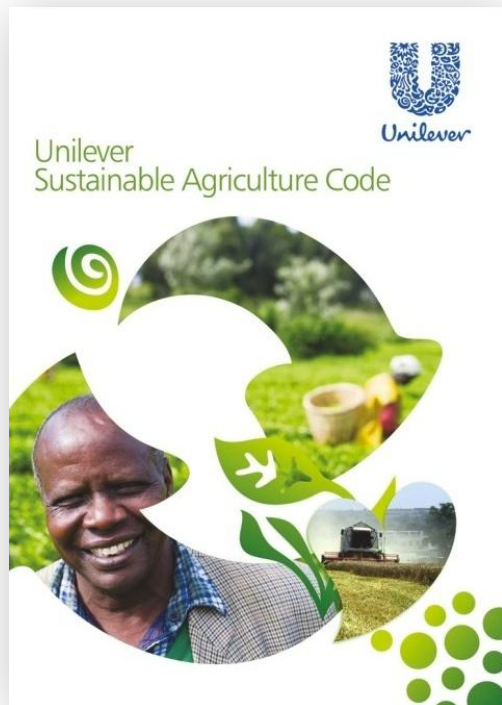


COCOA	38%
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DAIRY	31%
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# 59% VEGETABLES SUSTAINABLY GROWN





# KNORR INTRODUCES 'SUSTAINABLY GROWN' LABEL



Unilever



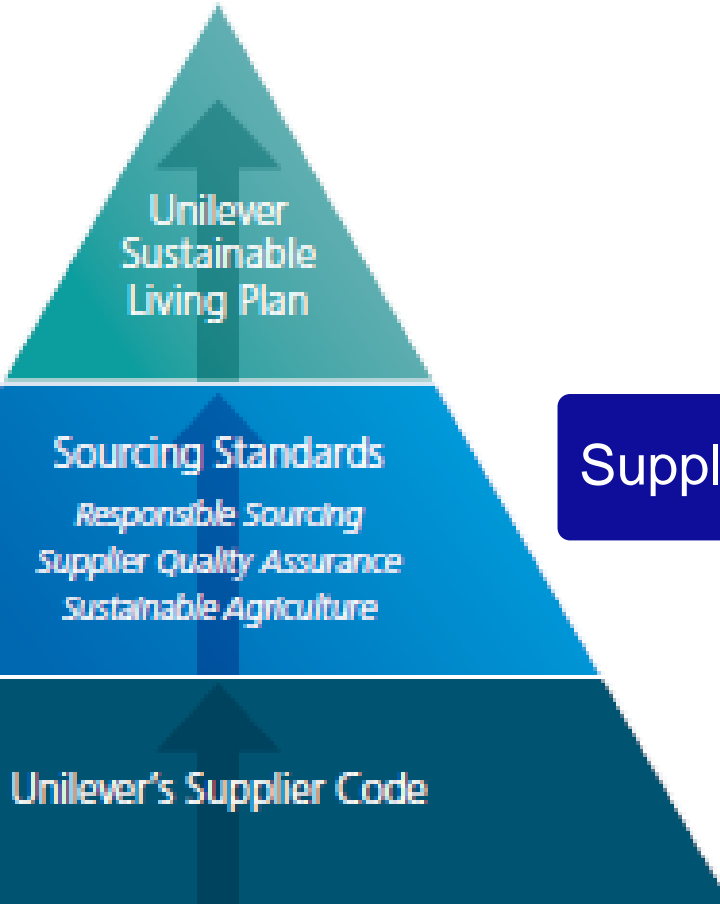
# PROCUREMENT IN THE CONTEXT OF SUSTAINABLE LIVING



Consumer



Customer



Supplier



Farmer



Procurement is in a great position as a responsible supply chain integrator.

# THE SPICE VALUE CHAIN



## Spice Trades

## Selection, Cleaning and Sorting.

## Sterilisation Blending Qualification

## Packing Distribution

## Consumption

Destination Chain

- Spice Trading
- Bulk raw material



- Re-sorting cleaning



- Steam, Irradiation, ETO



- End of Chain compliance



- Consumer Trust and perception



## Agricultural prod.

## Postharvest

## Intermediate Process / Storage

## Bulking up and Storage

## Origin Testing

Origin Chain

- Small farmers (<1ha)
- Same varieties for fresh & processing
- Price volatility



- Collection Centers



- Commission Agents and Bulking



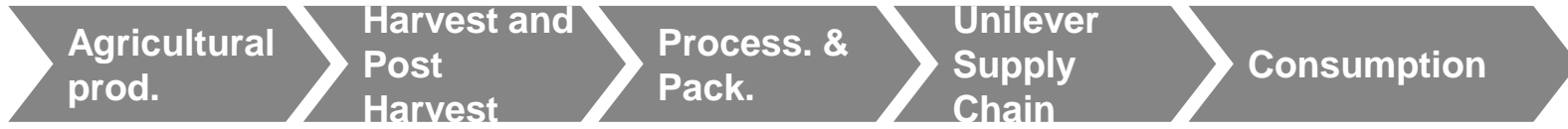
- Small Scale Milling operations



- Varied per Origin



# SUSTAINABLE SUPPLIER DEVELOPMENT



Farmers	Collectors	Suppliers	Factories	Consumers
Breeding	Transport	USQS	TPM	Great Food that does not Cost the Earth!
Water Management	Product Care	Supplier Code	Quality	
Crop Protection	Sustainable Agriculture	TPM	SHE	
Sustainable Agriculture		Supplier Performance	Sustainable Manufacturing	
Partnerships		Partner To Win		



Partnering to developing shorter traceable sustainable supply chains

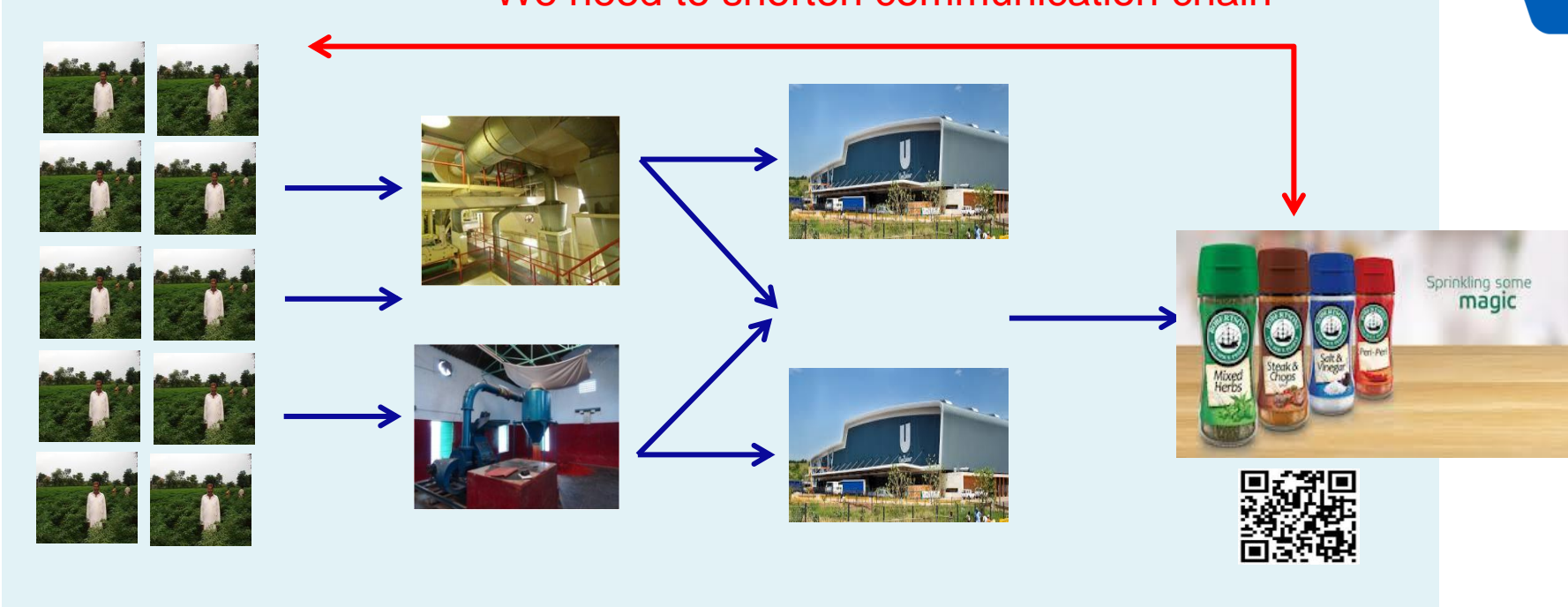


# TRACEABILITY & ORIGATION FROM FARM TO FORK



Unilever

We need to shorten communication chain



Farmers

Suppliers

Factories

End Product  
Consumers & ourselves  
want to link back to origin



# PARTNERSHIPS ARE CRUCIAL



Working to eliminate tropical deforestation

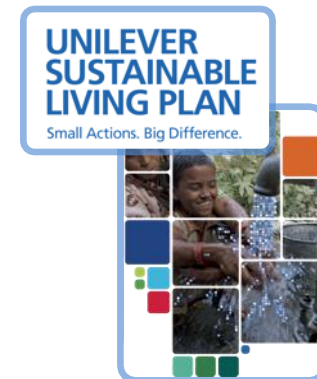


Training 450,000 tea farmers

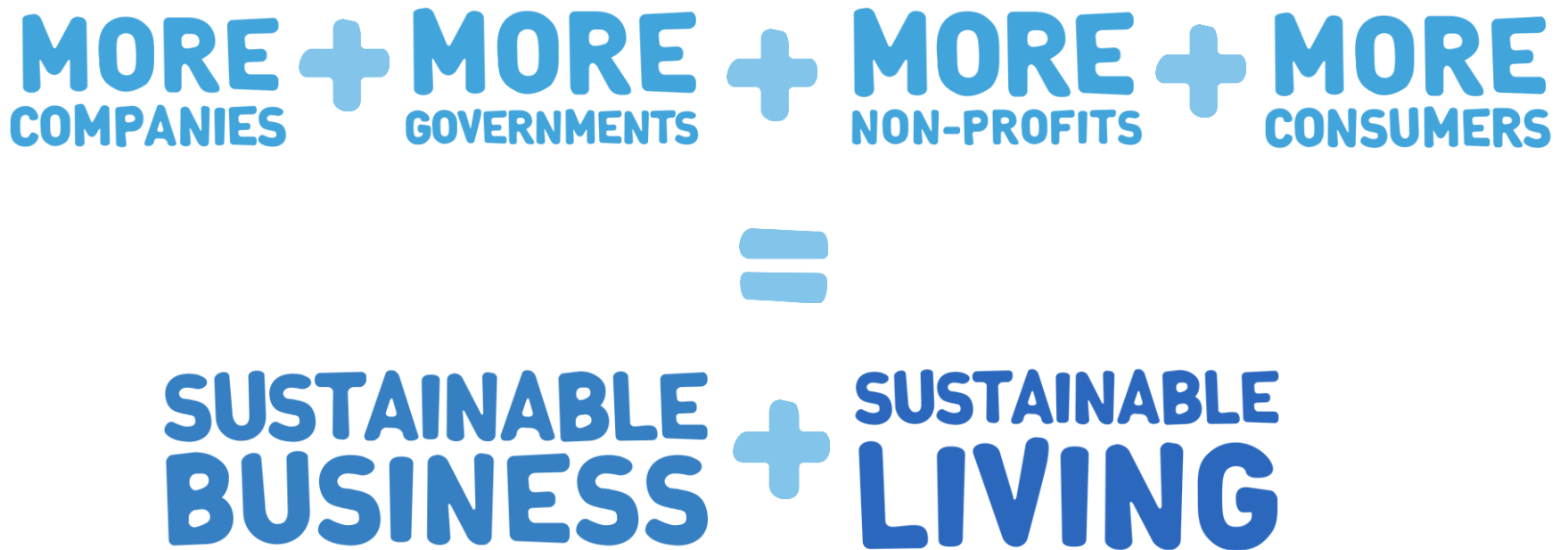


Making sanitation more accessible

# OUR PTW MISSION



# MORE COLLABORATION IS NEEDED



# WHAT ARE THE BENEFITS:



## • ***Its Good for the Business***

- *If we grow you grow.*
- *It helps suppliers increase your competitiveness*
- *It helps in securing long term supply of raw materials*



## • ***Its Good for Farmers***

- *Increases yields and quality and can improve farmer profitability*
- *Stimulates economic development and improves livelihoods of farmers and families.*



## • ***Its Good for the Environment***

- *More sustainable farming practices improve soil fertility, conserve water, enhance biodiversity and reduce green house gases*



## • ***Its Good for the Consumers***

- *Consumers care about where their food comes from, how its grown and made.*
- *Helps in providing Consumers with great food that does not cost the earth.*

# SMALL ACTIONS, BIG DIFFERENCE

Every day, thousands of our suppliers help us make our products. If we can work together with you and your farmers to be more sustainable, our small actions really will add up to a big difference.



# CASE STUDIES OF SUSTAINABLE SUPPLIER DEVELOPMENT IN ACTION



- ✓ 1500 small holder farmers
- ✓ Secured Volume, right quality, right price
- ✓ Improved Yields 2 X
- ✓ Implemented IPM
- ✓ 100% drip irrigation coverage
- ✓ Sustainability verification
- ✓ Red Revolution with the Kissan Brand.

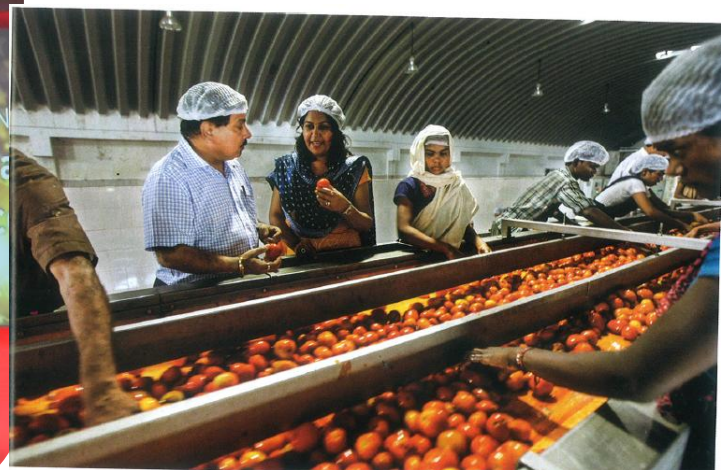


## CULTIVATING INDIA, ONE TOMATO AT A TIME

As part of a global initiative, Hindustan Unilever has embarked on a wide-ranging programme to source all its agricultural raw materials sustainably by 2020. The Indian farmer is a key beneficiary



PARTNER TO WIN  
2013 AWARDS  
WINNER



UL has trained farmers in best practices for growing high-yielding tomato varieties, provided them with the right agricultural inputs and promised to buy the produce





**MAKE  
SUSTAINABLE  
LIVING  
COMMONPLACE**