



BIODIVERSITY CONSCIOUS SUPPLY CHAIN MANAGEMENT: A CASE STUDY OF UNILEVER

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UNILEVER FACTS FILE



- ❑ Over 400 brands
- ❑ Operations in 190 countries
- ❑ Sale of €51 Billion (2012)
- ❑ About 175,000 people
- ❑ More than 2 billion consumers use Unilever brands daily

- ❑ 2013 catalyst award for women empowerment
- ❑ 100% Palm oil procured in 2012 from sustainable sources
- ❑ 39% of our tea is sourced from farms certified by rain forests
- ❑ The greenhouse gas footprint of our products reduced by 6% from 2010



PRIORITIES & PRINCIPLES



“Committed to support sustainability and providing our consumers with the products they need to Look Good, Feel Good and Get More out of Life”

- ❑ A healthier future
 - ❑ A better future for children
 - ❑ **A better future for the planet**
 - ❑ A better future for farming and farmers
 - ❑ A more confident future



RECOGNIZING THE SOCIAL CONCERNS



- ❑ Our sustainable growth story started over 100 years back
- ❑ Our founders were businessmen with strong sense of social justice



Commercial opportunities in serving unmet social needs:

- ❑ 1870 Margarine – healthy choices
- ❑ 1880 Lifebuoy – disease prevention with enhanced hygiene
- ❑ 1960 Flora –much before the “heart health” became the buzzword
- ❑ 1995 Sustainable agriculture initiative
- ❑ 2008 Pledge to procure all our palm oil from sustainable sources by 2015

AND NOW WE HAVE EMBARKED UPON
“UNILEVER SUSTAINABLE LIVING PLAN (USLP)”

UNILEVER @ RIO + 20



- ❑ Unilever CEO, Paul Polman participated
- ❑ Stressed on collaboration of business with civil societies to achieve Sustainable Development Goals
- ❑ Unilever Rio + 20 Manifesto

<http://www.unilever.com/sustainable-living/news/news/unileversrio20manifestoworkingtogetherforabetterworld.aspx>

Unilever as a case study reported by:

- ❑ UNEP
- ❑ UNDP
- ❑ United Nations Conference on Trade & Development
- ❑ Corporate EcoForum
- ❑ WWF Brazil
- ❑ Green Alliance



RIO+20
United Nations
Conference on
Sustainable
Development



UNILEVER'S RIO+20 POLICY MANIFESTO



Unilever urges the fullest collaboration between business, government and civil society at Rio+20. Only through working together can we achieve a sustainable and equitable economy that meets people's everyday needs within the planet's environmental limits.

To deliver a sustainable future, Rio+20 should:

Renew Political and Business Commitments to Sustainable Development

- We urge the highest possible representation from UN Member State governments at Rio+20.
- We welcome the recognition of the important role of the private sector in moving towards sustainable development and we urge high-level collaboration at Rio between business and governments in order to advance a sustainable economy.
- We urge companies to adopt sustainable business models and collaborate across industries and sectors where this will accelerate progress.
- We call for governments and business to increase efforts to achieve the Millennium Development Goals.

Secure a commitment to Sustainable Development Goals (SDGs)

- SDGs should cover poverty and sustainability issues. These should include deterioration, food security, nutrition, access to water, sanitation & hygiene and waste.
- In order for SDGs to be effective, business should contribute to their creation, design and delivery. We urge the UN Secretary General to ensure business and civil society are fully integrated into this process.
- SDGs should have a 2030 deadline and a mechanism for reporting and measuring progress.

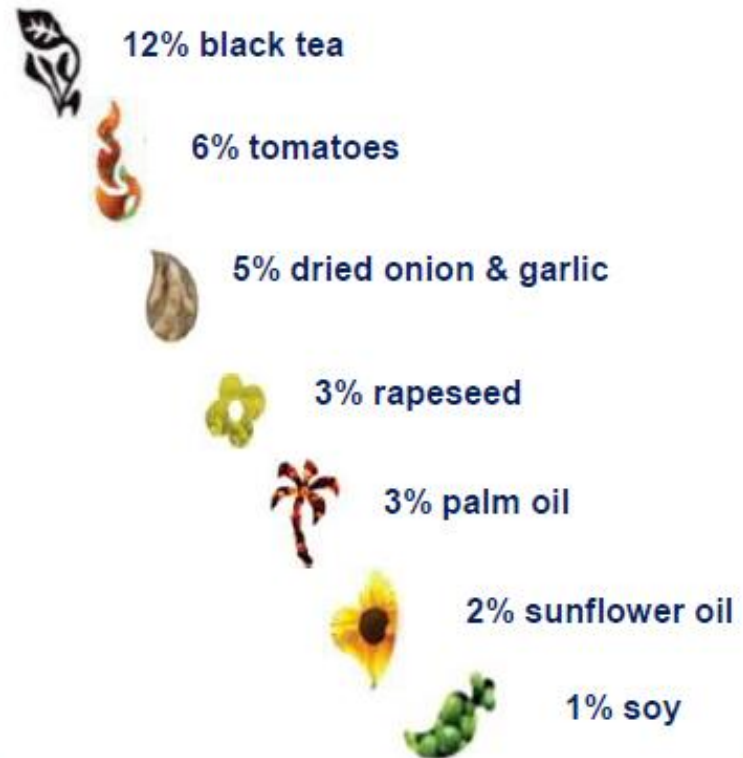


SUSTAINABLE SOURCING



- 50% of our raw materials come from agriculture
- Unilever has been working on sustainable agriculture for almost 15 years
- We are world leaders in this area

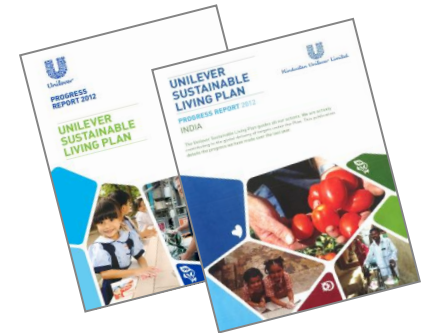
Our share of world volume 2009 (estimate)



UNILEVER SUSTAINABLE LIVING PLAN (USLP)



- ❑ Initiated in November 2010, a journey of 10 years
- ❑ Across value chain – suppliers-factories-consumers
- ❑ Over 50 targets
- ❑ Annual progress reports



- ❑ Member of WBCSD
- ❑ Member – Consumer Goods Forum (Co-sponsored Sustainability Pillar)
- ❑ Co-founded Marine Stewardship Council with WHO, 1996
- ❑ Co-founded the Round Table on Sustainable Palm Oil, 2003



UNILEVER SUSTAINABLE LIVING PLAN (USLP)



Unilever Sustainable Living Plan

HALVE ENVIRONMENTAL FOOTPRINT OF OUR PRODUCTS

SOURCE 100% OF AGRICULTURAL RAW MATERIALS SUSTAINABLY

HELP 1 BILLION PEOPLE IMPROVE THEIR HEALTH & WELLBEING

By 2020*

* Coincides with Aichi deadline

SUSTAINABILITY, A BUSINESS MODEL



- ❑ Consumers are demanding sustainable products
- ❑ Customers (retailers) have sustainability plans
- ❑ Cost advantage (eventually)
- ❑ Out of the box innovations
- ❑ New business opportunities



THE CRUCIAL BALANCE



We firmly believe to be “Effectively Sustainable” a balance between Social, Economic and Environmental Impact is a must



BIODIVERSITY MANAGEMENT – MULTIPLE FACETS



Soil Fertility

Know your soil - take care of it &



Healthy soil - n



Concrete will not have wor

Nutrients

Know your soil and crops - c
A balanced diet - too much



Water

Optimising the amount of v
well as protecting ri
fertiliser & pestik



Working with farmers to help m

Biodiversity

Growing our crops without destroying the natural landscape,
or wildlife & where possible making a positive difference



Pest Management

Use only the right amount of chemical
letting nature do its



- Use varieties w
- Not growing sar
- year after year



Energy

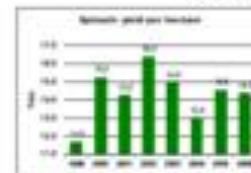
Understanding where the opportunities to reduce energy
use on farm are:

- This is optimising machinery
- Less use of pesticides/fertilisers
- Reducing energy for irrigation!



Local Economy

We are always looking to make our farmers more profitable,
if they are then they can make a bigger contribution
to their local economy. Sustainable agriculture ensures
we do not lose sight of this.



In Kenya for our tea producers this means
their kids get educated

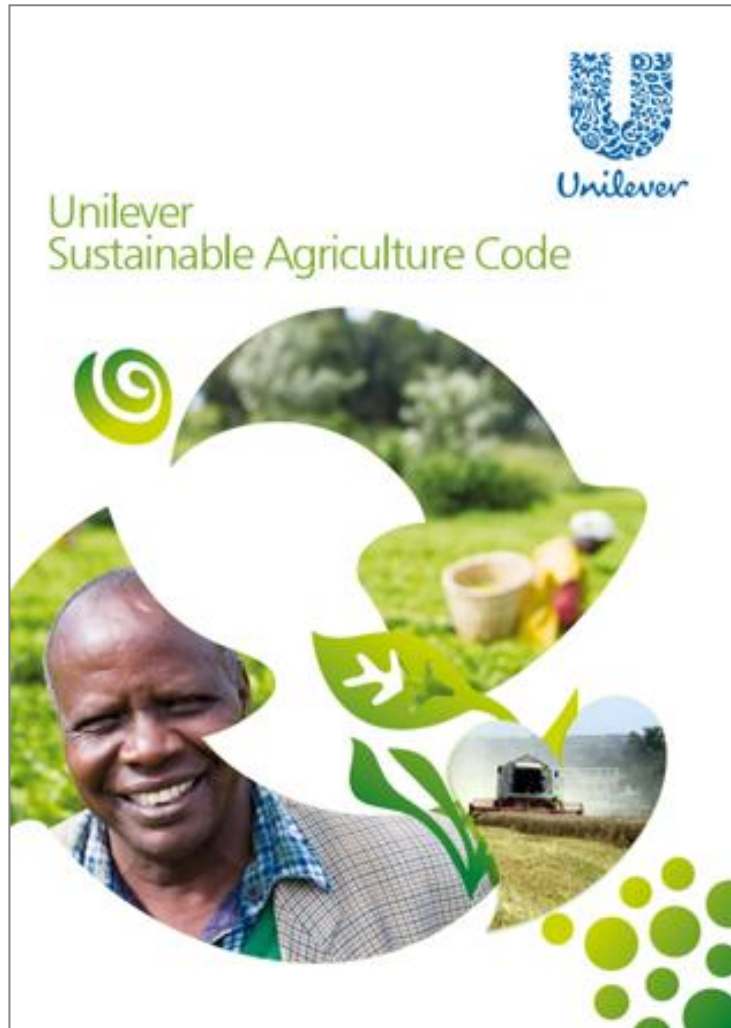
NON-NEGOTIABLE POLICIES & STANDARDS



- Code of Business Practices
- Environment Policy
- Specific Standards (e.g. use of plant and animal produce)
- Wild harvest manual
- ABS principles
- Sustainable Agriculture Code**



UL SUSTAINABLE AGRICULTURE CODE (SAC)



- ❑ What we define as sustainable
- ❑ Ten main indicators
- ❑ Focus on continuous improvement
- ❑ Focus on People, Planet and Profit
- ❑ Mandatories, Musts and Shoulds
- ❑ Reporting is mandatory
- ❑ Endorsed by many KOFs

SAC: BIODIVERSITY INDICATOR



5. Biodiversity

5.1	Records	Unless specified elsewhere in the text, all records must be accessible and kept for at least 2 years. Records to be kept in this section include:	
5.1.1	(Checklist of records related to this section)	1. Strategic commitment to at least one biodiversity Initiative	Must
5.1.2		2. Biodiversity Action Plan	Should
5.1.3		3. Records of progress against such a plan / improvements made	Should
5.1.4		4. Any Environmental Impact Assessment or evaluation made before changes in land use.	Should
5.1.5		5. Training records for suppliers, farmers and farm workers	Must
5.2	Continuous Improvement	Continuous improvement in this section include:	
5.2.1		The impact of implementing the Biodiversity Action Plan should be monitored.	Should
5.2.2		Unilever suppliers or farmers should participate in research to understand the value of local farmland to biodiversity and the value of farmland ecosystem services to others and how these might be enhanced.	Should
5.2.3		Unilever suppliers should raise awareness of and share knowledge/opportunities for biodiversity enhancement, to ensure we capture best practice.	Should
5.3	Biodiversity Protection and Enhancement		
5.3.1	Introduction		
	Why this is important	Farmland has biodiversity value as well as agricultural value, especially in parts of the world where farming has played an important part in the landscape for many years or where the land is near to areas of high conservation value. We ask for the farming operations that supply our raw materials to consult locally on the most appropriate actions to take and to engage in programmes that link their farming activities with benefits to biodiversity.	
5.3.2	Mandatory requirements		
5.3.2.1	Measuring progress	Unilever wants to help increase the area managed for biodiversity and habitat conservation. Our Sustainable Agriculture Metric "Protect and improve habitats for biodiversity" provides a measure of that. Our suppliers must provide the necessary data for calculating this metric. Data requirements for the metrics are outlined in Appendix 1.	Mandatory requirement
5.3.2.2	Legal compliance	Unilever suppliers must be aware of and demonstrate compliance with national legal obligations with respect to biodiversity.	Mandatory requirement

		Regulations typically apply to: Protection of conservation areas on site or near by, habitats or individual species; new development of buildings, farm land amelioration; land conversion, land use change; hunting and gathering; pollution; CFP use.	
5.3.2.3		Unilever suppliers must ensure that farmers are aware of national legal obligations as above.	Mandatory requirement
5.3.2.4	Prohibitions	Destroying important habitats, on-farm and off-farm, is prohibited, even if there are concessions. This includes gradual encroachment over time.	Mandatory requirement
5.3.2.5		The hunting or poisoning of rare/endangered species is prohibited.	Mandatory requirement
5.3.2.6		The collecting of rare/endangered species is prohibited.	Mandatory requirement
5.3.3	Good practices		
5.3.3.1	Strategic commitment	Our suppliers must commit to supporting at least one biodiversity programme/initiative linked to the farming systems or farmed landscape from where Unilever raw materials originate.	Must
5.3.3.2	Protecting biodiversity – need for a Biodiversity Action Plan	Unilever suppliers must develop and implement a locally appropriate Biodiversity Action Plan.	Must
5.3.3.3	Required components of a Biodiversity Action Plan (BAP)	The Biodiversity Action Plan must include the following: a) An assessment of biodiversity issues in and around the land area where the Unilever crops are produced. b) A practical plan to make progress in at least one area of biodiversity conservation/protection/ equitable use or education.	Must Must
5.3.3.4	Recommended components of a Biodiversity Action Plan (BAP)	In addition, the Biodiversity Action Plan should include the following: a) A basic map of the location of areas important for biodiversity in and around the farms and local area. b) An evaluation of the interrelationships between agriculture and these issues. c) A realistic evaluation of business influence on these issues.	Should Should Should
5.3.3.5	Hunting, fishing and gathering	Hunting, fishing and gathering wild species must only take place on farms in designated areas, and must not involve direct hunting of threatened or endangered species, or damage to the habitat that supports them.	Must
5.3.3.6	Purchasing of natural products	The farm must ensure that natural products it purchases or uses (including fuel wood, composts, nursery substrates and manures) have not been collected or extracted illegally and provide evidence of purchase from vendors. This includes natural products produced on farm.	Must
5.3.3.7	Rare/endangered species or habitats	Where rare/endangered species or habitats are found on local farmland, the Biodiversity Action Plan to support these species or habitats must be developed and implemented as a priority.	Must
5.3.3.8		If asked, farmers and farm workers and any hunters, fishermen or gatherers allowed to operate on the farm should be aware of the location of important habitats for rare/endangered species on the farm and of any relevant actions that are necessary for their maintenance.	Should



SAC: BIODIVERSITY INDICATOR



Mandatories

Comply with the law

Provide metrics data

no destroying important habitats

no hunting, poisoning or collecting rare or endangered species

Musts

must **commit to at least one biodiversity programme** or initiative linked to the farming system, documented and implemented using a **Biodiversity Action Plan** including an assessment of local issues and a practical plan to make progress

Natural products purchased must not come from illegal harvesting in protected areas if there are **rare or endangered species** present on farms they must be supported

Environmental Impact Assessment before land conversion

if there is local **financial support** for biodiversity work, suppliers must facilitate access for farmers

prohibitions on hunting and work on biodiversity protection must be **communicated to farm workers** and other people who visit the farm.

SUSTAINABLE SOURCING : OUR WAY OF WORKING



BEHIND OUR SUSTAINABLE CODE



External agencies we are engaged with on sustainability



CERTIFICATION AND VERIFICATION



Certification – where there is a brand fit or industry standard in place



- CERTIFICATION

- Lipton
- Ben & Jerry's
- SCC & DRE
- Rainforest Alliance
- Fairtrade (EU) / FSC (US)
- RSPO

Over 50% of consumers globally agree the best way to certify a brand's ethical claim is through 3rd party certification

Globescan 2009

- Verification against our code (where no standard in place)
- SAC requires compliance against all mandatory indicators
- High level compliance for musts
- Software tool to check and record verification

A DEDICATED PORTAL FOR SUSTAINABLE AGRICULTURE



<http://www.growingforthefuture.com/>



GOOD BIODIVERSITY PRACTICES



UNILEVER SUPPLIERS A CLOSER LOOK AT BIODIVERSITY



- ❑ What biodiversity means to them and do something positive towards “ecosystem services”
- ❑ Most appropriate local action
- ❑ Engage them in programs that link farming activities to benefits of biodiversity
- ❑ Engage them pro-actively with farmers

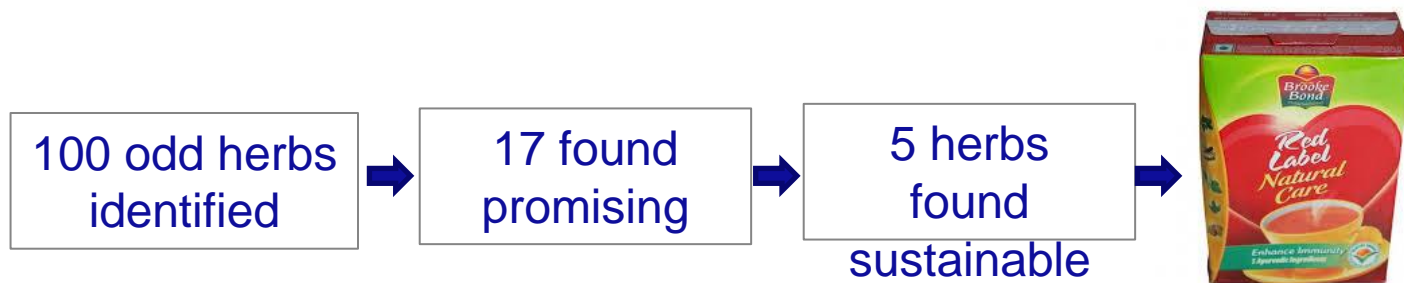
Some success stories

- ❑ Innocent ‘s– irrigation water for growing strawberries
- ❑ Homer Worth’s model of Owls managing the rodents in tomato fields
- ❑ Daregal’s efforts to restore basil and mint varieties in collaboration with CNPMAI
- ❑ Lipton farm and Tanzanian’s forest conservation group protecting a biodiversity hotspots
- ❑ Agraz’s with SEO Birdlife co-creating environment in farming systems which favors birds and bats

SUSTAINABILITY ASSURANCE FOR USING NATURALS



- Are the herbs sustainable?
- How will the UL use change the demand dynamics?
- Are farmers ready to expand the cultivation?
- Will UL demand impact the supplies to traditional healers?



OUR VISION FOR TEA SUSTAINABILITY



- Lead change in the tea industry
- Improve the lives of up to two million people
- Show how Rainforest Alliance certification means that every cup of our tea is a step towards a better life for tea farmers, their families and the environment
- Reinforce the bond between consumers and our brands



TEA SUSTAINABILITY



Sustainable Agriculture in action



Sustainable Tea In Kenya

- 3 year Lipton/KTDA project in rural Kenya
- 720 farmers in 24 Farmer Field Schools
- Sustainable farming practices – plucking times, farm management,
- Yield improved 5-15%
- 6,000 farms audited in Dec 08 for RA certification

Benefits:

- Increased income
- Education
- Improved social interaction
- Secure supply, improved quality
- Brand proposition



TEA SUSTAINABILITY



THE STANDARDS COMPRISE THE FOLLOWING 10 BROAD

PI

1. Social and Environmental Management System.
2. Ecosystem Conservation.
3. Wildlife Protection.
4. Water Conservation.
5. Fair Treatment and Good Working Conditions for Workers.
6. Occupational Health and Safety.
7. Community Relations.
8. Integrated Crop Management.
9. Soil Management and Conservation.
10. Integrated Waste Management.



- Every Principle is broken down into a number of criteria, ca 200 in total.
- A complete overview of the standards and criteria can be found at http://www.rainforest-alliance.org/programs/agriculture/certified-crops/documents/standards_indicators_2005.pdf

FEELS GOOD TO SEE PEOPLE RECOGNIZING OUR EFFORTS



Building Public Trust Awards 2012
Highly commended
Sustainability Reporting in the FTSE 250



**TOMORROW'S
VALUE RATING**

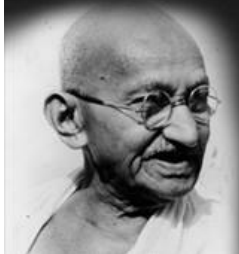


SUMMARY



- ❑ Sustainability is in core of our business
- ❑ Collaboration with Governments, partners, suppliers, NGOs, and society at large
- ❑ KPIs in concurrence with global KOFs
- ❑ Wherever befitting, external certifications obligatory
- ❑ Regular dipstick and report back mechanisms
- ❑ USLP as part of everyone's objectives
- ❑ Creating new business opportunities through sustainability
- ❑ Recognitions to teams, individuals leading on USLP mission

Earth provides enough
to satisfy every man's
need, but not every
man's greed.



QuoteHD.com

Mahatma Gandhi
Indian Political Leader
(1869-1948)

THANKS

