THE SUSTAINABLE SOURCE
February 2013
Dear Suppliers

Last year we updated you all on the progress we have made with Quickfire, the software that manages our self-assessment. We are pleased to see that many suppliers have now fully downloaded their assessments and we are also happy to report that a number of benchmarks with public and suppliers’ own standards have been completed; this is something that Unilever and the respective suppliers can be proud of. A number of you had already reported against these before the end of last year.

A key focus for 2013 is to verify the claims we are making regarding our sustainably sourced volumes and begin to analyse these results. Our Energy and Waste sustainability indicators have been identified as challenging for many of you and your farmers and we will therefore be providing additional support in these areas during this year.

In November of last year we asked you to participate in our second Customer Satisfaction Survey; we had a number of responses and we would like to take this opportunity to thank you for your contributions. Some of the results can be found scattered throughout this magazine.

We also introduce you to the changes we have made within the Cool Farm Tool (CFT), which has recently been made available for farmers as a metric within Quickfire. I was able to attend a few sessions on the introduction of the CFT, which were designed for farmers. It surprised me how much we are able to learn from the tool, particularly around the reduction of greenhouse gas emissions. Read more on page 3.

Our latest Control Union article comes from Mertol Dogru, a member of Control Union World Group, who talks about his Quickfire training experience in Turkey on page 5.

Furthermore, we have another three case studies in our ‘Meet a Supplier’ section on pages 6-8. Here you can learn all about other suppliers and their path to being sustainable.

Caring Dairy is under the spotlight during this issue! On pages 9-10 you can learn about the global initiative and why it is so important for Ben & Jerry’s to have happy cows, happy farmers and a happy planet.

Last year our Unilever colleague Tessa Meulensteen completed her master thesis on Strategies for a successful SAC implementation, and graduated from Utrecht University. She reports on page 11.

We appreciate that there are many challenges for our suppliers to overcome and in recognition of your hard work the Procurement team has developed a Unilever diploma for suppliers and farmers that achieve compliance with the Sustainable Agriculture Code (SAC). You can learn more about this on page 12.

We conclude this edition with a Special Feature written by Nicholaos Yiannakis, the Procurement Manager Sustainable Tomatoes and Herbs. Nicholaos shares with us his thoughts on what needs to be done in order to ensure a sustainable approach to the industry.

I hope that you find this edition of The Sustainable Source useful and I wish you a successful and productive season.

Kind regards
Sikke

SURVEY RESULTS - DEVELOPMENTS

- 54% of you found the new time-saving features in Quickfire either helpful or very helpful
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SUSTAINABLE SOURCING

SUBMISSION NUMBERS

- Total assessments submitted in 2012 were over 4 times higher than in 2011
- There was an average of 22 assessments submitted per supplier during 2012
- Nearly 60% of the submissions in 2012 were made during quarter 4
- Quarter 3 in 2011 and 2012 was the quietest time for assessment submission
- 2013 has started positively - January 2013 submissions are higher than they were in January 2012

KEEP UP THE GOOD WORK!

CHANGES TO THE COOL FARM TOOL

Since 2011, we have been using the Cool Farm Tool (CFT) to collect data on energy use and Greenhouse Gas Emissions from one farmer per supplier. As we have been telling you throughout the year, we have decided that from January 2013 Question 6.3.2.1 will be a farmer question. This means that each farmer who completes a Quickfire assessment will need to work out their own carbon footprint using the Cool Farm Tool.

We have also updated our CFT factsheet with information that you have asked us to add, so please go and check out the latest version here [insert link]. This factsheet should also have been sent to you all before Christmas. In early 2013 we will be having it translated so you can all better understand the Cool Farm Tool and the way that it works.

TOP TIPS FOR USING THE CFT IN QUICKFIRE

1. Only include data for the raw material that the Quickfire assessment relates to
2. Ignore the processing and transport sections
3. Ignore the livestock section, unless you are completing an assessment for dairy or meat
4. Copy the kg CO2 eq per tonne figure from Tab 1. into the answer box for Q.6.3.2.1
5. Save the CFT assessment sheet in Quickfire Office or send to your supplier
6. You can find useful resource materials and Cool Farm Tool community updates on The Cool Farm Tool website http://coolfarmtool.org/

THIS CHANGE WILL BRING VARIOUS BENEFITS:

- It will help us get a more accurate picture of what is happening across the farmer base and help us work with you to reduce your carbon footprint
- It will help you understand some of the variation in practice between your farmers
- It will give farmers information about their own greenhouse gas emissions, and help them understand how change at farm level may bring this impact down
- It will enable individual farmers to see how changes that they implement on farm actually reduce their carbon footprint

We understand that some of you will be apprehensive about this change and will need extra help over the next few months. We held two webinars during January to give you more guidance in completing the Cool Farm Tool. Recordings of these webinars will be distributed to all suppliers in due course.
CUSTOMER SATISFACTION SURVEY

Results from the November Customer Satisfaction Survey confirm that the time taken to complete assessments is going down and to continue this positive trend you will find details below of further usability improvements and the webinars planned for early 2013. We are really listening to the feedback received via the Customer Satisfaction Survey and Supplier Focus Groups and we hope that the software changes you see this year continue to improve your SAC experience.

COMING IN 2013

- Diploma generation in Quickfire (see page 12 for more details)
- Online data collection
- New flexible reporting platform
- The ability to archive sites in Quickfire
- Webinar recordings available in the Quickfire Help Area
- New certifications added to the list of benchmarks

FORTHCOMING WEBINARS

- SAC Reports in Quickfire - February
- Setting up your supply chain and farmer random sampling - March
- New Features Webinar - April

For more information or to register for a webinar please contact technicalservices@muddyboots.com.

QUESTIONS & TECHNICAL SUPPORT

For further detail on anything mentioned in this section and other technical questions related to the software and training, please contact support@muddyboots.com.

OTHER NEWS

We would like to introduce Josh Snook (pictured) who will be the Unilever Account Manager at Muddy Boots whilst Anna Powell is on maternity leave (from the end of February). Anna wishes you all well for your 2013 assessments and looks forward to seeing the results when she returns later this year.

SURVEY RESULTS - TRAINING

- 85% of you thought the speed of training was good
- 93% felt training was clear
- 89% felt prepared to use the software following training

Those who said they felt unprepared will be offered additional training.
It has always been my wish that our producers in Turkey do develop in every way. In most of the villages in Turkey the young population has left their villages. Families with opportunities in villages send their children to Universities and big cities, and because of this there are no young people left to continue quality farming.

In 2011 when I was announced to be the SAC consultant for the Turkish suppliers I was more than happy to carry out this mission. For the first time I would stand next to our producer as a consultant and not as an auditor. As a 10 year experienced auditor in sustainable farming I had the knowledge of what kind of difficulties I would face throughout this journey with the producers of the suppliers. In 2011 we did get the opportunity to apply the SAC with some suppliers and producers. One of the hurdles that I faced was to break the habits of the producers (Traditional farming from father to son). I did not give up, my enthusiasm was not broken.

As a consultant I also had troubles understanding the SAC articles, but in time I understood the soul of the standard, and tried to convey this soul to the producers, I put myself in their place. Working with many of the suppliers, we have convinced the producer of the benefits of applying the Unilever SAC.

As a result, in 2011 we began the SAC journey and in 2012 we have suppliers that are 100% sustainable.

With this standard I have witnessed that producers have made their lives and farming practices easier; they have started to improve in wealth, and their awareness of sustainability has increased.

This has made us more than happy, and shows that our goals are achievable. We are aware as a country and as producers that we have a long way to go. In Turkey we have the ability to produce nearly every kind of product, but we still see most of the producers produce in the traditional way, which is sad. I hope that producers outside of this Project will be inspired to move towards sustainable farming practices.

GOALS ACHIEVED WITH MOST OF THE TURKISH SUPPLIERS

- A quality system has been set up according to the Unilever SAC
- The records for pesticides and fertiliser are kept by those responsible
- Risk assessments are being carried out for critical issues
- Health and safety, pesticide applications, and other training sessions have been carried out by producers

GOALS THAT STILL NEED TO BE ACHIEVED:

- Calculations of CO2, footprint of the producers
- Continuous improvement
TRANSA is a tomato paste and powder producer located in Extremadura region in Spain. Since 1965 the company has been working very close to the fresh tomatoes production but during the last couple of years they have become really involved in the Sustainable Tomato Growing. Thanks to the “Knorr Sustainable Partnership Fund” TRANSA are cooperating with SEO/BirdLife to carry out a complete and proactive plan to improve the Biodiversity in two of their own farms.

This plan started in 2012 when SEO/Bird Life elaborated an inventory of biodiversity in these two farms [297 has in total]: 47 species included in the Catalogue of Endangered Species of Extremadura were detected, like Falco naumanni (falcon) or Meles meles (badger).

The main purpose of this project is to improve the habitats for endangered species and TRANSA is now taking the necessary actions which can be resumed in:

- Seeding and planting native wild species in field borders: the wild florae will provide shelter and food for beneficial insects
- Construction of reptile shelters: the reptile population has been particularly affected by bad agriculture practices. The creation of these shelters will increase the number and diversity of individuals in this area
- Bats shelters installation: bats are very beneficial for tomato growers as they feed on Heliotis and Tuta adults (the main pests on processing tomatoes Spanish fields). Shelters will encourage settlement of new colonies and will help us to reduce pesticides in our crops
- Nest boxes installations for different species of birds (insectivorous like Pareus caeruleus) and for Falco naumanni: the regional administration is particularly interested in the recovery of this species in our area. From the point of view of Biodiversity, F. naumanni plays an important role in the population balance of other species below in the food chain
- Construction of some water ponds for amphibians and dragonflies
- Invertebrates shelters installation: bumble-bees are efficient pollinators, encouraging the reproduction of the majority of the plants

A very important part of the project is to improve the knowledge of the farms biodiversity by training the field workers, organising schools visits to the farms, signalling information point. TRANSA is keen to show what they are doing and the future benefits it will bring to the area.

“We are very excited to see the fruits of this pioneer project in our farms and we hope it can be a seed for future actions in the area to promote the Biodiversity”

Rafael Carranza Erquicia, TRANSA Managing Director
Unilever ice cream brands Breyers’ and Ben & Jerry’s have worked with Partner To Win supplier, Wawona Frozen Foods to achieve Sustainable Agriculture Code (SAC) verification for the sourcing of peaches in California, USA.

The peaches are derived from fresh peaches delivered frozen to the Ice Cream manufacturing plants. They will be used for iconic products such as Breyers’ Peach Ice Cream.

In August 2012, the partnership achieved the great success of fully implementing SAC. Wawona had been working towards this target for two years but the project didn’t come into full fruition until the last year.

The implementation of the SAC was a strategic project with Wawona and led by Tom Boland, Procurement Manager for Unilever, Ben & Jerry’s South Burlington, USA. The project saw Wawona and Control Union working with 30 farmers on understanding and implementing the code.

The work consisted of constantly engaging and teaching the farmers about the importance of the SAC and the long term benefits that implementation of this code will achieve.

The main challenge was demonstrating the bigger picture of the Unilever Sustainable Living Plan and how it contributed on a much wider scale. Unilever and Wawona overcame this challenge through Wawona’s constant dialogue with the farmers and their ability to clearly demonstrate how this contributed directly to the Unilever Sustainable Living Plan and why it is so important.

The next plans are to upscale this project to all of Wawona’s peach farmers.

“California is one of the largest peach producing States in the Country. The fact that we have made this significant step will hopefully influence others to implement sustainable practices in the area. Many agricultural materials are farmed in California and there is a competitive vibe amongst farmers. We hope that this competitiveness will also drive the sustainability agenda.”

Thomas Boland, Procurement Manager, Unilever (located at Ben & Jerry’s)
Unilever brand, Kissan, consumes 10,000 tons of various fruit pulps like mango, banana, papaya, orange, strawberry, lemon etc. on an annual basis. The Supplier Development team in South Asia is working with a key partner supplier to put in place 200 acres of sustainable banana orchards, working with over 150 smallholder farmers. The estimated opportunity for fruits going into Kissan could cover an area of over 2000 acres of farm land involving over 1600 smallholding farming families.

Unilever procures over 10 varieties of fruits for Kissan jam & squash and most of it has a short harvest season and comes from different growing areas and geographies. Rolling out the Unilever SAC to farmers across this supply base requires the company to track growing practices in a large number of small/medium sized fields, which is no easy task.

The fruit processing industry is a small percentage of the overall market; there is a need to identify orchards that can be segregated and create a commercial case for SAC adoption. To achieve sustainability, farmers are being advised to use tissue culture hardened seedlings from Unilever supplier Jain Irrigation, which are suitable for processing purposes.

The farmer training is conducted through Farm Field Schools (FFS) for technology dissemination and training to enhance yield through better farming practices like high density plantation, Integrated pest management, implementation of water conservation through measures like drip-irrigation.

With the help of their supplier’s team of agricultural extension workers, Kissan could actively train and guide the farmers on farming practices as per Unilever SAC under the guidance of a Unilever agronomist. Unilever has also partnered with agricultural companies like Bayers as part of SICKLE (Sustainability In Cooperation with Key partners to Leverage our agriculture Expertise) to deliver the sustainability agenda. Pest Management, efficient irrigation, better tissue culture raised seedlings and soil management are the key areas of focus.

Martin Huxtable, Director Ingredients, applauds the success saying the challenge on sustainability is far from over. To quote Martin; “After the success in Banana sustainable sourcing of other fruits like pear, papaya and grapes will be the next step in 2013”.

"We are on target to design and implement a field training programme for suppliers and their farming families with support from Control Union”

Dr Vijay Sachdeva, Unilever Procurement Manager, Supplier Development
BRAND SPOTLIGHT
CARING DAIRY

Caring Dairy is an initiative from Unilever brand, Ben & Jerry’s which supports the Unilever Sustainable Living Plan (USLP) through focusing on sustainable dairy production. The Caring Dairy programme is based on three simple principles: Happy Cows, Happy Farmers and Happy Planet, which are the key ingredients to great ice cream.

WHAT’S THE ISSUE?

In many cultures around the world, dairy products are eaten for breakfast, lunch and dinner – and dessert! As a result, the dairy industry is a key component of the global food system and very important to the health of rural economies in many places. Family-owned and family-operated farms provide a way of life whose benefits extend far beyond the boundaries of the farm.

Like much of global agriculture, the dairy industry is implicated in many environmental challenges, including the loss of topsoil, deterioration of water quality, loss of biodiversity and global climate change. But well-managed dairy farms can also have a positive environmental impact – and Caring Dairy cultivates these kinds of on-farm improvements. Typically, farmers are vulnerable to widely fluctuating global prices for their product, as well as volatile commodity costs that cause large disparities in their operational costs. Ben & Jerry’s believes that there should be proper support systems in place globally that help farmers evaluate and make value-added changes to their farm.

WHAT DOES THIS MEAN FOR BEN & JERRY’S?

One of Ben & Jerry’s core Company values is to support sustainable and safe methods of food production that reduce environmental degradation, maintain the productivity of the land over time, and support the economic viability of family farms and rural communities around the globe. Since ice cream is mostly dairy, Ben & Jerry’s has made sustainable dairy programmes a key social mission priority with specific goals.

Working with dairy producers on both sides of the Atlantic, the company has developed the Caring Dairy program, which helps farmers to continuously improve practices against multiple sustainability indicators, such as energy use, nutrient use, water quality, pesticide use, animal husbandry, biodiversity, labour practices, and farm economics.

Farmers must annually participate in three workshops and complete two in-depth process improvement plans – all in support of improved on-farm practices.
WHAT ARE THE NEXT STEPS FOR THE PROGRAMME?

1. Ben & Jerry’s will seek to source the dairy used in ice cream from farms that participate in the Caring Dairy programme. The company believes it is good for the farmer, the farm worker, the cow and the planet.

2. Where Ben & Jerry’s can be productive and influence the process, it will advocate for policies at the local, regional, national and global levels that support small-scale dairy farms and that promote the stability of the dairy industry in general.

3. Ben & Jerry’s will share what it learns from the Caring Dairy programme and invite other businesses to adopt the programme to support a unified, proactive and sustainable dairy industry.

Ilaria Ida, European Social Mission Manager, Ben & Jerry’s, said: “Caring for a cow’s health and well-being is not only good for the cow, but improves the overall performance of a farm too. With reduced risk of illness, cows produce better quality milk... and better quality milk means better tasting ice cream.”

For more information, see www.caringdairy.com (live from middle of Feb) or contact Andrea Asch, Global Caring Dairy Manager.
Last September I graduated from the research Masters Degree Sustainable Development: Environmental Policy and Management from Utrecht University in the Netherlands. As part of my studies I conducted research for Unilever. I looked at the different strategies which Unilever uses to implement the Unilever Sustainable Agriculture Code (SAC) with suppliers. My aim was to find out which of these strategies or combination of strategies is most successful.

For this research a survey was sent out to suppliers, but also to Unilever procurement managers and Control Union consultants. Their responses enabled me to draw some interesting conclusions, which I would like to share with you here.

FOUR ASPECTS WHICH POTENTIALLY INFLUENCE SAC IMPLEMENTATION WERE EXAMINED:

1. Is it clear what SAC implementation means?
2. Are suppliers able and capable to implement the SAC?
3. Does it cost much to implement the SAC?
4. Are there possibilities to apply for a fund for SAC implementation and are suppliers aware of those possibilities?

Interestingly, one of the conclusions was that in order for SAC implementation to improve, it needs to be clear to the farmer what this implementation means. At the same time a supplier needs to be able to actually implement the SAC and the costs for implementation must not be considered too high. If one of those conditions is not met, SAC implementation will most probably be less successful. Therefore, it is not enough to just focus on clarifying the SAC, but in addition training and cost aspects need to be considered.

My research found that rather than the content of the message, the way it is communicated has the largest influence on SAC implementation. The conclusions of the research all relate to extending the diversity of the communication tools and methods which Unilever currently uses. By improving the way of communicating with suppliers, also the meaning and importance of SAC implementation will become more apparent. As a result, implementation of the SAC will improve.

I graduated last September and I am happy to say that I am still working for Unilever. As of the 1st of September I started working for Unilever as a Management Trainee in Quality Assurance. This is a new challenge for me, but I am sure this will provide me with as much learning opportunities as I had during the nine months of my research.
Unilever would like to thank suppliers in recognition of their hard work in implementing the Sustainable Agricultural Code (SAC). That is why a Unilever diploma has been developed to award suppliers and farmers that have achieved compliance with the Sustainable Agriculture Code (SAC).

All suppliers that achieve full or partial compliance with the SAC are entitled to receive the diploma. You do not need to apply for this, the diploma is created automatically as a PDF report available in Quickfire as soon as you complete and submit a set of assessments in which compliance is achieved. The diploma will cover all crops produced in one processing site (or in one group of sites in case of a common management system) corresponding to the ‘supplier’ entity defined in Quickfire, and will be valid for between 12 and 18 months (depending on when you submit your assessments). You will be able to print multiple copies for yourselves and can display it with pride in your home or office.

Unilever is internationally recognized for its efforts in sustainability and sustainable agriculture, and this diploma proves your collaboration in helping us work towards the Unilever Sustainable Living Plan.

THANK YOU FOR YOUR CONTINUED SUPPORT.

SURVEY RESULTS - SAC

- 54% of you are taking less than 3 hours to complete a Farmer Assessment
- 26% of you are taking less than one week to complete a round of assessments
1. WHAT INSPIRED YOU TO WORK IN THIS INDUSTRY?

I love the world that we live in. However what sometimes upsets me is that it is not the world I remember 10 years ago, and certainly not the world I knew 10 years before that! My childhood was spent on a farm in Malawi, surrounded by indigenous forest filled with Elephants, Lion and many other animals. The farm is still there but a significant change is that the dirt road has tarmacked over, electricity has been brought to the area, there are many shops selling almost anything one could want and nearly everyone has a mobile phone.

However this is all at a price because people are hungrier than before and our once lush and green land and abundant river is drying up. I see this example in Malawi and in many other areas that I have lived and worked in. To me the global problem is that we are slowly starving ourselves by destroying the arable land and source of water.

2. DOES THIS ALSO INSPIRE YOUR HOME LIFE?

My family runs a small charity called www.masukutreeoflife.org. In 2012, we had a great success – a community of people in Masuku were able to self-fund a conservation project (that’s right! Not through a foreign donation). What each child involved in the project has independently said is that they are all worried that the water is running out, the trees are disappearing and the animals are going away – their three main sources of life!

Sustainability is an issue of survival for some people, therefore we need to take the Unilever Sustainable Living Plan (USLP) very seriously – it is not just something in our strategy that we will one-day put on our brands and then feel better. It is something that we should consider in every aspect of our life.
3. HOW HAS YOUR ROLE CHANGED IN THE LAST 12 MONTHS?

When I started my job as the global procurement manager tomato and herb buyer, I realised that as Unilever has about 5% global market share of processed tomatoes, I had the opportunity to make a real difference to the world. We originally had a plan to be 100% sustainable by 2015 but I immediately saw we had the processes and drive in place to achieve more. We then began the race to get a sustainable supply. This element of urgency has enabled us to have a sustainable foothold now in all the three main growing regions (USA, Europe and China), with a small portion of our suppliers needing to cross the finish line.

With this success and looking at how far we have come we can now grow our volume and in turn allow our sustainable supply base to grow and thus become more competitive as they invest more into sustainable practices [drip irrigation, precision farming, etc.]. With programmes such as the Knorr Sustainability Partnership fund we can both support our suppliers/farmers to adopt more sustainable practices, but also do directly advertise our great brands to the start of our supply chain thus creating a sustainable lifecycle.

4. WHAT ARE THE KEY CHALLENGES IN SOURCING SUSTAINABLY?

Our biggest concern in the area of tomatoes and herbs is that farming/production is limited to a handful of locations around the world, population/demand is growing and arable land is decreasing. On top of that, people are less interested in farming and moving to the cities for ‘instant gratification’.

Personally what I want to see is a less speculative and more efficient and sustainable approach to industry as over the long term so it can bring more stable and sustainable prices to all parties.

5. WHAT CHANGES NEED TO TAKE PLACE IN ORDER TO OVERCOME THESE CHALLENGES?

Companies need to move with the markets, however they also need to realise that if your sourcing strategy is pinned purely to countries that have a low or unliveable wage there is a problem. I hope that more companies start to have a longer term strategy that looks at low cost solutions and not just low cost people. I truly believe that Unilever has stepped up to the challenge with the USLP and I am excited about the future.
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