

## Minutes

**'A key ingredient - the added value of sustainable sourcing'.**

**17 November 2008, 2-3.30pm**

### **Welcome and Introduction:**

Bill Wiggan MP welcomed speakers and attendees to **the All Party Food and Drink Manufacturing Industry Parliamentary Group**, which met to discuss the issue of sustainable sourcing. Speakers included

- **Gavin Neath, SVP Global CSR and UK National Manager - Unilever**
- **Jonathan Horrell, Corporate Affairs Manager UK & Ireland - Kraft**
- **Richard Perkins, Agriculture and Rural Development - WWF**

Around 30 stakeholders attended; including representatives from NGOs, trade associations, and manufacturers.

### **Presentations**

**Gavin Neath, SVP Global CSR and UK National Manager from Unilever** spoke about the current work Unilever are doing to sustainably source many of their key commodities - as around 68% of their raw materials come from agriculture. Unilever have a long history of sustainable sourcing ranging from fisheries, tea and eggs. Mr Neath spoke of the current demand for palm oil soaring due to population and GDP growth as well as the knock on effects through deforestation and climate change. Unilever buy 4% of the world's production of palm and have made public commitments to draw all palm oil from sustainable sources by 2015; to have segregated supplies of straight palm in Europe by 2012; and support Greenpeace's efforts to end further deforestation in Indonesia. The principle mechanism to achieve this is through the Roundtable on Sustainable Palm Oil, working with the Malaysian and Indonesian governments as well as a coalition of manufacturers, banks and NGOs. Mr Neath called for government to have greater involvement in the debate especially in advance of the Copenhagen conference as well pulling policy levers to stop the destruction of the rainforests as well conducting rigorous environmental impact assessments on biofuels both here and in Brussels. Finally Mr Neath suggested that government along with markets develop financial incentives to make rainforests more valuable alive rather than dead.

**Jonathan Horrell from Kraft** spoke about the issues affecting currently food production such as high fuel prices, resource pressures as well as the social pressure around the issue of availability which all affect the issue of sustainable sourcing. Mr Horrell highlighted the necessity of sustainable sourcing a long-term business strategy and into every business decision made. Kraft has published goals to reduce energy usage and CO<sub>2</sub> emissions by 25%, waste by 15% and water by 15% by 2011. Kraft has focussed on the sustainable sourcing primarily of tropical commodities – which generally need more urgent attention. Kraft has worked with the Rainforest Alliance on coffee and cocoa. The Rainforest Alliance is a major certifier of coffee and Kraft now purchases over 3% of their cocoa sustainably compared to 1% only 3 years ago – the major ambition being to source all Kenco products from the Rainforest Alliance by 2010. Mr Horrell stated that Kenco are also looking at sourcing energy sustainably. In terms of political intervention, Mr Horrell challenged government to increase public procurement as well as making consumer labelling fair and level playing. He also highlighted the importance of engagement with origin countries.

**Richard Perkins of WWF** praised the efforts of food manufacturers regarding sustainable sourcing but called for further steps to be taken in agriculture. He stated that it was far more important for a manufacturer to engage in transforming its supply chain, highlighting the fact that the food sector is highly fragmented, with most of the issues in sustainable sourcing arising in agriculture. Mr Perkins paid tribute to the work of the Rainforest Alliance and the various roundtables and urged the food and drink manufacturing industry to engage with the roundtables as a whole. However the WWF felt that it was important to now focus on the issues of beef and dairy as these commodities were fundamentally important in terms of their greenhouse gas emissions. He called for legislators to seriously reduce agricultural emissions and the overall impact of the meat sector. He also appealed for a collaborative strategy on the part of companies as well as improving the value of the standing forest, specifically mentioning the inroads of the Brazilian meat industry on the Amazonian rainforest.

### **Questions and Answers**

In a combative and challenging Q&A session, chairman Bill Wiggin MP confronted Unilever over the timeliness of their pledges to source sustainable palm oil. Mr Wiggin offered a strong worded critique of current sourcing activity, stating that the slow take up rate of the members of the RSPO was unacceptable. He commended members on their overall activity but said that companies were not doing enough given consumer support for sustainable strategies. He called for the introduction of a 'sustainably sourced' logo to be added onto all products that contained palm oil and its derivatives. Unilever countered this by illustrating the difficulty of tracing and tracking all palm oil ingredients, stating that it was not as easy as a single use commodity such as tea and that it was also very difficult to communicate to consumers in terms of marketing and branding. Mr Wiggin MP argued that it was not good enough that companies do not pay the premium for commodities when they could afford them and when consumer would be willing to cushion to extra cost. This caused disagreement as to whether consumers would step up to pay the difference for sustainably sourced products. Mr Wiggin MP also pointed to the limitations of the Roundtables saying targets were not ambitious enough.