

13 April, 2017

RE: THE GREAT PALM OIL SCANDAL AND FOLLOW UP ACTION

Dear Seema,

Thank you for your letter seeking a progress update relating to the issues you raised in your report: 'The Great Palm Oil Scandal: Labour Abuses Behind Big Brand Names'.

Since these issues were brought to our attention in October 2016 we have been working with Wilmar and the rest of the industry to address them. Alongside regular calls and status updates, we have hosted various meetings with stakeholders in Malaysia, Indonesia and Singapore, to raise awareness of these issues and to seek proactive solutions. We have also raised this within the Consumer Goods Forum Palm Oil Working Group to push industry-wide change.

Whilst all issues are not yet resolved, we see progress and believe Wilmar is moving in the right direction by engaging experts such as BSR and Verite, which will allow objective independent reviews of both their own operations and conditions in plantations and help implement solutions.

Wilmar has also stepped up its transparency by publishing grievances raised on their website. We are of course very aware that voices of the workers themselves are critical to the process and will be paying close attention to make sure these are heard. We believe it to be essential that any progress is independently verified, including by the workers and their representative organisations. The role of trade unions also remains critical. We recognise that systemic change will not happen overnight. The challenge is in demonstrating effective implementation and we are committed to work with Wilmar to ensure that the implementation of these commitments remains a top priority.

We welcome the fact that Wilmar has undertaken external independent assessments in two of their plantations in North Sumatra, namely PT Perkebunan Milano (PM) and PT Daya Labuhan Indah (DLI), from August 2016 to February 2017 and has reported on this publicly. We firmly believe in ensuring fair working conditions for all workers including contract workers and to prohibit any practices that amount to forced labour or could lead to child labour.

Additionally, workers' understanding relating to legal requirements is key and we welcome all positive steps in this direction - for example, the creation of a standard payslip across Indonesia. And we are encouraged by Wilmar's goal to balance the male and female ratio of workers as a step towards better assessment and remediation of potential discrimination against women.

We acknowledge that Wilmar has made commitments on no use of paraquat and chemical stewardship. Effective implementation of these commitments on the ground is of course now critical.

Through our engagement with Wilmar, we recognise that steps are needed to mitigate the potential impact on the health and safety of workers during prolonged haze periods. They acknowledge the need to take proactive actions adhering to district protocols (i.e. such as during declared state of emergency) and when pollution levels are at unhealthy levels. Wilmar is intending to work with an external expert, Verite, in collaboration with worker representatives across Indonesian operations, to address this.



Regarding our sourcing from the refineries you mentioned in your letter, we do source directly from two refineries: PT Multimas Nabati Asahan (MNA) in Kuala Tanjung and PT Wilmar Nabati Indonesia (WNI) in Gresik.

The Gresik refinery supplies our Indonesian soap factory where we produce brands such as Zest and Citra. The Kuala Tanjung refinery is an export facility which supplies our factories in South Africa and West Africa for brands such as Stork, Rondo and Breeze.

Through our engagements, we have been assured by Wilmar that a process is in place for independent investigations of alleged improprieties and appropriate follow-up actions. Complainants will be protected from reprisals for whistleblowing in good faith and without malice. Part of our future discussions and intent with the remediation plan will be around ensuring the implementation of effective and trusted grievance mechanisms and that swift and appropriate action is taken if further examples are found.

In reference to Unilever's support for the Norwegian Government's palm oil fund, the fund aims to protect over five million hectares of forests and peatlands in tropical production and sourcing areas directly through projects secured by 2020. It will do this by de-risking private capital investments into large deforestation-free production and protection initiatives. With a 2020 capitalisation target of US\$400 million, to be drawn from bilateral and multilateral public donors as well as private sector partners, the Fund aims to trigger US\$1.6 billion in private capital investments.

The fund is in early development stages and due to our involvement, we will be making sure that governance decisions are made with full consideration and action on any human rights and labour issues.

Much of our time is spent on trying to drive systematic change in the palm oil industry through coalitions such as the Tropical Forest Alliance, RSPO, New York Declaration on Forests, Banking Environment Initiative and the World Business Council for Sustainable Development. We believe our scale is an opportunity for us to influence the rest of the industry and we will continue to use this influence on the issue of human rights. Additionally, we are working with industry bodies such as the Consumer Goods Forum to eradicate forced labour focussing on migrant workers in palm oil in Indonesia and Malaysia and particularly on three core principles of freedom of movement, employer pays for recruitment and no coercion to work/no debt to repay. We are also members of the Leadership Group for Responsible Recruitment, a collaboration between leading global companies and expert organisations working towards best practices in the responsible recruitment of migrant workers.

A large part of our sustainable palm oil programme is about shortening our supply chain, so we can get closer to the smallholder farmers. For example, in 2015, we inaugurated a new palm oil facility in the Sei Mangkei Special Economic Zone (SEZ) of North Sumatra. The facility, which represents a €130 million investment, marks one of Unilever's latest actions to progressively move to 100% physical certified palm oil over 2015-2020. Now the Sei Mangkei factory is traceable to mills and potentially links to 25,000 independent smallholders in the surrounding area.



We are opposed to and we do not tolerate any form of labour abuse. We have identified and engaged on labour issues and will continue to do so working across the industry. While specific issues are important to be raised, and dealt with, we believe we need to step up the discussion and actions to ensure long term sustainable industry-wide change. A top-to-top meeting with Wilmar is scheduled early next week to take this forward. Together, we believe we can lead the industry to drive long term change with a time-bound action plan. Support from stakeholders and governments will be critical to drive this change.

We remain committed to a constructive path forward and believe that collaborative efforts remain the most effective approach to affect real change.

Best Regards,



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