



November 2013

Sustainable Palm Oil Sourcing Policy

Introduction

Unilever uses palm oil in products such as margarine, soups, sauces, bouillon and ice cream as well as a range of home and personal care products. Sustainable palm oil is a nutritious, versatile raw material that is the most land use efficient amongst the vegetable oils. For Unilever it is important that our consumers and customers have the confidence that the palm oil used in our products has been sustainably sourced from known and certified sources.

Policy Framework

Building on the RSPO's Principles & Criteria (P&C) as a foundation, Unilever's Sustainable Palm Oil Sourcing Policy is designed to drive market transformation by working with key suppliers and the industry to focus on a halt to deforestation, protect peat lands and drive positive economic and social impact for people and communities.

Commitment

Unilever commits to eliminate deforestation from our supply chain and create positive impact for workers, farmers and local communities. As a result, Unilever is committed to source all of our palm oil traceable to known and certified sources by 2020.

Sustainable Palm Oil Principles

The following Principles are vital to create a sustainable palm oil industry:

Halt deforestation

- No development of High Carbon Stock (HCS) forests
- No development of High Conservation Value (HCV) areas
- No burning in the preparation of new plantings, re-plantings or any other developments
- Progressively reduce greenhouse gas emissions on existing plantations
- Adherence to all relevant national laws, RSPO or equivalent certification

Protect peat lands

- No new development on peat areas regardless of depth
- Apply Best Management Practices for existing plantations on peat
- Working with experts and stakeholders, explore options for peat restoration where feasible

Drive positive economic and social impact for people and communities

- Respect and support the Universal Declaration of Human Rights
- Respect and recognise the rights of all workers
- Respect Land Tenure Rights
- Respect the rights of indigenous and local communities
- Facilitate the inclusion of smallholders into the supply chain



November 2013

- Resolve all valid complaints and conflicts through an open, transparent and consultative process

Milestones

- From today, we will work with suppliers that show commitment and intent to adhere to principles consistent with our own ambition;
- By the end of 2014, Unilever aims to have all of our palm oil bought from known sources;
- Our Sei Mangkei Oleochemical plant, in North Sumatra, once operational, will be sourced with palm oil from known and certified sources;
- By 2020 at the latest, Unilever will only purchase palm oil and its derivatives traceable to known and certified sources.

Measurement & Reporting

Unilever will be transparent about its progress and provide publicly available information on an annual basis, supported by independent assurance of the Unilever Sustainable Living Plan.

Time-bound Plans & Working with Suppliers

Unilever will work with growers, traders and processors to develop individual time-bound action plans to deliver a supply chain for certified sustainable palm oil. In working with suppliers, Unilever will conduct all of its operations in accordance with the principles of fair competition and applicable regulations including adherence to Unilever's Supplier Code.



November 2013

ANNEX: DEFINITIONS

Unless specifically referenced, RSPO P&C applies.

Known source:	Refers to an inbound supply chain capability to identify the origin of palm oil used in the manufacturing of our products to a known and identified universe of originating Crude Palm Oil Mills.
Certified source:	Refers to known sources that are RSPO certified or certified against an RSPO equivalent standard.
Unknown origin:	Refers to palm oil or derivatives that cannot be identified to its originating crude palm oil mills.
Peat:	Soil containing more than 65% organic matter.
Peat restoration:	Peat restoration is defined as restoring natural vegetation on peat where feasible, and working with experts, stakeholders, and communities to implement best practices.

High Carbon Stock (HCS) Forests

On-going field based research has identified vegetation “stratas” that can include:

High Density Forest:	Remnant forest of advanced secondary forest close to primary condition
Medium Density Forest:	Remnant forest but more disturbed than High Density Forest
Low Density Forest:	Appears to be remnant forest but is highly disturbed and recovering
Regenerating Forest:	Mostly young regrowth forest but with occasional patches of older forest
Young Scrub:	Recently cleared areas with some woody regrowth and grass-like ground cover
Cleared/Open Land:	Very recently cleared land with mostly grass or crops and few non-crop woody plants.

Primary Forest as well as High, Medium and, Low Density Forest and Regenerating Forests are regarded as High Carbon Stock (HCS) Forests.

A multi-stakeholder dialogue and consultation process will be used to develop a pragmatic framework to determine the ‘no go’ areas. The HCS framework may need to be customised depending on geographies (eg. Africa landscapes where the vegetation strata may have a different range to SEA landscapes and consequently the HCS threshold may be different). To achieve the long-term protection of HCS forest areas this will also include pragmatic assessments of social, economic and political factors.

Once defined and agreed, Unilever will adopt the recommended threshold Carbon Stock Values recommended in the HCS framework.



November 2013

High Conservation Value (HCV) areas

“High Conservation Value” areas refer to the areas necessary to maintain or enhance one or more High Conservation Values (HCV), where a HCV is a biological, ecological, social or cultural value of outstanding significance or critical importance. More detail is available through the High Conservation Value Resource Network via www.hcvnetwork.org.

Progressively reduce greenhouse gas emissions on existing plantations

Referenced in RSP0’s P&C 5.6 GHG reduction tool or equivalent tools.

Protect peat lands

Best Management Practices for existing plantations on peat and peat restoration.

For existing plantations on peat, Best Management Practices are defined as those included in RSP0 P&C 4.3 (Practices to minimise control erosion and degradation of soils).

Drive positive economic and social impact on people and communities

Universal Declaration of Human Rights <http://www.un.org/en/documents/udhr/index.shtml>

Unilever’s Supplier Code <http://www.unilever.com/aboutus/purposeandprinciples/supplier-code/>

Respect the rights and title of indigenous and local communities, and including the Free, Prior and Informed Consent (FPIC) of indigenous and local communities to activities on their customary lands where plantations are developed. Refer to the *FPIC and RSP0: A Guide for Companies*.

<http://www.rspo.org/file/FPIC%20and%20the%20RSP0%20a%20guide%20for%20companies%200Oct%2008%20cover.pdf>