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Sustainable Wood Fibre-Based Material Policy

Introduction

Unilever is a leading consumer goods company buying considerable quantities of wood fibre-based materials that are mainly, but not exclusively, used for paper packaging. We acknowledge we have a role to play, through sustainable sourcing, in promoting sustainable forest and plantation management practices, as well as in helping end deforestation. To Unilever, it is important that our consumers and customers can be confident that the wood fibres used in our products have been sustainably sourced from known and certified or recycled sources.

Policy Framework

Building on third party forest certification standards, Unilever's wood fibre based material policy is designed to drive market transformation by working with key suppliers and the industry to

- halt deforestation
- promote best practices in sustainable forest and pulp plantation management, and
- drive positive economic and social impact on people and communities.

In addition, we have a role to play in optimising the use of recycled material as well as increasing the recycling and recyclability of paper in our packaging.

Commitment

Unilever is committed to eliminating deforestation from our supply chain. By 2020, we are committed to sourcing all the wood fibre-based materials we buy from certified and known sources.

The Principles We Abide By

Our principles are critical to drive transformation in the way we sustainably source wood fibre. They involve the following commitments:

Halt deforestation

- Adherence to Unilever's Eliminate Deforestation Position
- No sourcing from illegally harvested wood
- No sourcing of wood fibres from controversial sources

Promote best in class practices

- Drive traceability of the fibre value chain to source through chain of custody certification
- Drive growth in forest certified materials
- Optimise the use of sustainable virgin and recycled fibres in our packaging materials

Drive positive economic and social impact for people and communities

- Respect and recognise the rights of all workers
- Respect Land Tenure Rights
- Support the role of small scale family forestry in the supply chain
- Compliance with Unilever's responsible sourcing policy



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Milestones

- From today, we will work with suppliers who show commitment and intent to adhere to the principles in this policy
- By the end of 2015 100% of all of our paper and board packaging will be sourced sustainably (recycled, or certified virgin)
- By 2019 we will accept recycled fibre products only when they come from certified sources (with a full chain of custody)
- By 2020 at the latest, Unilever will source wood fibre-based materials solely from certified sources (with a full chain of custody)

Milestones for Paper-Based Office Materials

Sustainably sourcing our paper based office materials already forms a part of our Unilever Sustainable Living Plan (USLP) commitments. We have adopted the following timetable for roll out:

- By 2013 all paper-based office materials for our top 21 countries were sourced sustainably
- By 2016 this will apply to all countries in Europe and Latin America
- By 2020 at the latest, all paper-based office materials for all locations will be sourced sustainably

Measurement & Reporting

Unilever will be transparent about its progress. This involves working with suppliers to measure and report progress, on a yearly basis, the progress we are making towards the goals outlined above. We use a supplier self-assessment approach verified through a programme of regular and independent audits.

Time-bound Plans & Working with Suppliers and Stakeholders

Unilever will work with its packaging suppliers to develop individual time-bound action plans to deliver a supply chain for certified sustainable wood fibre-based materials.

- Suppliers must make a time-bound commitment to have their production certified by a Unilever-recognised third party certification scheme
- When the production chain is chain of custody certified, the share of certified virgin fibre or recycled raw material must be gradually increased, according to a time bound commitment, until the level required by this policy is reached.

In working with suppliers, NGOs and other industry groups, Unilever will conduct all of its operations in accordance with the principles of fair competition and applicable law, including adherence to Unilever's Code of Business Principles. In turn, Unilever requires its suppliers to commit to its Responsible Sourcing Policy.



ANNEX 1: DEFINITIONS

Wood Fibre Based Materials:

This policy covers wood fibre based materials in the following sourcing groups: packaging made of wood fibres, point of sale and commercial print materials used in marketing applications, pallets and office paper products. It will automatically apply to all future material applications containing wood fibre based raw materials. The policy covers all wood fibre-based materials purchased by Unilever directly as well as materials sourced for Unilever by third party manufacturers.

Paper & Board Packaging:

Our 2015 and 2019 Milestones refer to the paper and board packaging we purchase directly. This includes folding cartons, customer packaging, aseptics, and ice cream sticks, but does not include flexible, labels or tea bags.

Virgin Wood Fibres:

Virgin wood fibre is fibre material that has been extracted directly from wood or any solid wood products.

Recycled Fibres:

Unilever accepts as recycled fibres:

- Pre-consumer waste originating from fibre that has been diverted from the waste stream during the manufacturing process and has not been used by the end consumer. Unilever does not consider mill broke from virgin fibres as recycled material.
- Post-consumer waste that has been used for its intended purpose by the end users of the product and has been reclaimed from the waste stream. Unilever does consider mill broke from recycled fibres as recycled material.

Sourced Sustainably:

In accordance with the wood fibre based materials policy, by the end of 2015 100% of our paper and board packaging will be sourced sustainably. The following definitions apply:

Virgin Material:

Virgin material must come from Unilever-recognised, third party certified sources (see definition below).

Recycled Material:

During a transition period from 31 December 2014 until 31 December 2018, recycled material will be considered as sustainable if it fits the definition of 'recycled fibres' provided above

- When supplying products under a recycled claim, the supplier must report the fibre composition in terms of (a) recycled fibres, (b) certified virgin fibres and (c) virgin fibres, giving each as a percentage of the total content
- The percentage of product content shall be calculated on a six-monthly rolling average



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Certified Sources:

In accordance with the wood fibre-based policy, by the end of 2015 100% of our virgin material will come from certified sources, and by 2019 we will require that recycled products are also fully chain of custody certified.

Unilever currently accepts products as certified when the following two criteria are met:

- i. Products are delivered in accordance with FSC or PEFC chain of custody standards
- ii. Related documentation such as invoices and delivery notes carry required information about certification

For virgin products, Chain of Custody certification is a mechanism for tracking certified material from the forest to the final product. It means we can be sure that the wood, wood fibre or non-wood forest produce contained in the product can be traced back to certified forests. A forest certification provides reassurance of sustainable forest management at site. The requirement for certified Chain of Custody covers the complete supply chain: each stage of manufacturing from wood supply until finished product must be certified.

For recycled products, Chain of Custody certification is a mechanism for ensuring that the initial feedstock in the product is recovered material, and that this fibre is tracked through the supply chain to the final product.

In this policy, 'certified sources' refers to sources that are certified against the third party verified Forest Stewardship Council (FSC) or Programme for Endorsement of Forest Certification (PEFC) schemes, with full chain of custody. In addition to the requirements stipulated by these schemes, we require assurance that fibres sourced from countries on the exception list have not come from controversial sources, particularly in the case of PEFC (see section below). Other schemes may be recognised in the future based on a benchmark against the Unilever Sustainable Agriculture Code.

Time-bound Plans:

We require our suppliers to put in place time-bound plans to increase the share of certified virgin fibre or recycled raw material in the products they supply to us. Deliveries of products that do not include 100% certified fibre will be prioritised in Unilever's regular compliance audits. Until it is possible to reach 100% certified fibre, we will pay particular attention to PEFC certified products to ensure that no controversial sources from the exception country list (see annex 2) have entered the supply chain. In the case of FSC certified products, this risk is mitigated by their standard on controlled wood.

Exception Countries:

Sources of virgin wood fibre shall be known, free of corruption and compliant with applicable legal requirements. Particular attention has to be given to wood fibres sourced from a country of origin on the Wood Fibre-Based Materials Exception Country list. These countries have been identified by various scientific institutions and NGOs as requiring special attention for one or more of the following activities related to wood product harvesting:

- i. Illegal logging
- ii. Forest Conversion
- iii. Civil and Traditional Rights Violations
- iv. Threatened High Conservation Values



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Deliveries from these countries will be prioritised in Unilever's regular compliance audits. Suppliers will be required to have all documentation related to risk assessment immediately available. The Exception Country list is in Annex 2.

Risk Assessments

Risk assessments are a means to provide proof for compliant virgin material sources and determine potential risk for wood fibre from unacceptable sources entering the supply chain. Risk assessments are based on country of origin, available certifications, timber species, supply chain structure and other available information.

When risks are identified, measures shall be taken to work with suppliers to eliminate controversial sources of virgin fibre. A due diligence system that meets, at minimum the EU Timber Regulation Due Diligence or US Lacey Act requirement is required.

Halt Deforestation

Unilever Eliminate Deforestation position [LINK TO BE ADDED](#)

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

ⁱ The following standards apply:

FSC:

STD-40-003: Standard for Multi-site Certification of Chain of Custody Operations

STD-40-004: FSC Standard for Chain-of-Custody Evaluation

STD-40-004a: FSC Product Classification

STD-40-004b: FSC Species Terminology

STD-40-005: FSC Standard for Company Evaluation of FSC Controlled Wood

STD-40-010: FSC Controlled Wood Standard for Forest Management Enterprises

STD-40-007: FSC Standard for Use of Reclaimed Material in FSC Product Groups and FSC-certified Projects

STD-50-001: Requirements for the use of FSC trademarks by Certificate Holders

PEFC:

ST 2002:2010: Chain of Custody of Forest-Based Products – Requirements

GD 2001:2011: Chain of Custody of Forest-Based Products – Guidance for Use

ST 2001:2008: Logo Usage Rules