

## Particulars

### About Your Organisation

#### 1.1 Name of your organization

Unilever

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#### 1.2 What is/are the primary activity(ies) or product(s) of your organization?

- Oil Palm Growers
  - Palm Oil Processors and/or Traders
  - Consumer Goods Manufacturers
  - Retailers
  - Banks and Investors
  - Social or Development Organisations (Non Governmental Organisations)
  - Environmental or Nature Conservation Organisations (Non Governmental Organisations)
  - Affiliate Members
  - Supply Chain Associate
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#### 1.3 Membership number

4-0001-04-000-00

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#### 1.4 Membership category

Ordinary

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#### 1.5 Membership sector

Consumer Goods Manufacturers

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## Consumer Goods Manufacturers

### Operational Profile

#### 1.1 Please state what your main activity(ies) is/are within manufacturing

- End-product manufacturer
- Food Goods
- Home & Personal Care Goods
- Own-brand-Manufacturer

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### Operations and Certification Progress

#### 2.1 Please include details of all operations using palm oil, majority owned and/or managed by the member and/or related entities

##### 2.1.1 In which markets where you operate, do you manufacture goods with palm oil and oil palm products?

- Applies Globally

##### 2.1.2 In which markets where you operate, do you calculate how much palm oil and oil palm product there is in the goods you manufacture?

- Applies Globally

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#### 2.2 Volumes of palm oil and oil palm products (Tonnes)

##### 2.2.1 Total volume of Crude and Refined Palm Oil used in the year (Tonnes)

643,496

##### 2.2.2 Total volume of Crude and Refined Palm Kernel Oil used in the year (Tonnes)

231,014

##### 2.2.3 Total volume of Palm Kernel Expeller used in the year (Tonnes)

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##### 2.2.4 Total volume of other palm-based Derivatives and Fractions used in the year (Tonnes)

435,318

##### 2.2.5 Total volume of all palm oil and oil palm products used in the year (Tonnes)

1,309,828

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**2.3 Volume of palm oil and oil palm products used in the year in your own brand products that are RSPO-certified (in tonnes):**

Description	Crude and Refined Palm Oil	Crude and Refined Palm Kernel Oil	Palm Kernel Expeller	Other palm-based derivatives and fractions
2.3.1 Book and Claim from Mill / Crusher*	-	-	-	-
2.3.2 Book and Claim from Independent Smallholder*	5,232.00	416.00	-	-
2.3.3 Mass Balance	343,731.00	53,825.00	-	200,590.00
2.3.4 Segregated	100,081.00	38,807.00	-	-
2.3.5 Identity Preserved	-	-	-	-
2.3.6 Total volume	449,044.00	93,048.00	-	200,590.00

**2.4 Volume of RSPO certified sustainable palm oil and oil palm products sold to other RSPO certified companies ? (in tonnes)**

Description	Crude and Refined Palm Oil	Crude and Refined Palm Kernel Oil	Palm Kernel Expeller	Other palm-based derivatives and fractions
2.4.1 Book and Claim from Mill / Crusher	-	-	-	-
2.4.2 Book and Claim from Independent Smallholder	-	-	-	-
2.4.3 Mass Balance	-	-	-	-
2.4.4 Segregated	-	-	-	-
2.4.5 Identity Preserved	-	-	-	-
2.4.6 Total volume	-	-	-	-

**2.5 What is the percentage of RSPO Certified Sustainable Palm Oil in the total palm oil used by your company in the following regions:**

2.5.1 Africa	45%
2.5.2 Australasia	38%
2.5.3 China	35%
2.5.4 Europe (incl.Russia)	85%
2.5.5 India	21%
2.5.6 North America	50%
2.5.7 South America	60%
2.5.8 Indonesia	73%
2.5.9 Malaysia	23%
2.5.10 Middle East	52%
2.5.11 Rest of Asia	39%

## Time-Bound Plan

### 3.1 Date of first supply chain certification (planned or achieved)

2011

**Comment:**

We obtained our first supply chain certificate in 2011 for 23 factories in Europe under Unilever Supply Chain Company (USCC).

As part of our continued commitment to physically certified palm oil, we now have more than 100 factories RSPO supply chain certified across Australia, Latin America, Southeast Asia, North Asia, North America, Africa, the Middle East and Europe, and will continue to expand our scope of certification in 2018 as we continue to increase our uptake of physically certified palm oil.

### 3.2 Date expected to/or started to use any RSPO certified sustainable palm oil and oil palm products in your own brand products

2009

**If target has not been met, please explain why:**

We started using RSPO certified palm oil in 2009. From 2012-2015, 100% of our palm oil volumes were covered by a combination of RSPO segregated and mass balance oils and GreenPalm certificates.

In 2016, we brought forward our target for purchasing 100% physically certified crude palm oil (CPO) to 2019 as part of a refresh of our Sustainable Palm Oil Sourcing Policy. While we have a clear path and roadmap in place to achieve 100% sustainable palm oil for our core volumes by 2019, the situation for palm kernel oil and its derivatives is very different – and much less straightforward. We are looking at an acceptable timeline and glidepath to achieve 100% sustainable palm kernel oil.

In 2017, 56% or 737,000 metric tonnes (MT) of our total core palm oil volumes were physically certified as RSPO mass balance, segregated or equivalent sources.

#### 3.2.1 Referring to 3.2, in which markets where you operate do these commitments cover?

**3.3 Date expected to be using 100% RSPO certified sustainable palm oil and oil palm products from any supply chain option in your own brand products**

2012

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**3.4 Date expected to be using 100% RSPO certified sustainable palm oil and oil palm products from physical supply chains (Identity Preserved, Segregated and/or Mass Balance) in your own brand products**

2019

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**3.5 Referring to 3.3 and 3.4, In which markets where you operate do these commitments cover?**

Applies Globally

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**3.6 Does your company use RSPO certified sustainable palm oil and oil palm products in goods you manufacture on behalf of other companies?**

No

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**3.7 Does your company have a Time-Bound Plan to only use RSPO certified palm oil and oil palm products in the goods you manufacture on behalf of other companies?**

No

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## Trademark Related

**4.1 Do you use or plan to use the RSPO Trademark on your own brand of products?**

Yes

**Please state which product range(s) and market(s) you intend to apply the Trademark and when you plan to start using the Trademark.**

4 Blue Band margarine Stock Keeping Units (SKUs) in the Netherlands.

Please note that Blue Band is part of the newly formed Flora Food company and will no longer be a Unilever brand after the divestment of our spreads business is complete (July 2018).

Year: 2017

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## Actions for Next Reporting Period

**5.1 Outline actions that you will take in the coming year to promote the use of RSPO certified sustainable palm oil and oil palm products along the supply chain**

1) Unilever's commitment to sustainable palm oil is reflected in our Sustainable Palm Oil Sourcing Policy. Our policy drives our efforts to achieve 100% physically certified palm oil (RSPO mass balance, segregated, or equivalent) for core volumes as part of our vision of transforming the palm oil industry. It applies throughout our global operations and underpins our target of sourcing 100% physically certified palm oil for our core volumes by 2019. At the heart of our Policy is our commitment to the principles of 'No deforestation, No development on peat, No exploitation of people and communities' (or 'NDPE').

2) Unilever and the Indonesian government-owned palm oil plantation company and RSPO member PT Perkebunan Nusantara (PTPN) signed a Memorandum of Understanding (MOU) to work together in Indonesia to support palm oil mills and smallholder farmers to produce palm oil according to RSPO certification and NDPE standards. This produce-protect partnership will also help farmers to increase their yields and improve their livelihoods. As part of the partnership, PTPN will provide Unilever access to its mills and its supplying farmer base. Unilever will support the mills and farmers to obtain RSPO certification through a combination of dedicated resources, funding and technical expertise. This will ensure smallholder farmers are better positioned to enter the palm oil supply chain – they will be able to increase their productivity while producing palm oil to the right standards to protect people and planet.

3) Unilever continues to be globally committed to improving the livelihoods and incomes of smallholder farmers and is working to do this in palm oil where we see enormous opportunities for social and economic empowerment that goes hand in hand with forest protection. We will continue working with several partners on projects that support independent smallholder RSPO certification through direct investment in programs and through the purchasing of independent smallholder certificates. A brief summary is provided below, however, please refer to question 9.1 for more details.

a) PT Perkebunan Nusantara III (PTPN 3) – We began our partnership in 2013 with PTPN 3, The Sustainable Trade Initiative (IDH), and RSPO on an independent smallholder pilot project surrounding our Sei Mangkei palm oil processing facility in North Sumatra - Unilever Oleochemicals Indonesia (UOI). In 2017, the first independent smallholder farmer group in North Sumatra consisting of 63 farmers on 207 hectares became RSPO certified. We are planning to scale-up the certification program to more than 500 independent smallholder farmers in this landscape in the next two years.

b) PT Perkebunan Nusantara V (PTPN 5) – We signed an MOU with PTPN 5 in August 2016 to work together to increase the sustainable palm oil production of smallholders and develop a traceability and certification mechanism that would potentially provide smallholders with training and support towards RSPO and ISPO certification. We have also signed an MOU with World Resources Institute (WRI) Indonesia, who have conducted a baseline study for the feasibility of the smallholder traceability and certification program. They have also mapped over 1,000 smallholders that are part of PTPN 5's mill supply base and are now in the process of certifying at least 1,000 independent smallholder farmers by the end of 2019.

c) Yayasan Penelitian Inovasi Bumi (Inobu) – With Inobu, the district of Kotawaringin Barat, and the provisional government of Central Kalimantan, we are working together to map independent smallholders and provide training on RSPO good management practices with the goal of certification for more than 600 farmers on around 1,400 hectares of land. In October 2017, the first group, consisting of 190 independent smallholders part of the Tani Subur Cooperative, achieved RSPO certification through this program. This is the first independent smallholder farmer cooperative to be RSPO certified in all of Kalimantan (Indonesia-Borneo).

d) Amanah Association – In partnership with WWF Indonesia, Unilever supported the certification of 360 smallholder farmers in Riau Province in 2013. Amanah was the first group of independent smallholders in Indonesia to become RSPO certified and currently has more than 500 smallholder farmer members in its association. Unilever will continue to purchase independent smallholder certificates in support of Amanah.

4) Since our decision to stop buying GreenPalm certificates (with the exception of certificates from independent smallholder farmers) in 2016, our aim has been to repurpose \$50 million over five years that we would have spent on GreenPalm certificates and invest it in place-based partnerships. This will help increase the availability of physically certified sustainable palm oil, scale up direct sourcing from targeted sustainable palm oil mills, and invest in sustainable smallholder projects. We are investing directly in a number of projects with strategic suppliers and in 2017 committed to contribute up to \$25 million over the coming 5 years to the &Green Fund for investments in deforestation-free agriculture that also enhance the livelihoods and improve the productivity of smallholders. The &Green Fund aims to protect 5 million hectares of forests and peatlands by 2020.

5) As mentioned in 3.1 – as part of our continued commitment to physically certified palm oil, we now have more than 100 factories RSPO supply chain certified across Australia, Latin America, Southeast Asia, North Asia, North America, Africa, the Middle East and Europe, and will continue to expand our scope of certification in 2018 as we increase our uptake of physically certified palm oil.

6) Unilever continues to take an active leadership role in RSPO as co-chair of the RSPO board. We are also involved in several RSPO working groups and committees: we are chair of the Claims and Communications working group, participate in the Principles and Criteria (P&Cs) taskforce review representing the consumer goods and manufacturers category, and are also a member of both the Smallholder Working Group (SHWG) and the Smallholder Interim Group (SHIG). We are actively involved in the Curriculum Development Committee for the RSPO Smallholder Academy tasked with advising RSPO on curriculum design, content selection and generation, and content review. We are also active in the Human Rights Working Group and Labor Taskforce, and recently joined the Jurisdictional Approach working group. Through our active involvement in the RSPO across these groups, we are striving for change among members and are seeking to enable greater adoption and integration of environmental and social criterion and implementation in the industry.

**6.1 If you have not disclosed any of the above information, please indicate the reasons why**

Other

**- Others:**

We have disclosed the above information.

**Application of Principles & Criteria for all members sectors****7.1 Related to your sourcing, do you have (a) policy/ies, that are in line with the RSPO P&C such as:**

- Water, land, energy and carbon footprints

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Related link:

<https://www.unilever.com/sustainable-living/reducing-environmental-impact/greenhouse-gases/>

- Land Use Rights

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- Ethical conduct and human rights

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- Labour rights

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- Stakeholder engagement

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- None of the above

**7.2 What best practice guidelines or information has your organization provided in the past year to facilitate the uptake of RSPO certified sustainable palm oil and oil palm products? What languages are these guidelines available in?****Comment:**

As mentioned in question 5.1, our Sustainable Palm Oil Sourcing Policy drives our efforts to achieve 100% physically certified palm oil for our core volumes as part of our vision of transforming the palm oil industry. It applies throughout our global operations and underpins our target of sourcing 100% physically certified palm oil for our core volumes by 2019.

At the heart of our Policy is our commitment to the principles of 'No deforestation, No development on peat, No exploitation of people and communities'. Often referred to as 'NDPE', this is the focus of multi-sector efforts to transform the palm oil industry.

We aim to build a supply chain that delivers more efficient land use and forest protection, while increasing our positive social impact, with a focus on the inclusion of smallholders and women to support improvements in their productivity and incomes. This commitment is embodied in the Five Principles for Sustainable Palm Oil that we require all our suppliers to meet.

Our policy is available in English.

Related link: [https://www.unilever.com/Images/unilever-palm-oil-policy-2016\\_tcm244-479933\\_en.pdf](https://www.unilever.com/Images/unilever-palm-oil-policy-2016_tcm244-479933_en.pdf)

**7.3 Your answers above indicate that you are not yet using 100% RSPO certified palm oil and oil palm products. Do you have plans to immediately cover the gap using Book & Claim?**

No

**Please explain why**

As mentioned in question 5.1, Unilever stopped buying GreenPalm certificates in 2016 (with the exception of certificates from independent smallholder farmers). We are redirecting the \$50 million over five years that we would have spent on GreenPalm certificates to place-based partnership programs to transform the palm oil sector. These partnerships will help increase the availability of physically certified sustainable palm oil and support sustainability programs for independent mills and smallholders. We're investing directly in projects with strategic suppliers and in 2017 we committed to contribute up to \$25 million to the &Green Fund for investments in deforestation-free agriculture that enhance the livelihoods and improve the productivity of smallholders. The &Green Fund aims to protect 5 million hectares of forests and peatlands by 2020.

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## **GHG Footprint**

**8.1 Are you currently reporting any GHG footprint?**

Yes

Related link:

<https://www.unilever.com/sustainable-living/reducing-environmental-impact/greenhouse-gases/Our-greenhouse-gas-footprint/>

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## **Support for Smallholders**

### 9.1 Are you currently supporting any independent smallholder groups?

Yes

Unilever is globally committed to improving the livelihoods and incomes of smallholder farmers and is working to do this in palm oil where we see enormous opportunities for social and economic empowerment that goes hand in hand with forest protection. Developing an effective strategy and approach on smallholders is central to Unilever's market transformation and long-term procurement objectives. Working with partners, Unilever is aiming to support and empower 25,000 smallholder farmers in various priority landscapes by 2030. Below are the main smallholder projects we are currently working on:

#### 1. Unilever and PT Perkebunan Nusantara (PTPN) 3:

In North Sumatra (Batubara District), Unilever has been working with PTPN 3, IDH Sustainable Trade Initiative, De Guru Consulting, and the Roundtable on Sustainable Palm Oil (RSPO) on an independent smallholder pilot project surrounding Unilever's Sei Mangkei palm oil facility (Unilever Oleochemicals Indonesia - UOI).

As an initial step to this project, in July 2017, Unilever supported 63 independent smallholder farmers to become RSPO certified (including 19 women farmers) on 207 hectares as part of the UD Lestari smallholder group. This is the first independent smallholder group to have been RSPO certified in the province of North Sumatra. We hope that this number will increase as neighboring smallholders see the benefit for RSPO certification in the surrounding landscape of UOI. Together with our partners, various trainings were conducted on topics including Good Agriculture Practices (GAP), Best Management Practices (BMP), High Conservation Value (HCV) areas, work health and safety requirements, and the RSPO P&Cs. We are currently planning the scale-up plan to certify more than 500 independent smallholder farmers in this landscape in the next two years.

#### 2. Unilever, PT Perkebunan Nusantara (PTPN) 5, and the World Resources Institute Indonesia:

In Riau (Rokan Hulu District), Unilever officially signed an MOU with PTPN 5 in August 2016 to work together to increase the sustainable palm oil production of smallholders. The MOU states that the two parties would partner to develop a traceability and certification mechanism for oil palm smallholders and potentially provide them with training and support towards achieving certification based on the RSPO P&Cs and the Indonesian Sustainable Palm Oil (ISPO) initiative. We are engaging with the World Resources Institute (WRI) Indonesia in the program and have signed a three-year MOU to work with them on this project. WRI and partners have now conducted a baseline study for the feasibility of the smallholder traceability and certification program and have mapped over 1,000 smallholders as part of the supply base of the PTPN 5 mill.

We are currently certifying 1,000 independent smallholder farmers targeted for the end of 2019. Though we are starting with the supply base of one mill, plans are being developed to expand this project to the other mills of PTPN 5, impacting more than 5,000 smallholder farmers. We have involved various partners to support us in this endeavor including the SPKS (Oil Palm Smallholder Association) and Daemeter Consulting.

#### 3. Unilever, Yayasan Penelitian Inovasi Bumi (Inobu), and the RSPO:

In Central Kalimantan (Kotawaringin District), Unilever is advancing our jurisdictional smallholder project with Inobu. Working specifically in the district of Kotawaringin Barat, together with our partners we are mapping independent smallholders and conducting various RSPO trainings on good agriculture and best management practices. Together with Inobu, we are working with 600 farmers on around 1,400 hectares to obtain certification based on the RSPO and ISPO P&Cs. If this pilot proves to be successful, activities can potentially expand to other areas in this district and the neighboring district of Seruyan, reaching more than 12,000 independent smallholder farmers on 20,000 hectares of land.

In October 2017, the first group, consisting of 190 independent smallholders part of the Tani Subur Cooperative, achieved RSPO certification through this program. This is the first independent smallholder farmer cooperative to be RSPO certified in all of Kalimantan (Indonesia-Borneo). The group of farmers also received ISPO certification in 2017. In addition to this farmer group, another group in a nearby village consisting of around 400 farmers will be RSPO certified in 2018.

#### 4. Unilever, Amanah Oil Palm Independent Smallholders Association:

In partnership with WWF Indonesia, Unilever supported the certification of 360 smallholder farmers in Riau Province in 2013 and committed to purchasing GreenPalm certificates from the group upon certification. This project enabled smallholders to have a positive environmental, economic and social impact while driving sustainable palm oil production. Amanah is the first group of independent smallholders in Indonesia to become RSPO certified and currently has more than 500 smallholder farmer members in its association.

We have purchased independent smallholder RSPO certificates from five out of the six independent smallholder groups currently certified in Indonesia in 2017. The groups are Amanah Association, Gapoktan Tanjung Sehati, FPS-MRM, UD Lestari, and KUD Tani Subur. We believe through the purchasing of these certificates that we can directly incentivize and support the livelihoods of independent smallholder farmers.

#### 5. Unilever, palm oil mill PT Sumer Kencana Indo Palma (PT SKIP):

In Riau, Sumatra, we have been working with PT SKIP to develop a Palm Oil Field School training program for smallholder farmers as part of Unilever's Farm Start Palm Program, developed to enable us to source sustainable palm oil from independent mills in Indonesia by actively addressing the challenges faced by these mills and their smallholder farmers in complying with sustainability standards. The Palm Oil Field School, or Sekolah Lapangan Kelapa Sawit (SLKS), aims to improve the knowledge of smallholder farmers to increase oil palm productivity, profitability and resources they need to commit to NDPE. Five hundred farmers took part in the training over five months from December 2017 to April 2018.

## Challenges

### 1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?

The palm oil industry is extremely complex and has many challenges. Many of these challenges require collaborative industry participation to address them - from the farmers and suppliers who provide our palm oil, to governments, businesses, civil society and NGOs. No single organization can deliver sustainability alone, so it is essential for the entire palm oil sector to work together. We are committed to working with our stakeholders to drive industry transformation and address the challenges we have identified below: 1) Though issues within the palm oil industry are complex, consumers continue to view palm oil negatively, and quite often, without fully understanding the complexities of the industry or the positive aspects of palm oil, such as its land efficiency and the economic benefit the industry has had on the millions of smallholder farmers and economies of producing countries. We continue to face consumer pressure, particularly in European markets. However, we remain committed to sustainable palm oil globally and will progress with our target of purchasing 100% physically certified palm oil for core volumes by 2019. 2) Our policy goes beyond the RSPO Principles & Criteria (P&Cs) to include NDPE commitments, which are the core of our policy. The gap between the P&Cs and our policy is a challenge as it requires us to implement additional effort to ensure supplier compliance to NDPE. However, we have been involved in the P&C taskforce review this year and have pushed for broader P&Cs to be more closely aligned with our policy principles. RSPO is the platform to help the industry progress and evolve standards to address company NDPE commitments and is relevant to the sectors striving for continuous improvement. 3) Palm oil user and grower companies continue to receive pressure from NGOs. We continue to engage in constructive dialogue with NGOs, our suppliers and their third parties to meet our policy commitments and to take remedial action where appropriate. We have a grievance process in place to address supplier grievances identified in our supply chain and continue to put pressure on these suppliers to ensure they are adhering to our policy commitments. 4) Though RSPO has established a Grievance Process, some in the industry see it as ineffective at resolving grievances in a timely manner. RSPO undoubtedly has an important role to play in offering a central platform to report complaints, however there is still room for RSPO to strengthen their process. We support the RSPO Grievance Process, and in addition we have developed our own grievance procedure that provides a systematic framework for handling, investigating and resolving both social and environmental issues raised within our own supply chains in a timely, transparent and effective manner. [https://www.unilever.com/Images/palm-oil-grievance-procedure\\_tcm244-510633\\_en.pdf](https://www.unilever.com/Images/palm-oil-grievance-procedure_tcm244-510633_en.pdf) 5) How to identify and measure social risk is another industry challenge – though there are various platforms such as WRI's Global Forest Watch (GFW) tool to help measure environmental risk, a similar tool does not exist to measure social risk. However, we continue to engage in dialogue with industry stakeholders and governments on how best to accelerate progress to address social issues in producing countries. For example, we are engaging our suppliers to improve their social sustainability practices through both bi-lateral and industry meetings. We are working with the RSPO in areas including strengthening the current certification standard (through our membership of the P&C Taskforce); improving RSPO governance including reform of the voting system; accelerating the implementation of policies on the ground and the monitoring of their effectiveness; improving the grievance mechanisms available to workers; and ensuring that any negative human rights impacts are remediated. We are supporting this work through our membership of the Human Rights Working Group and the Labour Taskforce. 6) Traceability in palm oil supply chains is still a challenge in the industry. Several factors obstructing traceability include complex supply chains, limited traceability reporting in the industry, purchases through commodities trading, government-controlled palm oil purchases, and complexities with oleochemicals and derivatives. With greater traceability in both our own supply chain and those of other companies, this would enable us to collectively improve our ability to identify and address risks and work towards implementation of NDPE commitments. We believe transparency plays a crucial role in addressing issues across the supply chain. We are the first major consumer goods company to publish our supplier and mill data on our website. We need to ensure that more industry stakeholders follow suit. 7) Traceability of the palm kernel supply chain in particular is even more challenging, as it is difficult to identify where palm kernel oil originates, which means we need to be very diligent in selecting the suppliers and regions we source our palm kernel oil from. There is a limited supply of sustainable palm kernel oil and looking at all the commitments in place across the industry, this shortage will become even greater in the coming years. To overcome this, Unilever is working on a range of initiatives to achieve a positive breakthrough in the market aimed at bringing more suppliers on board the sustainability journey and improving traceability of palm kernel oil. In parallel, we are looking at an acceptable timeline and glidepath to achieve 100% sustainable palm kernel oil. 8) There is a huge part of the palm oil-producing market that is not yet certified – only a fifth of palm oil producers produce sustainable palm oil and there has been little growth in this number in the last three years while demand for sustainable palm oil continues to increase. Many large consumer goods companies are steadily increasing their uptake of certified sustainable palm oil, yet they cannot make a difference alone as the majority of palm oil produced is used by olein companies who turn it into cooking oil for various markets. For this part of the market to jump on board, there is a clear need to demonstrate the commercial value of sustainable palm oil. This will only happen when there is sufficient awareness for the importance of sustainable palm oil in the large palm oil cooking oil user markets India and China which in turn would lead to higher demand. 9) Smallholders are an integral part of palm oil supply chains and their integration into sustainable supply chains continues to remain a challenge, particularly for independent smallholders where farmer aggregation, incentives for certification, land rights and replanting can be problematic. We want to ensure facilitation and inclusion of smallholder farmers, and through our various smallholder partnership programs with PTPN 3, PTPN 5, Inobu, and PT SKIP, we are scaling up our work to provide training on agricultural practices for smallholders, creating avenues for increased RSPO certification, and implementing a jurisdictional approach to sourcing. These projects will enable greater supply of certified sustainable palm oil in the market. Transformation of palm oil supply chains towards sustainability takes time and requires the effort and collaboration of all industry stakeholders to identify and align on key priorities. We need to continue to ensure greater transparency and constant supplier engagement and must continue to use our leadership role to move our suppliers to adhere to our policy requirements. Engaging in multi-stakeholder conversations and driving industry conversations in the direction of action must also continue so that we do not lose momentum in moving towards a truly sustainable palm oil industry.

**2 In addition to the actions already reported in this ACOP how has your organization supported the vision of RSPO to transform markets in other ways? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)**

1) Unilever's commitment to sustainable palm oil is reflected in our Sustainable Palm Oil Sourcing Policy. As part of our policy, we require our suppliers to provide traceability to known sources. By enhancing our own and our stakeholders' understanding of where our palm oil comes from, we improve our ability to identify and address risks and build trust in our supply chain. We have been working closely with UTZ (joining forces with Rainforest Alliance) and the PalmTrace platform to capture traceability information from our suppliers. In 2017, we achieved 78% traceability and made progress on mapping our suppliers, third-party suppliers and mills in our extended supply chain. We have visibility of more than 1,400 mills in our extended supply chain and were the first major consumer goods company to disclose our mill data and supplier list on our website at <https://www.unilever.com/sustainable-living/reducing-environmental-impact/sustainable-sourcing/transforming-the-palm-oil-industry/palm-oil-progre>

2) We will continue working with the World Resources Institute (WRI) and the Global Forest Watch (GFW) tool to conduct risk assessments of the mills in our extended supply chain. By combining our mill data and the geospatial PALM Risk tool on the GFW platform, we've assessed risk using an index of five environmental factors: fire severity; extent of forest; recent deforestation; peat; and overall risk across these factors. Social indicators are assessed when we conduct desktop due diligence and site verification of mills located in high-risk areas. Through our pilot of the PALM Risk Tool, our team identified 42 mills located in areas of high deforestation risk in 2016 according to this methodology. We are working with the consultancies Daemeter and Proforest on a more detailed analysis of these high-risk mills and their locations. In particular, we are researching landscapes to enable us to set up strategic sustainability and remediation programs with partners to address risks to forest cover, peat lands and fires. 3) In 2017, we carried out a human rights risk-mapping and impact assessment for our palm oil supply chain and launched an internal cross-functional team to improve working conditions in the palm oil supply chain – at the plantation, mill and refinery level. We work with our suppliers to identify mills where there is a high social and/or environmental risk. This will help us prioritize mills – and surrounding plantations ('hot-spots') – for responsible and sustainable sourcing assessment. 4) Unilever developed a Farm Start Palm program to enable us to source sustainable palm oil from independent mills and independent smallholder farmers in Indonesia. The program is a partnership with our suppliers that facilitates the inclusion of smallholders into economically, socially, and environmentally sustainable supply chains. Farm Start Palm addresses the challenges faced by smallholders in complying with sustainability standards by translating Unilever's commitments into requirements appropriate to smallholders; providing support to meet those requirements and adopting a stepwise approach to compliance. The expected outcome of the program is that smallholder farmers will change their agricultural and land-use practices and hence improve sustainability and their own profitability. At our pilot site in Riau, activities commenced in June 2017 and will continue for 24 months across five concurrent workstreams: landscape risk assessment; farmer registration and mapping; Farmer Field training and support; verification of compliance; and differentiated market access for sustainable palm. The pilot will gradually expand to support 3,000 farmers to improve their land management and agricultural practices and increase their profitability. From July 2018 we will introduce the Farm Start program to other independent mills across Sumatra with the aim of supporting the sustainable transformation of farming practices of many more smallholders. 5) Unilever remains on the Executive Committee of the High Carbon Stock Approach (HCSA) group. We updated our palm oil policy in 2017 to reflect the HCSA Approach Toolkit 2.0 agreed between the High Carbon Stock Approach (HCSA) and the High Carbon Stock Study (HCS+). We will continue to encourage all growers and users of palm oil to adopt this methodology and move to implementation, while recognizing that the next big challenge will be to ensure the application of the High Carbon Stock Approach in highly forested landscapes and with smallholder farmers. 6) We are committed to driving 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 acknowledge that collaboration and partnership are essential to transform the industry and bring innovation to scale. This participative approach has been our policy from the start, and with our scale, we see this as an opportunity for us to positively influence the rest of the industry on the issues of deforestation and human rights. Additionally, we are working with industry bodies such as the Consumer Goods Forum (CGF) to eradicate forced labor focusing on migrant workers in palm oil in Indonesia and Malaysia and particularly on three core principles of every worker should have freedom of movement, no worker should pay for a job and no worker should be indebted or coerced to work. We are also members of the Leadership Group for Responsible Recruitment, a collaboration between leading global companies and expert organizations working towards best practices in the responsible recruitment of migrant workers. 7) In 2017 we joined a group of palm oil buyers in collaboration with BSR (Business for Social Responsibility) to take collaborative action and build capacity to improve the working conditions and livelihood of palm oil workers in Indonesia focusing on wages, contract status and grievance mechanisms. 8) Unilever works to encourage other companies to adopt sustainable palm oil practices through the CGF. At the COP 21 climate negotiations in Paris in December 2015, Unilever with other CGF members signaled an intent to preferentially source palm oil from jurisdictions that have adequate no deforestation policies in place, otherwise known as a 'Production Protection' approach. Following this commitment, our first example of this is in the district of Kotawaringin Barat, Central Kalimantan, Indonesia where we are working with Inobu, the provincial government of Central Kalimantan and the district government of Kotawaringin Barat to source sustainable palm oil at a village level. More info here: <https://www.unilever.com/news/news-and-features/Feature-article/2017/We-are-driving-a-new-approach-to-sustainable-palm-oil.html>

9) Unilever's CEO continues to provide leadership in the Tropical Forest Alliance (TFA) that will focus on the solutions to stop deforestation, and will engage with governments, private sector and NGOs to work collectively together. Our Chief Sustainability Officer is also the vice-chair of the TFA Steering Committee. We were also co-lead of the sustainability working group in the CGF up until recently and will continue as an active member. We contributed to the published CGF guide for sustainable palm oil sourcing and will continue working with the CGF towards our zero net deforestation commitments. 10) We participate in the Indonesia Palm Oil Platform or Forum Kelapa Sawit Berkelanjutan Indonesia (FoKSBI) launched in 2014 by the Ministry of Agriculture of Indonesia in partnership with the United Nations Development Programme (UNDP) and other organizations. The objectives of FoKSBI are to create a multi-stakeholder National Action Plan for sustainable palm oil, address issues limiting sustainability in the palm oil sector, influence government policy to enable a framework for sustainable palm oil and establish partnerships to support sustainability in the Indonesian palm oil sector. Overall, Unilever will continue to drive greater visibility and transparency of the palm oil sector's supply chain. We are committed to developing programs to foster smallholder inclusion in the industry, driving implementation of NDPE commitments and to the continuous improvement of processes to identify and remediate social issues. We will also continue to engage with our key stakeholders – suppliers, NGOs, and other user companies – to ensure we continue the dialogue on moving forward to transform the industry and ensure supplier adherence to our policy. Engagement is required across all sectors – governments, businesses, and civil society – as there is a shared responsibility among stakeholders in

this transformational journey.

**3 File -Please attach or add links to any other information from your organisation on your policies and actions on palm oil (EG: sustainability reports, policies, other public information)**

- No files were uploaded

**Link:** [https://www.unilever.com/Images/unilever-palm-oil-policy-2016\\_tcm244-479933\\_en.pdf](https://www.unilever.com/Images/unilever-palm-oil-policy-2016_tcm244-479933_en.pdf)

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