



Unilever

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People & Nature Policy



POLICY EDITION & ACCOUNTABILITY

Mandatory

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Issuing Department: Sustainable Sourcing, Procurement

Approver: Chief Supply Chain Officer

EFFECTIVE DATE AND PRIOR COMMITMENTS:

This Policy is effective from the publication date and replaces from such date the following: The Sustainable Palm Oil Sourcing Policy (2016), the Paper & Board Packaging Policy (2018) and the Position Paper on Eliminating Deforestation (2014).

The implementation of this Policy's requirements and expectations will be carried out and verified in stages. Unilever will regularly track and update its progress and share updates through written communications or targets issued by Unilever.

THIS POLICY COMPLEMENTS OUR:

- (1) [Responsible Sourcing Policy \(RSP\)](#) and
- (2) [Unilever Human Rights Policy Statement](#).

We continue to require that our *Direct Suppliers* comply with our Responsible Sourcing Policy.

Contents

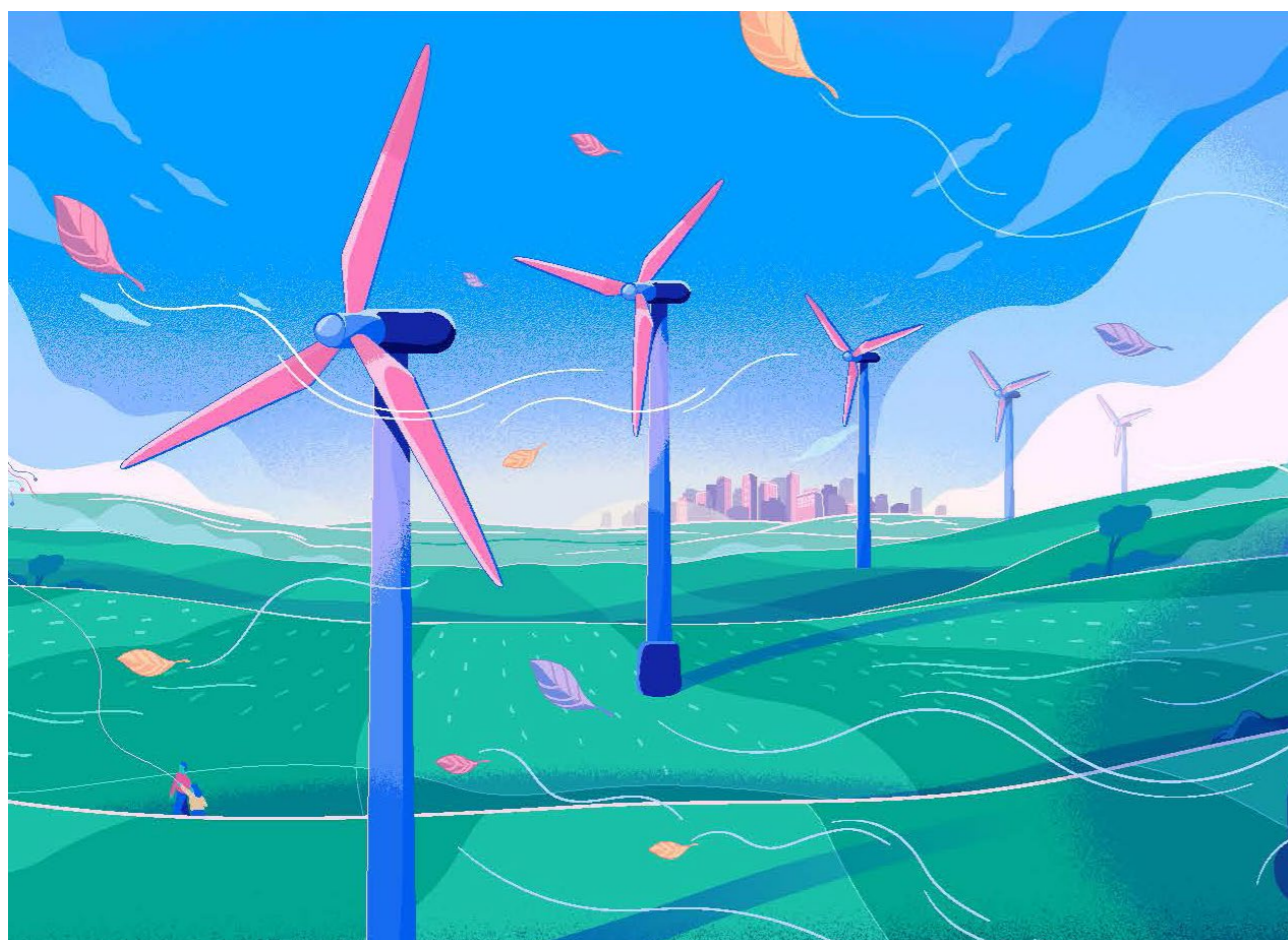
- 5 **Our Principles**
- 6 **Principle 1:
Protecting natural ecosystems from
deforestation and conversion**
- 8 **Principle 2:
Respecting and promoting human rights**
- 12 **Principle 3:
Transparency and traceability**
- 14 **Principle 4:
Being a force for good for people and planet**
- 16 **Identifying and managing Policy
compliance and non-compliance in
our own operations and supply chain**

A NOTE TO THE READER

This Policy should be read alongside the Policy Guidelines, which contain further details in the following areas: scope, goals and timelines, technical definitions, and some other matters of detail, with respect to this Policy. The Policy Guidelines are subject to revision by Unilever.

All italicised words are defined terms that can be found in the Policy Guidelines.

All references to “materials” and “raw materials” in this Policy shall refer to *In-Scope Materials*, as defined in the Policy Guidelines.



Our Principles:

The Principles we are committed to for *In-Scope Materials* are:



Protecting natural ecosystems from deforestation and conversion.



Respecting and promoting human rights.



Transparency and traceability.



Being a force for good for nature and people.

These principles build upon our previous commitments and commodity certification standards. We require Direct Suppliers for *In-Scope Materials* in Unilever’s supply chain to comply with and implement the principles outlined in this Policy across both their entire internal corporate group operations and their third-party supply chains.

Unilever recognises that the successful implementation of this Policy will only occur through partnerships with our *Direct Suppliers* and wider supply chain stakeholders, including multi-stakeholder platforms, with non-government organisations, trade unions, with academic and financial institutions, local communities and with governments at the local, sub-national and national levels.

PRINCIPLE 1

Protecting natural ecosystems from deforestation and conversion



We are committed to ensuring that the In-Scope Materials entering our supply chain will not originate from deforested land or converted natural ecosystems.

The *deforestation* and *conversion* of land in this Policy includes a change in a *natural ecosystem* to that of farming, ranching or plantation land. We use globally recognised tools to determine the areas and ecosystems that must be protected from *deforestation* and *conversion* for each of these commodity sectors, including:

- » *High Carbon Stock Forests (HCS) as defined by the High Carbon Stock Approach;*
- » *High Conservation Value (HCV) areas as defined by the HCVRN;*
- » *Intact Forest Landscapes (IFLs) as defined by the IFL Mapping Team;*
- » *peat soils; and*
- » *other ecologically sensitive landscapes identified through credible multi-stakeholder processes, including the Deforestation-free and Conversion-free (DCF) Regional Guidance applicable in the Brazilian Amazon and Cerrado and the Gran Chaco of Argentina and Paraguay.*

Unilever is committed to working through partnerships to protect and restore *natural ecosystems*, encourage the uptake of regenerative agricultural land-use practices, and to contribute to the restoration of damaged *landscapes*. Unilever works with partners to:

- » *invest in projects which protect natural ecosystems and restore degraded or converted land;*
- » *invest in and develop land-use monitoring capabilities to ensure the natural ecosystems associated with the agricultural production of materials that we buy are monitored for land-use change;*
- » *support the continued research, development of standards, best management practices and toolkits for the implementation and realisation of Principle 1; and*
- » *work with Direct Suppliers and other supply chain stakeholders to pilot and implement best management practices and toolkits (including, but not limited to, Roundtable on Sustainable Palm Oil (RSPO) peat best management practices and High Carbon Stock Approach toolkits).*

REQUIREMENTS OF DIRECT SUPPLIERS FOR PRINCIPLE 1:

For *In-Scope Materials* in Unilever's supply chain, we require that *Direct Suppliers* protect *natural ecosystems* from *deforestation* and *conversion*, based on the applicable cut-off date. These *Direct Suppliers* must:

- » *ensure there is no deforestation or conversion of natural ecosystems, and*
- » *protect the natural ecosystems, and*
- » *have no burning policies in place,*
- » *implement best management practices and toolkits, including but not limited to RSPO peat best management practices, the High Carbon Stock Approach toolkit, and best-practices to prevent burning*

These requirements are irrespective of whether the materials are sourced from the *Direct Supplier's* corporate group or their *third-party supply chain*.

Certification Standards:

We require that our *Direct Suppliers* meet robust, benchmarked *certification standards* of practice. *Commodity certification standards* are one means by which to independently verify good agricultural practice and a chain of custody to ensure the purchase and supply to Unilever of *deforestation* and *conversion-free* volumes.

Where materials supplied to Unilever's supply chain are not *certified*, we require that *Direct Suppliers* have and share with Unilever data from *traceability* systems that can establish a link to the land from which the materials originate and ensure a chain of custody is in place, so that compliance with this Policy can be monitored and assured.

Chain of Custody:

We require that *Direct Suppliers* maintain an effective and appropriate chain of custody from the *agricultural supply area* to Unilever's manufacturing facilities or Unilever's *third-party manufacturer's* facilities for the crop and geography, via:

- » *(a) a managed supply chain which maintains chain of custody from agricultural origin, through the supply chain, to the point of delivery. This chain of custody should be maintained by contractual requirements and facilitated by supply chain management technology; or*
- » *(b) certification schemes and implementation of their associated chain of custody standards; or*
- » *by combinations of (a) and (b) or other means that Unilever approves in writing.*

Monitoring and Independent Verification:

We require that *Direct Suppliers* support us in identifying and compiling spatial data of *natural ecosystems* at risk of *deforestation* or *conversion* in our supply chains. We require that *Direct Suppliers* monitor and independently verify that the *natural ecosystems* within their corporate group operations and *third-party supply chains* that are supplying materials to Unilever's supply chain have been, and continue to be, protected from *deforestation* and *conversion* based on the applicable cut-off dates. *Direct Suppliers* must share evidence of this with us on request.

Remediation:

We require *Direct Suppliers* to remediate non-compliance where they have caused or contributed to *deforestation* or *conversion* after 31 December 2015 in Unilever's supply chain.

PRINCIPLE 2

Respecting and promoting human rights



We are committed to respecting and advancing the human rights of all people in line with the UN Guiding Principles on Business and Human Rights. Our human rights commitments and Unilever's Human Rights Policy statement are based on the International Bill of Human Rights and the fundamental rights principles set out in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work.

Our Responsible Sourcing Policy sets out our mandatory requirements, expectations and commitments for conducting business with integrity, openness, and respect for universal human rights, including the eight ILO fundamental conventions and other core labour standards.

We recognise that indigenous people and local communities living in or near forests are often vulnerable to human rights violations and that their livelihoods, food security, resources and other rights greatly depend on the respect of their right to use or own land. Our Responsible Sourcing Policy also includes our commitment that land rights of communities, including indigenous people, are respected and promoted, notably through the application of the Free, Prior and Informed Consent (FPIC) participatory process, and articulates a zero-tolerance stance on land grabbing.

We strongly support dialogue and open communication channels enabling all voices to be heard, including those of independent expert stakeholders and rights-holders and their representatives. We are committed to engaging and consulting openly and constructively with human rights defenders (HRDs). We acknowledge that HRDs are vulnerable to attacks resulting from restrictive legislation, stigmatisation and the silencing of dissent. We condemn any threats, intimidation or reprisals against HRDs.

Unilever is committed to engaging with our suppliers and to working through partnerships and collaboration to scale up efforts and drive the implementation of improved working and living conditions, particularly by protecting vulnerable workers (including women, migrant, temporary and informal workers), eradicating forced and child labour, and safeguarding land and community rights.

Unilever works with partners and subject-matter experts, to:

	ensure women are safe, valued, integrated and empowered through the elimination of gender discrimination, by further implementing the UN Global Women's Safety Framework in rural spaces and by developing gender-inclusive approaches across supply chains;
	promote and incentivise ethical recruitment and support the definition of an aligned selection and verification process for ethical labour agencies across the industry to drive the eradication of forced labour, including the elimination of worker fees;
	address the root causes of child labour to drive its eradication;
	support the implementation of living wages and of fair, transparent and equitable terms of employment, and living income;
	support the use of a shared framework for the monitoring and implementation of land rights and promote the reinforcement and/or establishment of effective land rights dispute settlement mechanisms;
	invest in technologies to build new approaches to monitoring risks and issues on the ground (e.g. risk to land tenure, to labour conditions);
	implement mechanisms that give workers a voice to ensure they are credibly included in issue definition and remediation;
	foster collaboration to support Human Rights Defenders, their work and their safety; and
	support the continued development, piloting and implementation of standards and toolkits for the implementation and realisation of principle 3.

PRINCIPLE 2

continued



REQUIREMENTS OF DIRECT SUPPLIERS OF IN-SCOPE MATERIALS FOR PRINCIPLE 2:

We require that *Direct Suppliers* comply with and implement the principles and requirements of the RSP across their own *corporate group* operations and their *third-party supply chains* that are supplying *materials* to Unilever's supply chain. The effective implementation of these requirements will lead to respect for and promotion of the rights of workers (including migrant, temporary and contract workers), *smallholders*, communities and indigenous people.

Standards and Certification:

We recognise the value of *certification standards* to provide *independent verification* for *In-Scope Materials* and we are committed to supporting and implementing strong certification processes and standards.

Remediation:

Within Unilever's supply chain, we require *Direct Suppliers* and their *third-party supply chain* to remediate adverse human rights impacts to communities and workers they have caused or contributed to.

Human Rights Due Diligence:

In Unilever's supply chain, *Direct Suppliers* are required to:

- » conduct *Human Rights Due Diligence* to identify, address and mitigate adverse human rights impacts, including relating to land rights, within their *corporate group* operations and their *third-party supply chains*;
- » have in place and effectively implement *management systems* and processes that enable sourcing in compliance with the requirements of the RSP and this Policy. This includes procedures for upholding the rights to Free, Prior and Informed Consent (FPIC); and
- » independently verify compliance.

PRINCIPLE 3

Transparency and traceability



We are committed to transparency and traceability in sourcing, governance and reporting. Supply chain transparency and traceability is necessary for us to identify and monitor the actors and actions throughout our supply chain and to drive continuous improvement within our own organisation, with our suppliers and further upstream to the agricultural supply area.

We follow a risk assessment process to determine if the materials may be at risk of non-compliance with all Policy principles. The risk level will help determine the degree of traceability information and the extent of the supply chain mapping that we undertake. High risk levels require traceability to farm, plantation, or forest management unit. For smallholders, we may require traceability information at a local jurisdictional level (village or equivalent). Low-risk levels require traceability to jurisdictions or landscapes.

The purchase of certified materials with the chain of custody enables Unilever to achieve a degree of traceability to the source and transparency around the conditions of production, however, where the certification supply chain model provides insufficient assurance that materials are in compliance with this Policy, we will seek more granular information.

We are committed to maximising transparency and traceability through the deployment of technologies that operate in accordance with local laws and respect the privacy of individual farmers and landowners. We will seek data release consents where such consents are legally required through the contracts we have with our Direct Suppliers, or as required under governing laws.



REQUIREMENTS OF DIRECT SUPPLIERS FOR PRINCIPLE 3:

We work with our Direct Suppliers to improve the transparency and traceability of our materials - from the agricultural supply area where the material is grown to our manufacturing sites and those sites of our third-party manufacturers.

We require Direct Suppliers to have effective control mechanisms in place to trace materials and capture and share with us the traceability data and attributes of the agricultural supply area that directly or indirectly supply the Unilever Group or its third-party manufacturers.

We require that Direct Suppliers support us in undertaking supply chain mapping to document and share with us the following details of our supply chain, where consents can be obtained, and local law allows:

- » primary and/or secondary processing facilities location(s) supplying directly or indirectly to Unilever Group or its third-party manufacturers; and
- » agricultural supply area, meaning the source of agricultural raw materials associated with primary production facilities that are supplied directly or indirectly to the Unilever Group or its third-party manufacturers.
- » attributes of, and conditions at, the site of production and primary processing; and
- » determination of compliance or non-compliance with this Policy and our other public sourcing requirements or standards.

PRINCIPLE 4

Being a force for good for people and planet



Unilever is committed to working through partnerships to protect *natural ecosystems* within our supply chain, encouraging legal recognition of customary rights, implementing regenerative agricultural land-use practices, and finding ways to restore damaged *landscapes*. We are working to empower *smallholders* and farmers in our supply chain, and we work beyond our own supply chain in critical *jurisdictions* and *landscapes* to drive industry-wide change.

Specifically, we work with partners, including our *Direct Suppliers*, to:

- » equitably include *smallholders* in our supply chain and support *smallholder* livelihood programmes that seek to professionalise farming operations, improve productivity, assist in diversifying income streams and work towards a living income and compliance with this Policy.
- » support certification or impact programmes to increase farmers' access to knowledge and services, to ensure farmers are empowered to employ regenerative agricultural practices, to promote the adoption of good environmental practices and safe labour practices, and support jurisdictional certification, as appropriate;
- » support land-use management models, such as *jurisdictional approaches* and *landscape approaches* that enable the *protection of natural ecosystems* alongside agricultural production, encouraging the legal recognition of customary rights and ensuring that people and communities are included as decision-makers and can benefit from these programmes;
- » collaborate in industry-wide initiatives and other forms of collective action to accelerate change and advocate for the transformation of global supply chains towards more sustainable models;
- » advocate for the widespread uptake of commodity standards and impact programmes, and the continued improvement of those standards and programmes, including the adoption of regenerative practices;
- » work to ensure that the integrity of standards, auditing and assurance systems and programmes remain strong and keep pace with increasing requirements for the *protection of natural ecosystems*, human rights transparency, and chain of custody;
- » work with a network of academics and experts, to identify which regenerative agriculture practices will deliver the biggest impact and assist in the development of analytical methodologies and measurable indicators; and
- » collaborate and innovate in developing and deploying the latest in technology and digital capabilities to drive rapid improvements in *traceability*, transparency, collaborative deforestation monitoring and response systems and measurability of the supply chain at scale.

REQUIREMENTS OF DIRECT SUPPLIERS FOR PRINCIPLE 4:

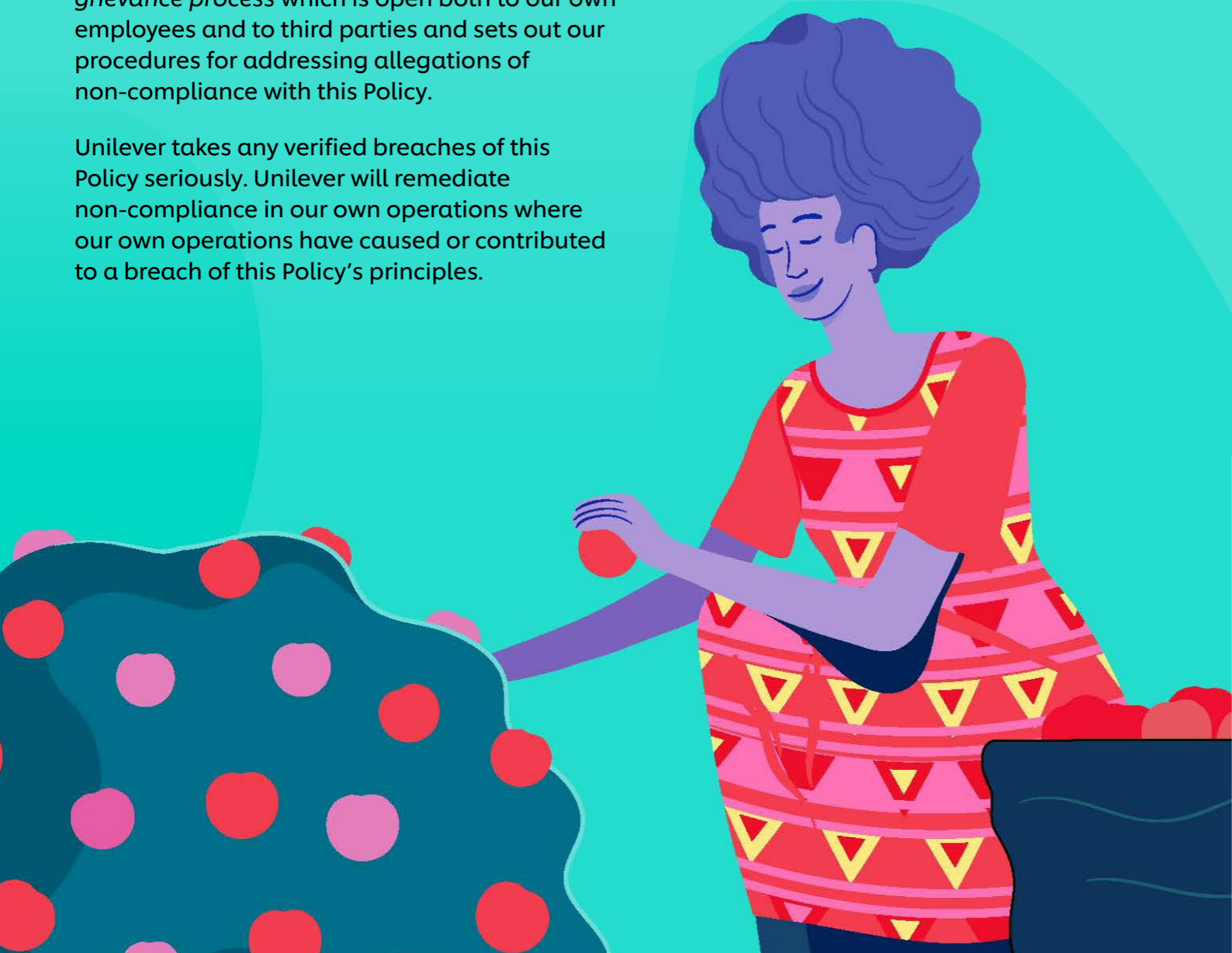
- » to collaborate with Unilever and local communities in building equitable *smallholder* livelihood programmes to enable *smallholder* inclusion and empowerment in the supply chain and contribute to working towards a living income;
- » to collaborate with Unilever to formulate science-based targets with respect to carbon reduction and to adopt such targets for the *Direct Suppliers'* businesses and operations;
- » to measure the carbon footprint of the materials that we buy and to collaborate with Unilever on developing systems to enable seamless reporting;
- » to implement practices that drive a progressive reduction in carbon emissions associated with agricultural raw material production and processing in line with Unilever commitments / the targets set out in the Paris Agreement under the United Nations Framework Convention on Climate Change; and
- » to collaborate with Unilever in adopting and implementing regenerative agriculture practices which will focus on restoring soil health, improving surface and ground water quality, increasing on-farm biodiversity and improving climate resilience.

Identifying and managing Policy compliance and non-compliance in our own operations and supply chain

Only *In-Scope Materials* that we believe are produced in accordance with this Policy will be knowingly bought by Unilever. We are committed to the *independent verification* of compliance with the Policy principles. Where the means and methodologies for *independent verification* are not well defined or developed, we will work collaboratively with suppliers and other stakeholders to develop scalable methodologies.

Unilever works to verify and address Policy non-compliances, including grievances, found in our own operations and supply chain. Unilever commits to the responsible handling of allegations of non-compliance through Unilever's *grievance process* which is open both to our own employees and to third parties and sets out our procedures for addressing allegations of non-compliance with this Policy.

Unilever takes any verified breaches of this Policy seriously. Unilever will remediate non-compliance in our own operations where our own operations have caused or contributed to a breach of this Policy's principles.



Requirements and clarifications for our DIRECT Suppliers

We expect that our *Direct Suppliers* have their own equivalent or stronger policies, procedures, and *management systems* in place. Where their own policies, procedures and *management systems* are not yet in place, or are not yet sufficiently robust, we will work with such *Direct Suppliers* to reach this goal in a mutually acceptable timeframe.

We may, after due diligence, choose to accept as equivalent a benchmarked policy or policies of a *Direct Supplier*, in place of the principles contained within this Policy.

We require that our *Direct Suppliers* have effective control mechanisms in place to determine Policy compliance or non-compliance and operate transparently to provide sufficient evidence of control and/or compliance mechanisms.

We require that all *Direct Suppliers* have in place administrative *grievance mechanisms* that are aligned with the UN Guiding Principles on Business and Human Rights and which are accessible to those who need it. Unilever requires that *Direct Suppliers* share proactively, or as requested by Unilever, any non-compliant issues arising under such *Direct Supplier grievance mechanisms*.

For Unilever's supply chain, we require that our *Direct Suppliers'* compliance with this Policy's principles and that of their *third-party supply chain* be independently verified. We expect that our *Direct Suppliers* independently verify the compliance of their *third-party supply chains* with this Policy's principles, irrespective of the buyer of the materials.

For Unilever's supply chain, we require that *Direct Suppliers* remediate their non-compliance where they have caused or contributed to a breach of this Policy's principles. Where a *Direct Supplier* refuses to engage or take steps to remediate or mitigate a breach of this Policy, Unilever will take appropriate steps to address this in a manner consistent with our upholding of our commitment to the principles set out in this Policy.

We expect that our *Direct Suppliers* remediate non-compliance that they caused or contributed to within their *corporate group operations* and *third-party supply chains*, irrespective of the buyer of the materials.



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