



Deforestation and human rights in supply chains

In 2011, we published results from a first-of-its-kind assessment to map the overall environmental footprint of our company. The assessment provided a comprehensive, end-to-end view of the total impact of our company's operations and supply chain on greenhouse gas emissions, water and land use – including everything from the growing of raw materials to the disposal of packaging.

The assessment was based on the latest scientific developments to ensure the information and insights were as clear and accurate as possible. The scope and methodology follows the World Resources Institute's Greenhouse Gas Protocol Scope 3 Standard for carbon footprint reporting. Information is collected from benchmark data for greenhouse gas emissions and rates of land conversion including deforestation in key supply chains.

The assessment is updated regularly and enables us to assess the impact our supply chain has on land use change as well as the emissions from ongoing management practices, such as fertiliser use, for key commodity groups including oils and fats, grains, sugar and dairy.

This work has provided us with a better understanding of the impacts across our supply chain and enables us to focus activities. The study, carried out by Quantis and reviewed by World Wildlife Fund (WWF) and other experts, shows that agriculture is the main factor that is responsible for our overall climate change, water, and land footprint.

We have also assessed with WWF the long-term sustainability risks for many of our main commodities, including palm oil, soya and sugar, among others. These assessments analyze a range of environmental, social and economic factors, including land conversion from deforestation, as well as land, labor and other human rights. The assessments are based on referenced public sources, for example data on the hectares of forested areas converted to palm oil plantations and studies into carbon emissions from plantations, as well as social factors such as documented cases of land and labor disputes. Together with WWF, we review these data and studies to better understand our and our suppliers' impacts on sustainability issues, including deforestation and human rights issues.

We actively engage with a range of stakeholders on issues of deforestation and human rights. For example, as members of the Consumer Goods Forum (CGF), we are signatories to its deforestation resolution which commits members to mobilize resources within our respective businesses to help achieve zero net deforestation from key supply chains by 2020, with a focus on four key supply chains acknowledged as major drivers of deforestation: palm oil, soya, beef and paper. CGF published pulp and paper sourcing guidelines in 2013. We plan to adopt these guidelines and are currently reviewing how to do so.

In addition, we have engaged with the Tropical Forest Alliance 2020 (TFA 2020), a public private partnership involving CGF member companies, the governments of the US, UK, Netherlands and Norway, and civil society organisations. TFA 2020's objective is to reduce the tropical deforestation associated with the sourcing of commodities such as palm oil, soy, beef, and paper. TFA 2020 brings partners and other interested stakeholders together to share information on actions they are taking, identify needs and gaps in the sector, and help facilitate relationships between partners to take action. For example, we participated in the launch of CGF's pulp and paper sourcing guidelines at the TFA 2020 conference in Jakarta in June 2013, having served on the CGF working group that drafted the guidelines. More information is available at www.tfa2020.com

Further, we engage directly with NGOs to discuss issues of deforestation and human rights in key supply chains, including allegations contained in published reports from their on-the-ground investigations. Through these discussions, we gain deeper understanding about NGO concerns and discuss potential steps to mitigate deforestation and human rights risks. We plan to continue these discussions periodically.

As a result of this work, we have identified palm oil as a priority commodity from the perspective of deforestation and human rights.

Currently, the Roundtable for Sustainable Palm Oil (RSPO) provides the most widely supported approach to developing and enforcing standards for sustainable palm oil production, encompassing deforestation as well as human rights issues such as land and labor rights. We're purchasing RSPO certified palm oil, covering 100% of our use in 2013 through RSPO segregated and mass-balance oil, as well as Greenpalm certificates which support sustainable production. This is two years ahead of our existing commitment to cover 100% of requirements by 2015. We plan to continue this level of use of RSPO palm oil.

In late 2013, we asked suppliers to provide information about the levels of traceability in their palm oil supply chains. Knowing the sources of palm oil supplies is an essential first step to enable scrutiny and promote improvements in practice on the ground. The results are currently being analysed and will inform subsequent action planning for mitigating deforestation and human rights risks.

In addition, we have ongoing direct engagement with key suppliers covering about 80% of our total palm oil purchase, seeking information about their policies and practices on environmental and social issues, including deforestation and human rights.

We have made a public commitment to publish in Q2 of this year an action plan to ensure that the palm oil we buy is produced on legally held land, does not lead to deforestation or loss of peat land, respects human rights, including land rights, and does not use forced or child labor. This plan will also address timelines and verification processes.

Beyond this, as the foundation for all our work in sustainable agriculture, we're embedding sustainability into our sourcing practices across our commodities. We're seeking more transparency, raising expectations of our suppliers and collaborating through initiatives such as the Sustainable Agriculture Initiative (SAI) Platform. Through this work we are addressing cross cutting themes such as good agricultural practices, deforestation, human and labor rights (including child labor), land rights, gender and environmental footprint. We are currently building the details of this approach and will report in more detail as we make further progress.

In addition to above work, we publicly report key environmental data via the CDP climate change and water disclosures.

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