

INDEPENDENT VERIFICATION PROTOCOL FOR DEFORESTATION-FREE AND PEAT CONVERSION-FREE PALM OIL

Version 2.0 December 2024

Guidance for Unilever's Palm Oil Suppliers and Verification Bodies

Document name:	Independent Verification Protocol for Deforestation-free and Peat Conversion-free Palm Oil
Abbreviation:	Palm Oil IVP
Scope:	Global
Effective date:	01 January 2025
Period of validity:	Until replaced or withdrawn
Replaces:	Palm Oil IVP Version 1.1
Contact:	Unilever PLC
	100 Victoria Embankment
	London EC4Y0DY
	T: +44 (0) 20 78225252
	www.unilever.com
	deforestation-free.verification@unilever.com

CONTENTS

ABBREVIATIONS 6
DEFINITIONS 7
SUMMARY OF SUPPLIER REQUIREMENTS AND EVIDENCE REQUIRED 10
PURPOSE 12
GUIDE 12
Structure 12
Supplier Type 13
Type 1 Supplier 13
Type 2 Supplier 14
RSPO Certification 15
PART I: REQUIREMENTS FOR PALM OIL SUPPLIERS 16
1 QUALITY MANAGEMENT SYSTEM 16
1.1 Commitment 16
1.2 Management System 16
2 SUPPLY CHAIN MANAGEMENT 17
2.1 Supplier Management 17
2.2 Certification 18
3 SEGREGATION REQUIREMENTS 19
3.1 Product Segregation 19
4 TRACEABILITY TO PLANTATION REQUIREMENTS 20
4.1 Data Collection and Validation 20
4.2 Traceability to Plantation 21
5 DEFORESTATION AND PEAT CONVERSION LAND MONITORING 24
5.1 Land Monitoring System 24
6 RECORD KEEPING AND VOLUME RECONCILIATION 28
6.1 Volume Recording 28
6.2 Mass Balance Accounting 28
7 DF FACTOR 31
7.1 DF Factor Calculation 31
7.2 Transfer of the DF Factor 33
8 IDENTIFICATION OF OUTPUTS 34
8.1 Transaction Document 34

PART II: UNILEVER INDEPENDENT THIRD-PARTY VERIFICATION GUIDANCE 35
Purpose and Scope 35
Summary of the Verification Process 35
1 VERIFICATION STRATEGY AND IMPLEMENTATION 36
1.1 Frequency of Verification Assessment 36
1.2 Scope of Supplier Verification 36
1.3 Verification Strategy 38
1.4 Sampling Methodology 39
Sampling of Deliveries 39
Sampling of Multiple Sites for Type 2(a) Directed Supplier 39
Sampling of Multiple PoS for Type 1 and Type 2(b) Non-directed Supplier 39
Sampling of Mills for Type 1 and Type 2(b) Non-directed Supplier 40
1.5 Verification Type 42
Remote and/or On-site Verification of the Type 1 and Type 2(b) Non-directed Supplier 42
Remote and/or On-site Verification of the Type 2(a) Directed Supplier 42
1.6 Annual Verification 43
Self-assessment 43
Initial Verification 43
Surveillance Verification 43
1.7 Change of Scope 43
2 VERIFICATION PLAN 44
3 VERIFICATION REPORT 44
4 NON-COMPLIANCES (NCs) 45
4.1 Major and Minor NCs 45
4.2 Remediation Plans 47
5 VERIFICATION DECISION 48
5.1 Verification Decision 48
5.2 Verification Statement 49
6 VERIFICATION BODY QUALIFICATION 51
ANNEX I: CONVERSION FACTORS 52
ANNEX II: LOW-RISK DEFORESTATION AND PEAT CONVERSION VILLAGE METHODOLOGY 53
ANNEX III: STRATEGIC AND INDEPENDENT PROCESSORS 56
ANNEX IV: TYPE 2(A): DIRECTED SUPPLIER PURCHASING AFTER A POS 64

ANNEX V: INDEPENDENT VERIFICATION ASSESSMENT CHECKLIST 68
ANNEX VI: MILL VERIFICATION CHECKLIST 83
ANNEX VII: UNILEVER OWNED OR MANAGED TYPE 1 SUPPLIER AND MILL VERIFICATION 86
1.1 General Requirements 86
1.2 Mill Verification Report 87
1.3 Mill Verification Statement 87

ABBREVIATIONS

CPO	Crude Palm Oil
DCF	Deforestation and Conversion-Free
DF	Deforestation-Free
FFB	Fresh Fruit Bunches
GIS	Geographic Information System
GPS	Global Positioning System
HCS	High Carbon Stock
HCV	High Conservation Value
HCVRN ALS	High Conservation Value Resource Network Assessor Licensing Scheme
IP	Identity Preserved
ISCC	International Sustainability and Carbon Certification
ISPO	Indonesian Sustainable Palm Oil
IVP	Independent Verification Protocol
MB	Mass Balance
MSPO	Malaysian Sustainable Palm Oil
MT	Metric Tonnes
NC	Non-compliance
NDPE	No Deforestation, No Peat, and No Exploitation
NDPE IRF	No Deforestation, No Peat, and No Exploitation Implementation Reporting Framework
PFAD	Palm Fatty Acid Distillate
PKO	Palm Kernel Oil
PoS	Point of Segregation
QMS	Quality Management System
RSPO	Roundtable on Sustainable Palm Oil
SG	Segregated
SOP	Standard Operating Procedure
TTP	Traceability to Plantation
UML ID	Universal Mill List Identification

DEFINITIONS

Definitions	
Agreed mill list	List of palm oil mills where Unilever suppliers source volume from. This list is contractually documented with Unilever.
Chain of custody[1]	Process by which inputs and outputs and associated information are transferred, monitored and controlled as they move through each step in the relevant supply chain.
Change of Scope	Any alteration or modification in the scope. In the commodity-specific independent verification protocols is defined as part of the scope: • any information stated on the verification statement, such as legal name, products, facilities); • any process / activity that are verified in a verification assessment such as land monitoring, data collection, quality management, segregation system.
Conversion[2]	A change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function. » deforestation is one form of conversion (conversion of natural forests). » conversion includes severe degradation and the introduction of management practices that result in substantial and sustained change in the ecosystem's former species composition, structure, or function. Severe degradation may be considered conversion if it: (a) is large-scale and progressive or enduring; (b) alters ecosystem composition, structure and function to the extent that regeneration to a previous state is unlikely; or (c) leads to a change in land use (e.g. to agriculture or other use that is not a natural forest or other natural ecosystem). » a change to natural ecosystems that meets this definition of conversion is considered to be conversion, regardless of whether or not it is legal in nature.
Cut-off dates[3]	Unilever applies a cut-off date for its commitment to no deforestation or conversion of natural ecosystems related to its supply chain as being no later than 31 December 2015.
Deforestation[2]	Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.
Degradation[2]	Changes within a natural ecosystem that significantly and negatively affect its species composition, structure and/or function, and reduce the ecosystem's capacity to supply products, support biodiversity, and/or deliver ecosystem services.
DF factor	Factor only valid to Unilever, calculated by the supplier for the volume ordered and communicated to Unilever. It ranges from 1% to 100% and demonstrates that X% (e.g. DF 80%) of the volume bought/sold can be proven deforestation-free and/or conversion-free through demonstrating compliance with the commodity-specific independent verification protocol. DF factor and DCF factor can be used interchangeably.
DF volume	Volume from a Unilever supply chain actor that is accompanied by a DF factor or by a valid certification claim that is considered to provide sufficient evidence of a deforestation-free and/or conversion-free origin since 31 December 2015 as specified in the commodity-specific independent verification protocols.
Directly managed mill	Mill that is owned and/or managed by the supplier that is being verified.
Direct supplier[2]	Suppliers paid by a Unilever Group company to supply in-scope materials to Unilever, or that make Unilever-directed sales of in-scope materials to Unilever's third-party manufacturers or that are third-party manufacturers of products supplied to Unilever containing in-scope materials.

[1] Definition adapted from Chain of custody — General terminology and models
[2] Definition from Unilever's People & Nature Policy Guidelines
[3] Definition adapted from Unilever's People & Nature Policy Guidelines

FFB source	Estate, smallholder farm or outgrower where the FFB is harvested from the oil palm tree.
Independent verification[2] (assessment)	Assessment and validation of compliance, performance, and/ or actions relative to a stated commitment, standard, or target. Verification signifies that information is validated by persons other than those involved in the operation or entity being assessed. Independent verification (also called third-party verification) is conducted by an independent entity that does not provide other services to the company.
Independent Verification protocol	Commodity-specific protocol that sets out requirements for Unilever supply chain actors to reach Unilever's commitment to ensuring that its supply chain is not associated with the further deforestation or conversion of natural ecosystems.
Indirect supplier	Organization in the supply chain from which Unilever purchases in-scope materials other than the direct supplier or estate/farmer.
Management system[2]	A set of policies, processes, procedures and resources used by an organization to ensure it can fulfil the tasks required to achieve its objectives.
Mass balance	A system for administratively monitoring the inputs and outputs of certified/verified material/product throughout the supply chain. It allows for the mixing of these materials/products at any stage in the supply chain.
Natural forest[4]	A forest that is a natural ecosystem. Natural forests possess many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function. Natural forests include: a) Primary forests that have not been subject to major human impacts in recent history. b) Regenerated (second-growth) forests that were subject to major impacts in the past (for instance by agriculture, livestock raising, tree plantations, or intensive logging) but were the main causes of impact have ceased or greatly diminished and the ecosystem has attained much of the species composition, structure, and ecological function of prior or other contemporary natural ecosystems. c) Managed natural forests where much of the ecosystem's composition, structure, and ecological function exist in the presence of activities such as: • Harvesting of timber or other forest products, including management to promote high-value species • Low intensity, small-scale cultivation within the forest, such as less-intensive forms of swidden agriculture in a forest mosaic. d) Forests that have been partially degraded by anthropogenic or natural causes (e.g., harvesting, fire, climate change, invasive species, or others) but where the land has not been converted to another use and where degradation does not result in the sustained reduction of tree cover below the thresholds that define a forest or sustained loss of other main elements of ecosystem composition, structure, and ecological function. The categories "natural forest" and "tree plantation" are mutually exclusive, though in some cases the distinction may be nuanced. Please see the Operational Guidance on Applying the Definitions Related to Deforestation, Conversion, and Protection of Ecosystems for further discussion of boundary cases.
Non-compliance (NC)[4]	The state of not complying with or fulfilling (or only partially complying with or fulfilling) a given law, standard, commitment, or target.
Non-directly managed mill	Mill that is not owned or managed by the supplier that is being verified.

[4] Definition from Accountability Framework

Non-DF volume	Volume from a Unilever supply chain actor that is not accompanied by a DF factor or by a valid certification claim that is considered to provide sufficient evidence of a deforestation-free and/or conversion-free origin since 31 December 2015, as specified in the commodity-specific protocols.
Palm oil[5]	Includes: Crude Palm Oil (CPO); Palm Kernel Oil (PKO), derivatives and fractions such as palm stearin or palm olein.
Peat conversion[6]	Loss of peat soil as a result of: i) conversion to agriculture; ii) conversion to a tree plantation; or iii) severe and sustained degradation.
Peat soils[2]	Histosols (organic soils) are soils with cumulative organic layer(s) where more than half of the upper 80cm or 100cm of the soil surface contains 35% or more of organic matter (35% or more Loss on Ignition) or 18% or more organic carbon (FAO 1998, 2006/7; USDA 2014; IUSS 1930). This definition was adopted by RSPO Peatlands Working Group 2 (PLWG-2) effective November 2018.
Point of Segregation (PoS)	A dedicated tank, a storage, a refinery, or an oleochemical plant where DF volumes are physically segregated from non-DF volumes.
Producing entity	First organization in the supply chain supplying in-scope materials to the following supply chain actor in the Unilever supply chain (e.g. farmer, forest operator, estate/plantation owner).
Reviewer	Verification body competent person, appointed to review the verification report and assessment findings. Also responsible for assessing evidence of NCs.
Self-assessment	Assessment to be filled in by a direct supplier to determine the readiness of the supplier to undergo initial independent verification.
Smallholder farmer or smallerholder[2]	A person who farms a plot of land to support his or her own household. A plot of land is a smallholding up to 25 acres (10.12 hectares) of land or is defined to be a smallholder farm by the national government or partnership organization in the country from which Unilever sources In-Scope Materials.
Supply base	The portion of Unilever's palm oil supply network that is actively managed by a specific palm oil supplier.
Supply chain actor	All organizations (producing entity, indirect supplier, direct supplier) in the supply chain from which Unilever purchases in-scope commodities.
Traceability[2]	The ability to follow a material or product or its components through each of the stages of the supply chain (e.g. production, processing, manufacturing, and distribution).
Verification body	An independent body selected by Unilever to perform the independent verification assessment.
Verification statement	Written statement issued to the verified supplier (Type 1 or Type 2 supplier) after the verification body has verified the supplier against the applicable protocol requirements and no major NCs are open. The statement confirms that the supplier is independently verified and that the supplier complies with the requirements of the commodity-specific protocol.
Verifier	Verification body competent person, appointed to conduct the independent verification assessment by collecting evidence and composing a verification report. Also responsible for assessing evidence of NCs.

[5] Definition adapted from Unilever Scheme Rules

[6] Definition adapted from Accountability Framework: Operational Guidance on Applying the Definitions Related to Deforestation, Conversion, and Protection of Ecosystems

SUMMARY OF SUPPLIER REQUIREMENTS AND EVIDENCE REQUIRED

Supplier Type	Overview of the Independent Verification Protocol for Deforestation-free and Peat Conversion-free Palm Oil Requirements:	Evidence
Type 1: supplier managing a PoS	• Commitment to source deforestation-free and peat conversion-free (cut-off date: 31 December 2015); • Management systems and processes; • Definition of roles and responsibilities; • Supply chain management; • Evidence of certification (if the product is certified); • Volume sourcing from the agreed list of mills; • Manage PoS; • Physical segregation of DF volume until PoS; • TTP; • Land monitoring; • Volume reconciliation of DF volume including conversion factors and record keeping; • Mass balance accounting • Declaration of DF factor to Unilever; • Identification of outputs.	• Documentation and awareness of commitment and/or policy to sourcing deforestation-free and peat conversion-free; • Documented procedures and protocols (e.g. non-compliance protocol); • Communication and/or training of responsible personnel; • Documentation on defining roles and responsibilities in the supply chain; • Documentation and records of supply chain; • Physical segregation measures; • TTP data (i.a. location data of each FFB source); • Evidence of the integrity of the traceability system (i.a. SOP on the collection of traceability); • Land monitoring system to monitor deforestation and peat conversion since 31 December 2015; • Material accounting system and volume summary; • Mass balance accounting system; • DF factor calculation resulting in DF factor; • DF supplier declaration including DF factor; • Transaction document.
Type 2(a): directed supplier purchasing after a PoS	• Management systems and processes; • Definition of roles and responsibilities; • Supply chain management; • Evidence of certification (if the product is certified); • Volume reconciliation including conversion factors and record keeping; • Mass balance accounting; • Identification of outputs.	• Documented procedures and protocols (e.g. non-compliance protocol) • Communication and/or training of responsible personnel; • Documentation on defining roles and responsibilities in the supply chain; • Documentation and records of supply chain; • Material accounting system and volume summary; • Mass balance accounting system; • Transaction document.

Type 2(b): non-directed supplier purchasing after a PoS	• Commitment to source deforestation-free and peat conversion-free (cut-off date: 31 December 2015); • Management systems and processes; • Definition of roles and responsibilities; • Supply chain management; • Evidence of certification (if the product is certified); • Volume sourcing from the agreed list of mills; • Physical segregation of DF volume until PoS; • TTP; • Land monitoring; • Volume reconciliation of DF volume including conversion factors and record keeping; • Mass balance accounting; • Declaration of DF factor to Unilever; • Identification of outputs.	• Documentation and awareness of commitment and/or policy to sourcing source deforestation-free and peat conversion-free; • Documented procedures and protocols (e.g. non-compliance protocol); • Communication and/or training of responsible personnel; • Documentation on defining roles and responsibilities in the supply chain; • Documentation and records of supply chain • Physical segregation measures; • TTP data (i.a. location data of each FFB source); • Evidence of the integrity of the traceability system (i.a. SOP on the collection of traceability); • Land monitoring system to monitor deforestation and peat conversion since 31 December 2015; • Material accounting system and volume summary • Mass balance accounting system; • DF factor calculation resulting in DF factor; • DF supplier declaration including DF factor; • Transaction document.

PURPOSE

Unilever has committed to protecting natural ecosystems from deforestation and conversion as published in the People and Nature Policy (December 2020). To reach its commitment, Unilever requires supply chain actors to comply with a set of requirements and measures the percentage of deforestation-free and peat conversion-free volumes in its palm oil supply chain. Supplier performance and compliance with the requirements are assessed through independent verification assessments performed by a third-party verification body.

This protocol builds on Unilever's commitment to protecting natural ecosystems from deforestation and conversion and has the following purpose:

1) Describe Unilever's requirements for all suppliers to demonstrate and verify deforestation-free and peat conversion-free factors for palm oil volumes supplied to Unilever.
2) Guide independent verification bodies in conducting the verification process.

Unilever's Independent Verification Protocol for Deforestation-free and Peat Conversion-free Palm Oil (hereinafter the Palm Oil IVP) specifically focuses on setting standards for ensuring that its supply chain is not associated with deforestation and peat conversion. The DF volume and the DF factor specified in this protocol refer to the definition of **deforestation** and **peat conversion** (see Definitions).

GUIDE

Part I of this protocol is designed for all of Unilever´s direct and indirect suppliers, for any company that produces, manufactures, trades, or distributes palm oil (CPO, PKO, PFAD, fatty alcohols) within the Unilever supply chain.

Part II of this protocol is designed for verification bodies.

Structure

Responsibilities: the protocol requirements differ depending on whether a supplier supplying to Unilever is or is not managing a PoS, or is directed by Unilever to buy from an indicated supply chain. Each sub-chapter of Part I of the protocol defines the applicability of the requirements (responsibilities) per supplier type (see example below).

> ***Responsibilities***
> *Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, Type 2(b): non-directed directed supplier purchasing after a PoS.*

Guidance: clarification in the form of guidance is provided throughout the protocol. Guidance is not a requirement but provides additional explanations or examples of how requirements have to be understood (see example below).

Guidance
Clarification in the form of guidance is provided throughout the protocol.

All requirements in the protocol applicable to a supplier type are *mandatory*.

Wording:

- *Shall:* mandatory to meet the Palm Oil IVP requirements.
- *Should:* suggest being the desirable option, other options may be explored.

Supplier Type

Type 1 Supplier

A Type 1 supplier is a supplier in the Unilever supply chain that is responsible for managing a PoS. Suppliers managing a PoS, are referred to throughout the protocol as *"Type 1: supplier managing a PoS"* (herein after Type 1 supplier). The Type 1 supplier's main responsibilities are to ensure TTP data, land monitoring, volume reconciliation, and communication of the DF supplier declaration to Unilever. A Type 1 supplier in Unilever's palm oil supply chain has to take into consideration the following:

- Unilever and the Type 1 supplier agree on a mill list (hereinafter the agreed mill list), which is contractually documented.
- Unilever and the Type 1 supplier agree to a PoS (or more than one), which is contractually documented. A PoS may be a dedicated tank, a storage, a refinery, or an oleochemical plant.
- The Type 1 supplier demonstrates evidence that volume originating from the agreed mill list is physically segregated from volume originating from other sources up to the PoS.
- The Type 1 supplier calculates the DF factor per month or at least per quarter over the incoming volume at PoS and communicates this factor to Unilever, through a DF supplier declaration.
- After the PoS a mass balance accounting system is permitted.
- Unused DF factor volume cannot be carried over and recorded and claimed as DF volume exceeding a period of 6 month.

Figure 1 provides a graphical representation of the segregation requirements, where the dashed line represents up to where segregation is maintained in the supply chain (PoS).

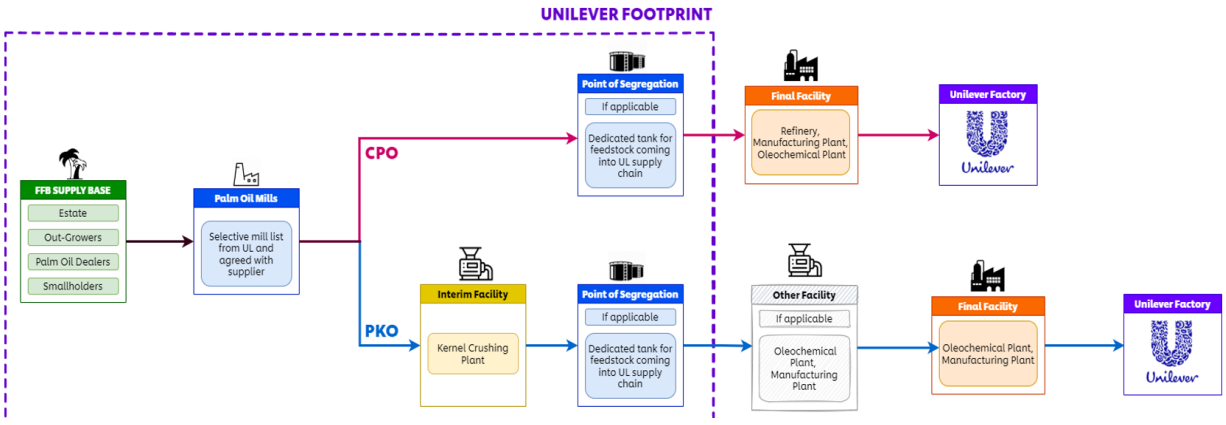


Figure 1. Unilever Supply Chain Including PoS.

The requirements for the Type 1 supplier are specified in Part I of the Palm Oil IVP.

Strategic and Independent Processor

There are cases, where a Type 1 supplier (strategic and independent processor) is exempt from having to demonstrate compliance with all Type 1 supplier requirements of the Palm Oil IVP. For these strategic and independent processors, Unilever collects TTP data and is responsible for land monitoring. The requirements for the strategic and independent processor are specified in Annex V of the Palm Oil IVP.

Type 2 Supplier

A Type 2 supplier is a Unilever direct supplier that is either directed or not directed by Unilever to buy from a supply chain including a Type 1 supplier. Type 2 suppliers have to maintain at a minimum a chain of custody process based on a mass balance system for incoming and outgoing palm oil volume. Therefore, commingling of DF volume and non-DF volume is possible. Suppliers have the option to choose a stricter supply chain model such as segregation.

Unilever recognizes two types of type 2 suppliers:

- *Type 2(a): directed supplier purchasing after a PoS* (herein after Type 2(a) directed supplier): this supplier is directed by Unilever to buy from a supply chain including a Unilever recognized Type 1 supplier. The main responsibility of a Type 2(a) directed supplier is to ensure that the volume is administratively tracked. The requirements for the Type 2(a): directed supplier are specified in Part I of the Palm Oil IVP, Annex VI provides a comprehensive overview of the applicable requirements.
  Type 2(b): non-directed supplier purchasing after a PoS (herein after Type 2(b) non-directed supplier): this supplier is not directed by Unilever to buy from a supply chain including a Unilever recognized Type 1 supplier. The Type 2(b) non-directed supplier may buy from a supply chain including a Type 1 supplier or buy from another supply chain that incorporates a supplier managing a PoS that is not recognized by Unilever. In the case of the Type 2(b) non-directed supplier buying from a supply chain including a Unilever recognized Type 1 supplier, the main responsibilities of the Type 2(b) non-directed supplier are to ensure that the volume is administratively tracked and the DF factor is communicated to Unilever. In the case of the Type 2(b) non-directed supplier buying from a supply chain, not including a Unilever recognized Type 1 supplier, the Type 2(b) non-directed supplier's main responsibilities are to ensure TTP data, land monitoring, volume reconciliation, and communication of the supplier declaration to Unilever. In this case, the Type 2(b) non-directed supplier has to manage the data of the PoS in the supply chain and has to demonstrate evidence of compliance with the applicable requirements of a Type 1: supplier managing a PoS. The requirements for the Type 2(b): non-directed supplier are specified in Part I of the Palm Oil IVP.

RSPO Certification

Unilever is leveraging RSPO certification as an important mechanism to achieve its commitment to deforestation-free and conversion-free supply chains. Certification can assist in creating traceability and mitigating the risk of deforestation and conversion in the supply chain. For palm, Unilever accepts the certification standard RSPO[7, 8] with supply chain model IP or SG as deforestation-free (DF Factor of 100%). This has the following implications for suppliers:

- Suppliers that are RSPO certified and supply all palm oil volume within the Unilever supply chain as RSPO through supply chain model IP or SG, do not have to undergo this independent verification process.
- Suppliers that are supplying material from only RSPO IP or SG mills but do not meet complete RSPO supply chain model requirements to Unilever factories, must establish a PoS from the RSPO IP or SG mills or RSPO IP or SG materials, and must undergo an verification process. The DF volume for this PoS only sourcing RSPO IP or SG mills shall have a DF Factor of 100%.
- Suppliers that are RSPO certified and supply RSPO certified volume through supply chain model IP or SG as well as non-certified volume within the Unilever supply chain, have to undergo the independent verification process solely for its non-certified volume.

This conclusion was reached through benchmarking the RSPO certification standards against Unilever's key objectives and through additional geospatial and data analysis.

[7] RSPO Supply Chain Certification Standard
[8] RSPO Principles & Criteria Certification

PART I: REQUIREMENTS FOR PALM OIL SUPPLIERS

1 QUALITY MANAGEMENT SYSTEM

1.1 Commitment

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

1.1.1 The supplier shall have a documented policy or commitment to not source from deforested and peat converted land after 31 December 2015.

Guidance
For example, the supplier may sign and commit to the Unilever People & Nature policy.

The documented policy or commitment has to, at a minimum, cover the volume within the Unilever supply chain.

1.2 Management System

Responsibilities
Applicable for Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, and Type 2(b): non-directed supplier purchasing after a PoS.

1.2.1 The supplier shall have complete and up-to-date procedures available covering the implementation of the applicable Palm Oil IVP requirements.

Guidance
The procedures have to be in accordance with the scale and complexity of the supplier.

The procedures do not have to refer to the Palm Oil IVP requirements specifically, as long as the procedures cover the requirements of the Palm Oil IVP.

1.2.2 The supplier shall demonstrate how roles and responsibilities for compliance with the Palm Oil IVP are established within the Unilever supply chain. This shall specifically include *(not applicable for Type 2(a) directed supplier)*:

a) the agreed PoS;
b) the agreed mill list;
c) collection of TTP data;
d) implementation of a land monitoring system, ensuring that the supply base is monitored on deforestation and peat conversion from 31 December 2015;
e) calculation and communication of the DF factor.

1.2.3 The supplier shall have identified person(s)/position having overall responsibility for and authority over the implementation and compliance with all applicable Palm Oil IVP requirements and/or has identified in documented procedures the different responsibilities within the organization to ensure compliance with the requirements.

1.2.4 The supplier shall implement a training plan according to the qualifications and/or training measures defined for each procedure. At a minimum, the supplier shall communicate the organization's procedures for the implementation of the applicable Palm Oil IVP requirements to the responsible personnel.

1.2.5 The responsible personnel shall demonstrate awareness of the organization's procedures for the implementation of the Palm Oil IVP requirements.

1.2.6 The supplier shall have a protocol for the identification of non-compliance (including externally raised grievances) related to deforestation-free and peat conversion-free supply chains or agree to the Unilever palm oil grievance and non-compliance process. In the case of non-compliance, the supplier shall make sure that the non-compliance is appropriately followed up.

2 SUPPLY CHAIN MANAGEMENT

2.1 Supplier Management

Responsibilities
Applicable for Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, and Type 2(b): non-directed supplier purchasing after a PoS.

2.1.1 The supplier shall have processes in place for the selection of direct and indirect suppliers.

2.1.2 The supplier shall establish and maintain up-to-date records of all its direct suppliers supplying the Unilever palm oil supply chain. This shall specifically include:

a) identification of the supplier (e.g. name, address, other relevant information);
b) if applicable, the supplier's certificate number and supply chain model (RSPO, ISCC).

2.1.3 The *Type 2(b) non-directed supplier* shall establish and maintain up-to-date records of all suppliers in the Unilever palm oil supply chain ranging from FFB sources up to Unilever. This shall specifically include:
a) identification of the supplier (e.g. name, address, other relevant information);
b) if applicable, the supplier's certificate number and supply chain model (RSPO, ISCC).

2.1.4 The supplier shall establish a mill list (agreed mill list) *(not applicable for Type 2(a) directed supplier)*.

2.1.5 The agreed mill list shall be contractually documented with Unilever (*not applicable for Type 2 (a) directed and Type 2 (b) non-directed supplier*).

2.1.6 The supplier shall have documentation available demonstrating that communication and transparency are maintained between the supplier, its suppliers, and other stakeholders. For the *Type 2(b) non-directed supplier* such documentation shall be available for all suppliers in the Unilever palm oil supply chain ranging from FFB source up to the Type 2(b) non-directed supplier.

Guidance
For example, the supplier can demonstrate email communication, certificates, export documents, or transaction documents.

2.2 Certification

Responsibilities
Applicable for Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, and Type 2(b): non-directed supplier purchasing after a PoS.

2.2.1 In the case a supplier is certified against another certification scheme, the supplier shall demonstrate that volume is not inappropriately counted multiple times.

2.2.2 In the case volume is supplied within the Unilever supply chain as RSPO certified, the supplier shall have evidence that the supplier is a licensed RSPO member and that any certification claim made is in compliance with the supply chain model scope of the RSPO certificate through the RSPO database.

3 SEGREGATION REQUIREMENTS

3.1 Product Segregation

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

Guidance
Type 1 and Type 2(b) non-directed suppliers are required to implement a PoS. A PoS may be a dedicated tank, a storage, a refinery, or an oleochemical plant. From the plantation up to the Pos, the Unilever verified volumes are physically segregated from unverified volumes. After the PoS, physical mixing of the Unilever verified volumes with unverified volumes is allowed.

3.1.1 The supplier shall have complete and up-to-date records available that demonstrate compliance with the Palm Oil IVP Product Segregation requirements.

3.1.2 The supplier shall implement the Palm Oil IVP Product Segregation requirements at the level of a single physical site for all processes up to and including the PoS.

3.1.3 The supplier shall identify one or more PoS where all DF volume is physically stored.

3.1.4 The supplier shall contractually document the identified PoS with Unilever.

3.1.5 The supplier shall ensure physical segregation by keeping clear procedures and records at the PoS and shall strive for 100% physical segregation of DF volume from non-DF volume.

Guidance:
Segregation throughout the supply chain may include:
- *separate material flows;*
- *allocation adjustments (e.g. the first 10 minutes of product flow through the system following a change from non-DF to DF volume is considered non-DF volume);*
- *flushing of the processing or storage equipment between non-DF and DF volume (physical cleaning encouraged, but not required by Unilever);*
- *implementing a documented system and process to ensure segregation up to the PoS;*
- *ensuring that materials from the PoS can be traced back to an agreed-upon list of mills.*

3.1.6 The supplier shall have a system in place that is designed to ensure no intermixing occurs between volume from the agreed mill list and volume from other mills up until the PoS.

3.1.7 The supplier shall identify and record all critical control points where there is a risk of uncontrolled mixing or substitution between palm oil volume from the agreed mill list and volume from other mills, including outsourced activities (e.g. subcontracts for storage, transport, or other).

4 TRACEABILITY TO PLANTATION REQUIREMENTS

4.1 Data Collection and Validation

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

4.1.1 The supplier shall have a system in place for the collection and validation of TTP information from the mills included in the agreed mill list. At a minimum, the due diligence system shall include:

a) data collection process;
b) up-to-date data recording;
c) data validation process, which includes at a minimum one of the following validation processes: cross-referencing, second-party verification, and/or third-party verification;
d) annual data validation reports.

Guidance
a) Data collection process:
the supplier is to have in place a well-defined and structured process for gathering data required as outlined in the Palm Oil IVP Traceability to Plantation requirements.

b) Up-to-date data recording:
the supplier is to maintain data records that are accurate and free from errors (e.g. polygon maps, volumes delivered, etc.).

c) Data validation process:
the supplier is to have in place a process to validate collected data. The validation process has to include one of the following methods: cross-referencing (comparing data with other sources), second-party verification (validation by another involved party e.g. the supplier validating data of the mill), or third-party verification (validation by an independent third party). This validation process can be conducted through a sampling process, ensuring that

there is a clear selection process enabling prioritization of certain data or mills over others and any discrepancies are identified and addressed.

d) Annual data validation reports:
the supplier is required to develop reports summarizing the activities related to data validation conducted, at least annually.

4.1.2 In the case an external party collects and/or validates TTP data, the supplier shall have available the external party's process for the collection and/or validation of TTP information, summary reports, or other outputs delivered during the verification assessment.

4.1.3 In the case a supplier runs data validation processes and selects a sample of their third-party mills to verify the mill's self-reported TTP data, the supplier shall justify the approach undertaken for the mill sampling approach. The approach shall consist of a clear risk assessment and/or selection process enabling prioritization of certain third-party mills over others.

4.1.4 In the case the supplier or a third party performs field visits to verify traceability information, evidence of field visits shall be recorded.

4.2 Traceability to Plantation

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

4.2.1 The supplier shall collect, for each FFB source in the supply base of a mill included in the agreed mill list, the following location data:

- polygon maps of any estates in the form of shapefiles [.shp]; or
- 2x2 kilometers (or smaller) grid cells that overlay concession boundaries of the supplying estate, these can be aggregated for smallholders (grid cells should be obtained following Unilever's approved methodology); or
- GPS points (latitude, longitude); or
- for smallholders, village-based traceability is recognized, in which case, location data has to be made available at the village level.

Guidance

The preferred data collection method is through polygon maps or 2x2 kilometers grid cells. If it is not possible for the supplier to obtain polygon maps or 2x2 kilometers grid cells, the collection of GPS data is provided as a method.

- *The approved grid cells methodology can be requested from Unilever.*
- *See Annex III for more information about using the village-based methodology.*

4.2.2 The supplier shall collect and record, for each FFB source in the supply base of a mill included in the agreed mill list, the following information:

a) FFB source name and type (estate, smallholder farm, or outgrower);
b) total area of the FFB source;
c) RSPO status (certified or not certified);
d) FFB volume (MT) (or % if FFB volume is unknown) supplied to the mill;
e) UML ID;
f) DF factor (is the FFB volume deforestation and peat conversion free);
g) for smallholder FFB sources, the village name.

Guidance

Personal data relating to smallholder farmers or smallholder outgrowers has to be appropriately protected in line with national data privacy laws.

- *In cases where independent smallholder farmers or smallholder outgrowers directly supply to the mill, reporting of the name may be omitted.*
- *In cases where smallholder farmers or smallholder outgrowers supply the mill via a third party (e.g. a dealer), the village name or area, together with its GPS points may be reported instead.*

Unknown FFB sources can be indicated as unknown. Unknown FFB sources cannot be included in the land monitoring system and therefore have to be reported with a DF 0% factor.

In the case the information is not available for each FFB source (e.g. sourcing from smallholders through dealers), the supplier can request the mill to submit aggregated data at the mill level, indicating the total FFB (%) volume for the mill and specifying the FFB sources. However, in that case, the supplier has to have a monitoring system in place that verifies the accuracy of the self-reported TTP information by the mills.

4.2.3 The supplier shall collect and record for each mill in the agreed mill list, the following information about the supplied volumes:

a) mill name and parent company of the mill;
b) UML ID;
c) RSPO status (certified or not certified) and supply chain model (IP, SG, MB);
d) PoS name the mill supplies to;
e) volume CPO and/or PKO supplied in the Unilever supply chain;
f) FFB volume or % received by the mill from the plantation (MT);
g) % traceable volume to plantation;
h) DF factor (% deforestation-free volume).

4.2.4 The supplier shall collect and record for each interim facility (e.g. kernel crushing plant) that buys volume from the agreed mill list and supplies it into a PoS, the following information about the supplied volumes:

a) interim facility name and parent company name;
b) facility type (e.g. palm kernel crushing plant)
c) RSPO status (certified or not certified) and supply chain model (IP, SG, MB);
d) RSPO supply chain certificate ID.

Guidance
Figure 1 (see GUIDE, Supplier Type, Type 1 Supplier) provides an overview of a Unilever palm oil supply chain, including the interim facility. An example of an interim facility is a palm kernel crushing facility.

4.2.5 In the case the *Type 2(b) non-directed supplier* buys volume from a supply chain including a Unilever recognized Type 1 supplier, the Type 2(b) non-directed supplier does not have to demonstrate compliance with the Palm Oil IVP Traceability To Plantation (4.2) requirements for the volume sourced from a supply chain including the Unilever recognized Type 1 supplier, provided that the following information shall be available:

a) a copy of a valid verification statement of the Type 1 supplier;
b) evidence of the proportion of the overall agreed mill list production that the volume corresponds to;
c) corresponding DF factor.

5 DEFORESTATION AND PEAT CONVERSION LAND MONITORING

5.1 Land Monitoring System

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

Guidance
The requirements in this chapter apply to the supplier that monitors deforestation and peat conversion. In all supply chains, a party is required to monitor deforestation and peat conversion, this may be an actor other than the Type 1 or Type 2(b) non-directed supplier. It is however the responsibility of the supplier to identify the actor that is responsible for land monitoring (see requirement 1.2.2). The identified actor has to demonstrate compliance with the Palm Oil IVP Land Monitoring System requirements.

The Type 1 or Type 2(b) non-directed supplier may agree to Unilever carrying out the land monitoring. In that case, the supplier has the responsibility to provide Unilever with plantation location data that Unilever needs for land monitoring.

As the NDPE IRF[9] used by industry actors to report on palm supply chain NDPE performance is not mandatorily asking to report detailed traceability and land monitoring data, the NDPE IRF alone cannot be used to demonstrate compliance. If the supplier uses NDPE IRF deforestation and peat conversion profiles to demonstrate NDPE progress and calculate the DF factor, the document with additional requirements to the standard NDPE IRF verification process has to be requested from Unilever.

5.1.1 The supplier shall operate a land monitoring system to ensure that no deforestation and no plantings on, or conversion of, peatlands of any depth after 31 December 2015 occurred for all known FFB sources in the supply base of the mills in the agreed mill list.

Guidance
All known FFB sources from the mill's own operation as well as third-party sources are to be included in the geospatial monitoring system.

[9] NDPE IRF Data Verification Protocol

5.1.2 The supplier shall indicate the type of land monitoring system used. The type of monitoring shall be specified and should include: (1) geospatial monitoring system, and/or (2) regular field visits to the FFB sources.

5.1.3 In the case of geospatial monitoring, the supplier's geospatial monitoring system shall:

a) continuously monitor and evaluate the supplier's FFB supply base for:
   i. deforestation;
   ii. plantings on peatlands; and
   iii. peatland conversion.
b) cover monitoring from 31 December 2015 to the present;
c) utilize datasets from reputable sources, such as but not limited to Sentinel, NASA's Landsat, or national satellite monitoring systems;
d) utilize datasets that provide high-resolution images with a minimum resolution of 30 meters;
e) utilize clear and discernible satellite imagery. In cases where the quality of satellite images is compromised due to clouds, smoke, atmospheric disturbances, or other factors the supplier should ensure that the monitoring is repeated as soon as clearer images are available;
f) provide regular monitoring reports based on updated satellite imagery, monthly and no less than quarterly.

Guidance

Monitoring quality:

- *Land monitoring shall be performed regularly as it concerns a continuous process that also aims to identify and respond to any potential new deforestation or peat conversion in the sourcing area.*
- *If satellite or aerial images are obscured (e.g., by cloud cover, atmospheric interference, satellite malfunctions, etc.) or on-the-ground inspections face challenges due to adverse weather or terrain, it is essential to repeat the monitoring as soon as conditions improve to ensure accurate representation of the land's status.*
- *For a more comprehensive analysis, leveraging additional data layers like known peatland locations, topographical maps, or hydrological data can enhance the accuracy of the monitoring process.*

5.1.4 In the case of implementation of regular field visits to the FFB source, the supplier shall:

- demonstrate evidence of conducted field visits since the cut-off date of 31 December 2015; or
- other evidence demonstrating that no deforestation or peat conversion occurred since the cut-off date.

5.1.5 The supplier shall have a documented procedure outlining the process for verifying incoming alerts on deforestation or peat conversion.

Guidance
Examples of topics within an incoming alerts procedure include:

1. ***Alert classification*** *based on urgency, scale, and potential impact, e.g. a large-scale clearing in a high conservation value area would require immediate attention.*
2. ***Data cross-referencing*** *for each alert, with existing geospatial data including forest and peatland base maps, HCV and HCS areas, and other relevant datasets to confirm the validity of the alert.*
3. ***Ground verification*** *for alerts to validate and gather more detailed information and/or engage local communities or local personnel to assist in ground verification.*
4. ***Temporal analysis*** *through historical satellite imagery to assess when the deforestation or peat conversion began and how it has progressed over time.*
5. ***Communication*** *with the mill and/or FFB source to understand the context and reasons behind the land-use change.*
6. ***Stakeholder communication*** *(e.g., local communities, NGOs, government agencies) to provide additional information, context, or reports related to the alert.*
7. ***Grievance mechanism*** *for stakeholders to file complaints or grievances related to observed deforestation or peat conversion.*
8. ***Reporting and documenting*** *each alert, the verification process undertaken, findings, and actions taken.*
9. ***Action plan*** *that defines clear consequences or actions to be taken once an alert is verified.*

5.1.6 In the case of incoming alerts, the supplier shall conduct at a minimum on-the-ground observation and:

a) for directly managed mills, respond to clearing or fires in the areas managed;
b) for third-party mills, monitor the situation through geospatial monitoring.

Guidance:

Directly managed mills *are directly managed and overseen by the supplier itself, implying a higher level of control over the operations. When an alert comes from a directly managed mill the incoming alert process has to include:*

- *on-the-ground observation through physical inspections by trained staff or representatives.*
- *response to clearing or fires in the areas managed by actively taking measures in response to the alert.*

Third-party mills *are not directly managed by the supplier but instead are separate entities that have some form of business relation with the supplier, implying a lower level of control over the operations. When an alert comes from a third-party mill the incoming alert process has to include:*

- *on-the-ground observation through physical inspections by trained (mill) staff or (mill) representatives and recording evidence;*
- *geospatial monitoring by using satellite imagery or other remote sensing methods to monitor the situation.*

5.1.7 In the case where village-based traceability for smallholder FFB sources is used, the supplier shall:

a) demonstrate evidence that no deforestation and peat conversion occurred after 31 December 2015 within the village jurisdictional boundary;
b) conduct a risk assessment demonstrating a low risk for (third-party) sourcing outside the village jurisdictional boundary.

Guidance

a) The supplier may report smallholder FFB sources deforestation-free and peat conversion-free if the specific village jurisdictional boundary is found in the deforestation-free and peat conversion-free category or low-risk category (see Annex III).

b) The supplier has to establish a risk assessment for sourcing from smallholders to evaluate the likelihood that the smallholder FFBs are sourced outside the village jurisdictional boundary. If a risk is identified, the supplier has to address these issues to ensure low or negligible risk.

5.1.8 In the case the Type 2(b) non-directed supplier buys volume from a supply chain including a Unilever recognized Type 1 supplier, the Type 2(b) non-directed supplier does not have to demonstrate compliance with the Palm Oil IVP Land Monitoring System requirements for the volume sourced from a supply chain including the recognized Type 1 supplier, provided that the following information shall be available:

a) a copy of a valid verification statement of the Type 1 supplier;
b) evidence of the proportion of the overall agreed mill list production that the volume corresponds to;
c) corresponding DF factor.

6 RECORD KEEPING AND VOLUME RECONCILIATION

6.1 Volume Recording

Responsibilities
Applicable for Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, and Type 2(b): non-directed supplier purchasing after a PoS.

6.1.1 The supplier shall identify and document the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step. Where measuring at each processing step is not feasible, the conversion factor for the total processing steps should be used.

6.1.2 The supplier shall specify and document the methodology for calculating the conversion factor(s) and ensure that conversion factors are updated when there are changes to the production process and at least once a year.

Guidance
The supplier can use Annex I, RSPO SG conversion factors, or its own conversion factors (provided that evidence is demonstrated of the calculation method) to record incoming palm oil products and outgoing refined products sold to Unilever or the next actor in the supply chain.

6.1.3 The supplier shall maintain up-to-date volume summaries (recommended to be monthly and no less than quarterly updated) demonstrating that the output quantities are compatible with the input quantities, the DF factor *(DF factor is not applicable for Type 2(a) directed supplier)*, and the conversion factors.

6.2 Mass Balance Accounting

Responsibilities
Applicable for Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, and Type 2(b): non-directed supplier purchasing after a PoS.

Guidance
After the PoS a chain of custody process based on the mass balance of incoming and outgoing palm oil volume has to be maintained. Commingling of DF volume and non-DF

volume is therefore possible. Suppliers have the option to choose a stricter supply chain model such as segregation.

6.2.1 The supplier shall operate an accounting system to record palm oil material data at the PoS per PoS, including input quantities received and output quantities supplied within the Unilever supply chain, ensuring *(not applicable for Type 2(a) directed supplier)*:

a) the quantity of DF factor product inputs and outputs (volume or weight) are monitored and updated monthly and no less than quarterly;
b) the DF factor product account is not overdrawn;
c) unused DF factor volume data has to be removed from the accounting system if it has been recorded over a 6 month period;
d) only DF factor data that has been recorded in the accounting system within a 6 month period may be shared as DF factor volume in the DF supplier declaration with Unilever for that period.

Guidance

Using this accounting system at the PoS per PoS, the supplier may not overdraw the DF factor or carry over any DF contributing input for more than 6 months.
The DF factor and volume input at the PoS over a maximum of 6 months cannot exceed the DF factor and volume shared in the supplier declaration with Unilever.

Practical example

In Table 1 you find a practical example for a monthly and quarterly mass balance accounting. In this example, the outgoing material is always the first to have been received.

Table 1. Practical example for quarterly mass balance accounting and monthly mass balance accounting.

Quarterly Mass Balance				
Period	*Expired DF Volume (t)*	*Incoming DF Volume (t)*	*Outgoing DF Volume (t)*	*Remaining DF Volume (t) End Quarter*
Jan - Mar	*0*	*900*	*400*	*500*
Apr - Jun	*0*	*400*	*100*	*800*
Jul - Sep	*400 (from Jan - Mar)*	*0*	*200*	*200*
Oct - Dec	*200 (from Apr - Jun)*	*300*	*100*	*200*

Monthly Mass Balance				
Month	*Expired DF Volume (t)*	*Incoming DF Volume (t)*	*Outgoing DF Volume (t)*	*Remaining DF Volume (t) End Month*
Jan	*0*	*100*	*50*	*50*
Feb	*0*	*100*	*50*	*100*
Mar	*0*	*100*	*50*	*150*
Apr	*0*	*100*	*50*	*200*
May	*0*	*100*	*50*	*250*
Jun	*0*	*100*	*50*	*300*
Jul	*0*	*100*	*50*	*350*
Aug	*0*	*100*	*50*	*400*
Sep	*0*	*100*	*50*	*450*
Oct	*0*	*100*	*50*	*500*
Nov	*0*	*100*	*50*	*550*
Dec	*50 (from Jun)*	*100*	*50*	*550*

This ensures that:

- *expired volumes are correctly removed from the balance after 6 months;*
- *adjusted remaining volumes reflect the accurate state of DF volumes after accounting for expired amounts.*

6.2.2 The supplier shall operate a material accounting system to record palm oil material data, including input quantities received and refined palm oil material output quantities supplied within the Unilever supply chain. At a minimum this shall include the following information:

a) inputs: product description and quantities of CPO or PKO (by volume or weight);
b) outputs: product description and quantities of refined palm oil and/or material (by volume or weight);
c) conversion factor from input CPO or PKO to output;
d) list of Type 1 suppliers sourced from, including the sourcing proportions from each Type 1 supplier *(not applicable for Type 1 supplier)*.

Guidance
The Type 2(a) directed supplier does not have to keep material accounting records of CPO and PKO material and may use records of refined incoming material and outgoing material. The conversion factor of the refined incoming material and outgoing material may also be used.

7 DF FACTOR

7.1 DF Factor Calculation

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

Guidance
The DF factor has to be calculated over the CPO and PKO input volume (differentiated between CPO and PKO) of the Type 1 supplier or Type 2(b) non-directed supplier.

The DF factor has to be communicated to Unilever. The factor is only a valid factor for Unilever and cannot be used as input for any other deforestation-free and/or conversion-free factor.

7.1.1 The supplier shall calculate the DF factor for the supply base (per FFB source) of each mill included in the agreed mill list.

Guidance
The DF factor is 100% when:
a) there is no observed deforestation and peat conversion since 31 December 2015 at the FFB source OR, there has been verified remediation of deforestation or peat conversion post 31 December 2015; and
b) there is 100% traceability to the FFB source.
If either a or b cannot be evidenced, a DF 0% factor is awarded for the specific FFB source.

If for each FFB source, the necessary information to calculate the DF factor is not available, the supplier can calculate an aggregated DF factor on mill level. This aggregated DF factor has to include:

a) the total FFB volume covered by the DF factor;

b) the corresponding DF factor;

c) Specification of the FFB sources used.

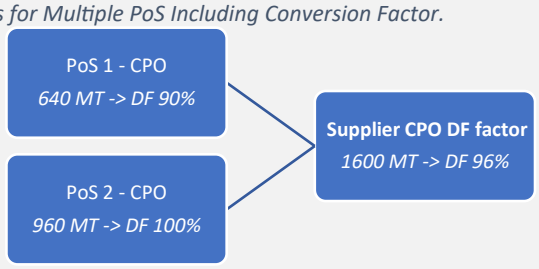
7.1.2 The supplier shall calculate the DF factor, at least per quarter, at the PoS differentiated for CPO and PKO feedstock volume.

Guidance

The DF factor has to be rounded-down.

In the case of multiple PoS, the weighted percentage average between the different PoS has to be calculated to identify the DF factor. Figure 2 demonstrates the calculation process in the case of multiple PoS.

Figure 2. Calculation Process for Multiple PoS Including Conversion Factor.



When purchasing from multiple mills, it has to be ensured that the correct methodology for the calculation of the output DF factor after products have been mixed is applied. A similar calculation process as the diagram for multiple PoS can be used.

7.1.3 The supplier shall have complete and up-to-date records available that demonstrate how the DF factor is calculated.

7.2 Transfer of the DF Factor

Responsibilities
Applicable for Type 1: supplier managing a PoS and Type 2(b): non-directed supplier purchasing after a PoS.

Guidance
The Type 1 and Type 2(b) non-directed supplier have to communicate the DF factor every quarter by sharing a DF supplier declaration with Unilever.

For Unilever's directed supply chain (including a Type 1 supplier and a Type 2(a) directed supplier), Unilever calculates the DF factor over the final output by using data from its directed supply chain. The Type 2(b) non-directed supplier has to include the conversion factor in the DF supplier declaration so the DF factor can be calculated over the final output.

7.2.1 The supplier shall share a DF supplier declaration with Unilever, at least every quarter when requested by Unilever. The DF supplier declaration shall include the following information for the applicable period:

a) date;
b) period the DF supplier declaration covers;
c) name(s) of the PoS;
d) mill list supplying into the PoS differentiated for CPO and PKO volume;
e) % traceable volume to plantation at mill level;
f) DF factor (% deforestation-free volume) at mill level ;
g) DF factor differentiated for CPO and PKO volume;
h) volume of CPO and/or PKO (MT) covered by DF factor.

Guidance
By accurately filling in and sharing with Unilever the Unilever Deforestation-free and Traceability Reporting datasheet, the supplier can demonstrate compliance with requirement 7.3.1. The Unilever Deforestation-free and Traceability Reporting datasheet is provided by Unilever or can be requested through Unilever.

8 IDENTIFICATION OF OUTPUTS

8.1 Transaction Document

Responsibilities
Applicable for Type 1: supplier managing a PoS, Type 2(a): directed supplier purchasing after a PoS, and Type 2(b): non-directed supplier purchasing after a PoS.

8.1.1 The supplier shall ensure that there is a transaction document (e.g. invoice) available for outputs supplied in the Unilever supply chain, including the following information:

a) identification of the supplier (e.g. name, address, other relevant information);
b) identification of the buyer (e.g. name, address, other relevant information);
c) the date the document was issued;
d) product description;
e) product quantity;
f) In the case of RSPO certified volume, supplier certificate number and applicable supply chain model;
g) if separate transport documents are issued, information sufficient to link the transaction document and related transport documentation to one another.

PART II: UNILEVER INDEPENDENT THIRD-PARTY VERIFICATION GUIDANCE

Purpose and Scope

To ensure the communication of accurate and reliable data, Unilever requires all supplier types to undergo an annual verification assessment against the supplier-specific requirements in this Palm Oil IVP. This verification assessment is executed by a third-party verification body.

All Unilever Type 1 and Type 2 suppliers are subject to verification. Other supply chain actors may be subject to verification.

The purpose of Part II of the Palm Oil IVP is to:

1) Ensure the implementation of a robust and objective system for the verification of Part I of the Palm Oil IVP.
2) Set out the verification requirements and step-by-step process for verification bodies.
3) Illustrate the verification process to suppliers undergoing the verification assessment.

Summary of the Verification Process

The verification process starts with identifying a verification strategy and verification planning based on pre-information gathered by the verification body. Subsequently, the verification assessment is conducted at the selected facilities. The verification body then compiles a detailed report and if required, identifies any minor or major NCs that emerged during the verification assessment. Once major NCs are closed (within the deadline) and the verification report is complete, the verification body issues a verification statement confirming that the supplier has been independently verified and that a chain of custody is in place demonstrating traceability to a deforestation-free and peat conversion-free origin of the palm oil supplied to Unilever.

1 VERIFICATION STRATEGY AND IMPLEMENTATION

1.1 Frequency of Verification Assessment

1.1.1 The verification body shall issue or re-issue a verification statement annually based on the independent verification assessment.

1.1.2 The verification body shall conduct an independent verification assessment at least annually and not later than 15 months after the previous verification assessment.

1.1.3 If the verification body finds (a significant number of) major NCs or the verification body has other concerns, more frequent verification should be conducted.

1.2 Scope of Supplier Verification

1.2.1 The verification body shall annually verify all Unilever Type 1 and Type 2 suppliers. Depending on the risk and type, a supply chain actor further upstream of the supply chain may also be selected for verification.

1.2.2 The verification body shall verify against all applicable requirements of Part I of the Palm Oil IVP (see also Annex V) and any additional documentation.

1.2.3 In the case of multiple PoS, the verification body should verify a sample of PoS of the Type 1 and Type 2(b) non-directed supplier against all applicable requirements of Part I of the Palm Oil IVP (see Annex V and Part II, Chapter 1.4 Sampling Methodology).

1.2.4 The verification body should verify a sample of mills from the agreed mill list of Type 1 and Type 2(b) non-directed supplier to confirm TTP data, verifying the minimum requirements presented in Annex VI (see Part II, Chapter 1.4 Sampling Methodology).

Guidance

Verification of mill suppliers

The verification body may conduct verification of mill suppliers (e.g. dealers, independent estates, smallholders) supplying to the mill in the case the mill (or Unilever supplier purchasing from the mill) was found to have weak control points to ensure TTP, any traceability information collected (e.g. polygons, grid cells, GPS points) but also in the case of unverified deforestation or peat conversion alerts recorded by the mill or their parent company, or the supplier.

How to perform mill verification

To conduct mill verification, there are various options for the verified to obtain the necessary evidence and data. The main options are outlined below.

- *reach out directly to the mill to discuss the importance of the required evidence by email and request the required evidence; and/or*
- *schedule a meeting with the mill and request to share the required evidence on the screen. This can help address their concerns about data privacy and security; and/or*
- *request the evidence from the Type 1 or Type 2b supplier undergoing verification. The Type 1 or Type 2b supplier may already possess the evidence or can request it from the mill; and/or*
- *search for relevant evidence in publicly available sources such as RSPO, MSPO, ISPO public databases, NDPE IRF reports, and other reliable sources.*

If during the mill verification assessment, insufficient evidence could be seen, this has to be recorded as an NC.

Unilever owned or managed Type 1 suppliers and mill verification

All mills within the agreed mill list of Unilever owned or managed Type 1 suppliers have to undergo an annual mill verification assessment and have to receive verification statements, therefore sampling is not conducted. Refer to Annex VII for the process that verification bodies have to follow for verifying and issuing verification statements to these mills.

A Unilever owned or managed Type 1 supplier is a supplier that is directly owned by Unilever or operates under Unilever's management, for example Unilever Oleochemicals Indonesia.

1.2.5 During the verification assessment, the verification body shall verify the accuracy of the DF factor calculation information of Type 1 and Type 2(b) non-directed suppliers.

Guidance

Verification of the accuracy DF factor calculation typically includes:

a) Verification of the DF factor calculation

The supplier evidence has to confirm that the DF factor for a given quarter/year across all the PoS is calculated correctly. This involves verifying the volumes used by the supplier to calculate the DF factor, including the application of conversion factors.

b) Verification of the volumes supplied from the mill to the PoS

The supplier evidence has to confirm that the volume for the selected mills to the PoS included in the DF factor calculation is recorded correctly. This involves verifying the volume summary

and a sample of deliveries along with their associated documentation, from the mill to the PoS (see Part II, Chapter 1.4 Sampling Methodology – Sampling of Deliveries).

c) Verification of the DF factors attributed to the FFB sources

The supplier evidence has to confirm that all FFB sources are to be included in the scope of the supplier's land monitoring system. This involves verifying the completeness of the mills and their FFB sources included in the DF factor calculation.

1.3 Verification Strategy

1.3.1 Before the start of the verification assessment, the verification body shall gather information to identify an appropriate verification strategy. The verification strategy shall be tailored to the type of supplier and its sourcing approach.

1.3.2 Independent of the type of supplier verified, the verification body shall before the start of the verification assessment:

a) Request procedures or other documentation the supplier has in place to ensure the chain of custody of the Unilever/DF volume.
b) Request an overview of the incoming/outgoing transactions of Unilever/DF volume.
c) In the case the supplier has multiple sites from which it handles Unilever/DF volume, the verifier should understand how the data is handled, and whether there is a central location that can be verified.

1.3.3 In addition to the above-mentioned, for Type 1 and Type 2(b) non-directed suppliers the verification body shall, before the start of the verification assessment:

a) Identify the agreed PoS between Unilever and the supplier. In the case of multiple PoS, the verifier should understand where these are located, and whether the DF factor calculation data of the PoS are managed centrally or by various locations.
b) Request from the supplier:
    i. the agreed mill list to understand how many mills supply the PoS;
    ii. the volume supplied per mill to the PoS;
    iii. RSPO certified volume supplied per mill to the PoS.
c) Understand the segregation process that is applied by the supplier.
d) Understand whether there are any mills reported in the supply base for which one or more of their FFB sources has received a deforestation alert.

Guidance

d) A deforestation alert might have originated from either the supplier's, parent company's, or Unilever's monitoring system. In the latter case, Unilever has to communicate to the verification body whether there are any mills with such alerts.

1.3.4 In addition to the above-mentioned, for Type 1 and Type 2(b) non-directed suppliers the verification body shall, before the start of the verification assessment request the DF factor calculation to identify the DF factor at the PoS. The verifier should at a minimum understand:

a) if the calculation is complete or if any information is missing;
b) if the supplier has all the mill information to complete the DF factor calculation or had to request aggregated FFB data from the mill.

1.4 Sampling Methodology

Sampling of Deliveries

1.4.1 The verifier should select a sample of deliveries to verify that the supplier has an effective system in place to record and report incoming and outgoing volumes within the Unilever supply chain.

Sampling of Multiple Sites for Type 2(a) Directed Supplier

1.4.2 In the case of a Type 2(a) directed supplier with multiple sites supplying directly to Unilever, the verification body should use the following sampling methodology: rounded-up square root ($\sqrt{}$) of the total number of direct supplying sites (e.g. 5 direct supplying sites therefore $\sqrt{5}$ = 2,24 so 3 direct supplying sites are within the sample and should be verified).

1.4.3 In the case of an initial verification assessment, priority can be given to the sites with the highest volume received. The verification body should make sure that all the direct supplying sites are verified throughout the following years when conducting surveillance verification assessments.

Sampling of Multiple PoS for Type 1 and Type 2(b) Non-directed Supplier

1.4.4 In the case of multiple PoS the verification body should use the following sampling methodology: rounded-up square root (√) of the total number of PoS.

> *Guidance*
> *For example, a Type 1 supplier manages 5 PoS therefore, √5 = 2,24 so 3 PoS are within the sample and have to be verified.*

1.4.5 For the initial verification assessment, the verification body should give priority to the PoS with the highest Unilever volume received.

1.4.6 The verification body should make sure that all PoS are verified throughout the following years when conducting surveillance verification assessments.

Sampling of Mills for Type 1 and Type 2(b) Non-directed Supplier

1.4.7 The sampling of mills is based on a risk assessment (see Table 2). The verification body should use the following formula to determine the minimum number of mills that should be verified: **$m = R \sqrt{x}$**, where:

m = mills to be verified

R = risk based on risk assessment

x = total number of mills per PoS included in the sample.

1.4.8 The sample should be taken over the total number of mills delivering to the PoS that is within the sample of the associated verification assessment.

> *Guidance*
> *For example, a Type 1 supplier has 5 PoS therefore, √5 = 2,24 so 3 PoS are within the sample and have to be verified. The 3 PoS within the sample of the verification assessment source from 20 mills total. The risk determined from the risk assessment is 0.8. Then, 0.8 x √20 = 3.13 so 4 mills are in the sample and have to be verified.*

1.4.9 RSPO IP or SG certified mills that only supply RSPO certified volume within the Unilever supply chain are exempt from mill verification and do not have to be included in the total number of mills per PoS included in the sample (x).

Table 2. Risk Assessment Matrix for the Determination of the Number of Mills Applicable for Verification.

Risk factor		Score	Score given
Management system	The supplier has a robust management system	0.1	
	Only minor NC(s) on management system or it concerns initial verification	0.2	
	1 Or more major NCs on management system	0.3	
TTP information	The supplier has a robust due diligence system for collecting and/or validating TTP information	0.1	
	Only minor NC(s) on TTP information collection/validation or it concerns initial verification	0.2	
	1 Or more major NCs on TTP information collection/validation	0.3	
DF factor calculation	The supplier has a robust DF factor calculation method	0.1	
	Only minor NC(s) on factor calculation or it concerns initial verification	0.2	
	1 Or more major NCs on DF factor calculation	0.3	
Deforestation alerts	No received deforestation alerts of mill FFB sources	0.1	
	One or more mill FFB sources have received a deforestation alert or don't know	0.3	
Total risk score			
Total number of mills			
Outcome verification sample (**m = R √x**)			

1.4.10 The verification body shall select a sample that is representative of the Type 1 and Type 2(b) non-directed supplier. The following should be taken into consideration, ensuring higher risk mills potentially affecting the DF factor are included in the sample size:

a) received deforestation alerts or grievances (if there are any, the applicable mill should be included in the sample);
b) supplier managed and third-party mills;
c) volume sold to the supplier (prioritize the largest volume supplying mills);
d) previously verified by the verification body (prioritize mills not previously verified);
e) other criteria selected by the verification body.

1.4.11 In the case that TTP information and volumes cannot be completely verified at the selected mill level the verification body should use the following sampling methodology: rounded-up square root ($\sqrt{}$) of the total number of mill suppliers per mill for which data is incomplete (e.g. 5 mill suppliers for which data is incomplete makes $\sqrt{}$ 5 = 2,24 which means that 3 mill suppliers have to be verified).

1.5 Verification Type

Remote and/or On-site Verification of the Type 1 and Type 2(b) Non-directed Supplier

1.5.1 The verification body should conduct remote verification of the supplier central office. On-site verification can be conducted if a specific risk is determined by the verification body.

1.5.2 The verification body should clearly state the rationale for demanding on-site verification of the central office in the verification report.

1.5.3 The verification body shall verify all PoS within the sample of the verification assessment on-site to verify the segregation process.

1.5.4 In the case the PoS within the sample of the verification assessment has been verified on-site during the last or second-last verification assessment and no NCs have been issued during the verification assessment, the verification body should conduct remote verification. On-site verification can be conducted if a specific risk is determined by the verification body.

> *Guidance*
> *For example, a Type 1 supplier has 1 PoS which was verified in 2022 and no NCs were raised during those assessments, the verification body may perform the verification assessment of the Type 1 supplier for 2024 remotely.*

1.5.5 The verification body should determine the number of mills to be verified based on the risk assessment for the Type 1 and Type 2(b) non-directed suppliers.

1.5.6 The verification body should conduct remote verification of the mills in the sample. On-site verification can be conducted if a specific risk is determined by the verification body.

1.5.7 The verification body should clearly state the rationale for demanding on-site verification of the mill in the verification report.

1.5.8 The verification body should conduct remote verification of the mill supplier. On-site verification can be conducted if a specific risk is determined by the verification body.

1.5.9 The verification body should clearly state the rationale for demanding on-site verification of the mill supplier in the verification report.

Remote and/or On-site Verification of the Type 2(a) Directed Supplier

1.5.10 The verification body should conduct remote verification of the supplier. On-site verification can be conducted if a specific risk is determined by the verification body.

1.5.11 The verification body should clearly state the rationale for demanding on-site verification in the verification report.

1.6 Annual Verification

Self-assessment

1.6.1 Before the initial verification, the verification body should evaluate the self-assessment, after the Type 1 or Type 2 supplier has completed the self-assessment.

1.6.2 The verification body should decide if a Type 1 or Type 2 supplier is sufficiently prepared to undergo the verification assessment.

1.6.3 When the supplier is considered to be sufficiently prepared, the verification body should arrange a date for the initial verification assessment.

Initial Verification

1.6.4 The verification body shall issue a verification statement, after the initial verification assessment and if no major NCs are open.

Surveillance Verification

1.6.5 Following initial verification, the verification body shall undertake annual surveillance verification assessments, not later than 15 months after the previous verification.

1.7 Change of Scope

1.7.1 In the case of a change of scope, the verification body shall determine whether the change of scope is significant, before issuing a new verification statement.

> *Guidance*
> *A change of scope can be considered significant if it involves a change in feedstock material group, such as adding new feedstock material like CPO and/or PKO, and/or the introduction of new supplier types, such as a switch or addition in supplier type (e.g. Type 1 supplier also becomes Type 2(a) supplier).*

1.7.2 If the change of scope request is deemed significant, the verification body should conduct a change of scope verification assessment, covering the specific area(s) affected by the change, before issuing a new verification statement.

2 VERIFICATION PLAN

2.1.1 Once the verification body has identified a verification strategy and selected the mills to be included in the verification assessment, the verification body should compile and share a verification plan with the supplier before the verification assessment.

2.1.2 The verification plan should include the following information:

a) date and time of the verification assessment;
b) location(s) of the verification assessment;
c) documents to be reviewed;
d) PoS, mills, and mill suppliers to be verified (based on sampling methodology) *(where applicable)*;
e) People/positions to be interviewed during the verification assessment;
f) scope of the verification assessment;
g) version number of Palm Oil IVP;
h) estimated duration for each part of the verification assessment;
i) confidentiality and information security.

3 VERIFICATION REPORT

3.1.1 Upon finalization of the verification assessment, the verification body shall complete a verification report.

3.1.2 The verification report shall present the findings of the verification assessment, with a detailed description of any NCs identified.

3.1.3 The verification report shall include, at a minimum:

a) date and time of the verification assessment;
b) name of the verifier, reviewer, and verification body;
c) evaluation type (initial verification, surveillance verification);
d) period verified;
e) scope of the verification assessment (product, facilities within the scope, version number of the Palm Oil IVP);
f) verified sites via on-site or remote verification;
g) verification strategy and sampling methodology adopted;
h) description of the site(s) verified;
i) changes in the scope of the supplier (e.g. sites, products, contact person) *(where applicable)*;
j) a brief description of the QMS implemented describing the processes for handling traceability incoming and outgoing data;
k) a brief description of the supply chain and monitoring system;

l) screenshots of the critical control points for the land monitoring system, with any confidential data blurred;
m) reference to any mill verification reports;
n) description and review of any deforestation alerts;
o) description of the review of (closed) NCs of previous verification assessments and missing evidence if any (including NC status e.g. open/closed);
p) overview of the findings including NCs;
q) justification of the decision to deviate from the assigned NC type in Annex VI *(where applicable)*;
r) final statement on the outcome of the verification assessment;
s) annexes may be included demonstrating additional information such as photos or copies of documentation.

Guidance
The critical control points for the land monitoring system are:

- *cut-off date 31 December 2015;*
  - *in the case of geospatial monitoring;*
  - *datasets;*
  - *high resolution images (minimum 30 meters resolution);*
  - *monitoring report;*
  - *the natural ecosystems being monitored (natural forest, peat, other).*
- *in the case of field visits, evidence of field visits or other evidence used from cut-off date 31 December 2015 to ensure no deforestation and peat conversion occurred (e.g. field visit reports).*

If the supplier declines to share screenshots, each individual critical control point has to be explicitly mentioned in the checklist of the report along with the verification details observed by the verifier.

3.1.4 The verification report shall be shared with the verified supplier.

4 NON-COMPLIANCES (NCs)

4.1 Major and Minor NCs

4.1.1 The verification body shall classify any identified NC into minor NC or major NC depending on the NC's impact.

Guidance

NCs represent failures in the management system of the supplier to demonstrate compliance with one or more of the Palm Oil IVP requirements.

The impact of a minor NC is limited and does not result in systemic failure of the supplier management system preventing it to deliver on Unilever's no deforestation and no peat conversion commitments. Minor NCs have to be corrected by the following verification assessment latest. Examples of minor NCs are:

- *The supplier made unsystematic mistakes in the recording of TTP data.*
- *The supplier made unsystematic mistakes in the reporting of DF factor calculation information (e.g. name of FFB sources, volumes reported, etc.).*

The impact of a major NC is considered critical, either in isolation or in combination with other NCs, and results in or is likely to result in the fundamental failure of the supplier's management system preventing it to deliver on Unilever's no deforestation and no peat conversion commitments, or has not been sufficiently addressed once identified. Major NCs shall be corrected within 42 calendar days of the closing meeting. Examples of major NCs are:

- *The supplier does not have a system to validate TTP information.*
- *The supplier has made systematic mistakes in the reporting of information in the DF supplier declaration.*
- *The supplier does not have a land monitoring system to verify no deforestation or no peat conversion.*
- *The supplier does not collect TTP information (e.g. agreed mill list, FFB sources information, or corresponding polygons/grid cells/GPS points).*
- *Deforestation or peat conversion is detected during the verification assessment.*
- *The occurrence of deforestation or peat conversion is confirmed via unresolved satellite monitoring alerts.*

The verification body may identify the initial stages of a problem, that does not constitute an NC but could lead to a future NC, if unaddressed. An observation has to be recorded in the verification report as "observation".

Annex V presents the verification checklist for Part I of the Palm Oil IVP, including an assigned NC type (minor or major) for each requirement. This classification is indicative, the verifier has the authority to determine if an NC is classified a major or minor.

4.1.2 If the verification body decides to deviate from the assigned NC type (minor or major) as outlined in Annex VI, the verification body shall justify this decision in the verification report.

4.1.3 The verification body shall upgrade a minor NC to a major NC if the minor NC is not resolved before the next verification assessment.

4.1.4 The verification body shall inform Unilever of any detection of deforestation or peat conversion during the verification assessment so Unilever can include it in its grievance process.

4.1.5 The verification body shall evaluate the available evidence from the supplier to close the NC, based on:

a) NC root cause analysis;
b) NC impact analysis;
c) evidence of implementation of corrective and preventive actions.

4.1.6 The verification body shall decide to close the NC if it is deemed that sufficient action by the supplier is taken to correct and prevent the reoccurrence of the NC.

Guidance
The extent of action required to close an NC may vary depending on whether it is a major or minor NC, the root cause, the impact, or the risk. In most cases, the verification body can evaluate whether sufficient actions to correct and prevent the NC have been taken through remote evaluation (documents or photographs submitted by the supplier). In some cases, the verification body may need to (re)visit the supplier or other supply chain actor to ensure that the NC has been corrected.

4.1.7 In the case the verification body decides to (re)visit a location (e.g. verified supplier, PoS, other supplier, mill) the verification body should plan a visit as soon as possible within the deadline of the NC.

4.2 Remediation Plans

Guidance
The verification of remediation or restoration plans is not part of the scope of the Palm Oil IVP. In the case a remediation or restoration plan is in place, the verifier has to verify Part II, Chapter 4, requirements 4.2.1 and 4.2.2. In the case, the supplier does not comply with requirements 4.2.1 and 4.2.2. the verifier should issue an NC on Part I, Chapter 1, requirement 1.2.6.

4.2.1 The verification body shall verify if a supplier has put in place a restoration and remediation plan after the confirmed conversion of natural forest or peatlands and wishes to report the corresponding area within Unilever´s supply base.

4.2.2 The verification body shall verify if the restoration and remediation plan complies with the following minimum requirements:

a) the restoration and remediation plan is carried out by competent personnel;
b) the restoration and remediation plan is performed in compliance with best practice standards such as:
   - Preferred by Nature Forest Ecosystem Restoration – Field Verification Standard;
   - AFi Operational Guidance on Environmental Restoration and Compensation;
   - RSPO RaCP: RSPO Remediation and Compensation Procedure | RSPO - Roundtable on Sustainable Palm Oil;
   - WRI Global Restoration Initiative;
   - other methodologies approved by Unilever.
c) the restoration and remediation plan has undergone an independent verification confirming performance according to best practice standards.

5 VERIFICATION DECISION

5.1 Verification Decision

5.1.1 The verification body shall take a verification decision after finalizing the verification report or in the case of major NCs after sufficient evidence has been presented to close the NC.

5.1.2 The verification body shall consider a verified supplier in conformance and delivering in compliance with the Palm Oil IVP requirements when the independent verification assessment has been conducted completely and there are no outstanding major NCs.

5.1.3 The verification body shall consider a verified supplier not in conformance if 1 or more major NCs have been identified.

5.1.4 The verification body shall not (re-)issue a verification statement until the verification body has determined that there is sufficient additional evidence to close all major NCs before the deadline.

5.1.5 If the major NC is not closed in due time, the verification body shall not issue or re-issue a verification statement. If a supplier has a current valid verification statement, the verification body shall discontinue the current valid verification statement until the verification body has assessed and determined that there is sufficient additional evidence to close the major NC.

5.2 Verification Statement

5.2.1 The verification body shall issue a verification statement to the verified supplier after the verification assessment is completed and all the identified major NCs have been closed.

5.2.2 The verification statement shall confirm that the supplier has been independently verified and that the supplier complies with the requirements of the Palm Oil IVP.

> *Guidance*
> *The wording of the verification statement could be as follows:*
> *"The supply chain management systems and processes in place by supplier X are verified against the Palm Oil IVP version X. This verification statement confirms that supplier x can demonstrate that the DF palm oil volume supplied in the Unilever supply chain is from deforestation-free and peat conversion-free origin."*

5.2.3 The verification statement shall contain the following information, at a minimum:

a) legal name and address of the supplier;
b) name and address of the verification body;
c) scope of the verification assessment conducted (including Palm Oil IVP version, products covered);
d) facilities included in the scope;
e) issue date and validity period of the statement;
f) statement as the example above;
g) a disclaimer that the verification statement is only valid to Unilever and that the statement alone does not constitute evidence that material within the scope of the statement is DF volume;
h) authorization of verification body (name, function, signature).

5.2.4 The verification statement shall have a validity of a maximum of 15 months from the date of issuance.

5.2.5 In the case of conversion of natural forest or peatlands, the verification body cannot confirm that the supplier complies with these requirements until a remediation plan is fully implemented that is mutually agreed upon between the supplier and Unilever.

Guidance

Table 3 provides an overview of the steps in the verification cycle.

Table 3. Summary of Steps in the Verification Cycle.

Step no.	Activity	Timeline
1	The supplier completes the self-assessment and submits it to the verification body.	Once the supplier is ready.
2	The verification body verifies the self-assessment.	Within 14 calendar days of the completion of step 1.
3	The verification body conducts the verification assessment in line with the commodity-specific independent verification protocol.	Once the self-assessment reveals a satisfactory level of compliance. Planning by the verification body is based upon Unilever's request.
4	The verifier informs the verified supplier of any NCs.	At the closing meeting (verbally) and within 7 calendar days of the finalization of the verification assessment (in writing).
5	The verifier composes a draft verification report ready for review.	Within 14 calendar days after the closing meeting.
6	The verifier and reviewer finalize the verification report.	Within 21 calendar days after the closing meeting.
(7)	The verified supplier provides evidence to close major NC to the verification body.	Within a maximum of 42 calendar days after the closing meeting.
(8)	The verification body evaluates available evidence for any major NC *(if applicable)*, and if sufficient takes a positive decision.	Within 14 calendar days after the supplier presents evidence.
9	The verification body takes a verification decision and issues a verification statement following a positive decision.	Within 7 calendar days after the finalization of the verification report (in case of no major NC) or 7 calendar days after the verification body evaluated evidence to close major NC(s) (in case of major NCs)
(10)	The verified supplier provides evidence to close any minor NC to the verification body.	Before the completion of the following verification assessment.
11	For the surveillance verification assessment, the verification cycle starts from step 3. The surveillance verification includes the evaluation of any identified minor NCs.	Within 12-15 months after the verification statement issuance date.

6 VERIFICATION BODY QUALIFICATION

6.1.1 The independent verification assessments shall be conducted by an approved verification body.

6.1.2 The verification body shall comply with the following requirements:

a) The verification body is recognized by a national authority or an accreditation body that is a member of the International Accreditation Forum.
b) The verification body conducts verification assessments in conformity with ISO 19011 Guidelines for quality and/or environmental management systems verification.
c) The workflow of the verification process complies with the requirements of ISO/CE 17065:2012.

6.1.3 The verification body shall apply a four-eyes principle. This means that the work of the verifier conducting the verification assessment should be reviewed by an appointed reviewer who reviews the verification assessment findings and the report of the verifier.

6.1.4 The verifier of the approved verification body shall comply with the following minimum requirements:

a) Demonstrable experience with RSPO P&C certification or demonstrable field experience in the palm oil sector and familiarity with field-level initiatives in the palm oil sector.
b) Knowledge and understanding of satellite monitoring techniques and how to verify their accuracy.
c) Successful completion of an ISO 19011, 9001, or 14001 auditor course.

6.1.5 The verifier of the approved verification body shall comply with the following minimum requirements:

a) Comparable experience as verifiers.

6.1.6 The verifier and reviewer of the approved verification body shall attend initial and annual training which shall cover:

a) The understanding and interpretation of the requirements specified in Part I of the Palm Oil IVP.
b) The understanding and implementation of the requirements specified in Part II of the Palm Oil IVP.

Guidance

Third-party organizations that comply with these requirements and are willing to be approved can send a request to Unilever.

ANNEX I: CONVERSION FACTORS

Table 4. Conversion Factors to Convert the Material Into Oil Equivalents.

Material	Base Oil	Conversion Factor (*multiply*)
Palm Kernel Oil	PKO	1.00
Palm Kernel Olein	PKO	1.33
Fatty Acid C12	PKO	2.13
Fatty Acid C14	PKO	3.70
Fatty Alcohol C1214	PKO	1.88
Fatty Alcohol C1618	PKO	4.20
Alcohol ethoxylate 1EO	PKO	1.54
Alcohol ethoxylate 3EO	PKO	1.13
Alcohol ethoxylate 7EO	PKO	0.75
SLES 1EO	PKO	0.80
SLES 3EO	PKO	0.59
Crude Palm Oil	CPO	1.00
RBD Palm Oil	CPO	1.11
Palm Olein	CPO	1.33
Palm Stearin	CPO	5.00
PFAD	PFAD	1.00

ANNEX II: LOW-RISK DEFORESTATION AND PEAT CONVERSION VILLAGE METHODOLOGY

Overview

Given the traceability data gaps related to smallholders' origins, the Village (Desa) Risk methodology allows the smallholder supply base to be monitored for deforestation-risk and verified as deforestation and conversion-free source. Through this approach, smallholder farmer FFB (fresh fruit bunches) origins are traced to the village level, rather than individual plot boundaries. These villages are monitored for deforestation-risk and are classified into the following classifications:

A. Non-oil palm production village
B. Deforestation and Conversion-Free (DCF) Village
C. Low-Risk Village
D. High-Risk Village

This serves as an interim step toward achieving our traceability and deforestation-free commitment.

Guidance for Supplier applying the Village Risk Methodology

Suppliers can adopt Unilever's methodology described below or an industry-recognised methodology that calculates deforestation & conversion risk at a village-level (smallest administrative unit) for their DCF claims associated with smallholder origins if it meets the following minimum requirements:

1. The village risk classification needs to be updated on an annual basis at a minimum
2. The administrative boundary used should be the smallest unit of polygon available, such as village boundaries
3. Only FFB sourced from smallholders located in villages classified as deforestation and conversion-free and/or low-risk for deforestation and conversion to oil palm can be claimed as DCF.
4. Evidence provided if a village has been downgraded in risk based on village-level intervention programs or traceability to smallholder plots.
5. The conversion rate for a DCF or low risk village should not exceed industry-standards.
6. An annually updated and documented oil palm mask is used to identify villages growing oil palm

Unilever accepts suppliers adopting the PPBC Framework for claiming DCF for their smallholder supply base if it originated from negligible D risk villages as defined by POCG.

Unilever's Methodology

Unilever's Village (Desa) Risk Methodology approach uses simple and transparent datasets to identify deforestation & conversion risk the village's administrative boundaries. Smallholder driven oil palm conversion rate is estimated by aggregating deforestation detected by both open-source and subscribed alerts on peat, peat-forest, forest landscapes. Any alerts detected on large scale oil palm plantations (concession database from service provider) are excluded from the sum to only focus on conversion to oil palm by smallholders.

These risk ratings per village will be updated on an annual basis.

A. *Non-oil palm production village*
Using a merged Oil Palm Mask across 2018-2023 and internal sourcing data, if a village has no overlap with any palm oil plantation concessions/origins/palm oil dealers, **or** it is not within 100km of palm oil mills or less than 10 ha of oil palm detected within its boundary, it is categorized as "non-oil palm production village".

B. Deforestation and Conversion-Free (DCF) Village
Villages with oil palm detected and if there has been no smallholder-driven conversion of forest, peat, and peat-forest to oil palm since Unilever's cut-off date from 2016-2023.

C. Low-Risk Village
This includes villages with oil palm detected and if there has been conversion of forest, peat, and peat-forest detected since Unilever's cut-off date from 2016-2023 to oil palm plantation. However, the smallholder-driven conversion rate in total (across forest, peat, and peat-forest) **does not exceed more than 1 ha per year.**

D. High-Risk Village
This includes villages with oil palm detected and if there has been conversion of forest, peat, and peat-forest detected since Unilever's cut-off date from 2016-2023 to oil palm plantation. However, the smallholder-driven conversion rate in total (across forest, peat, and peat-forest) **exceeds more than 1 ha per year.** Villages can also be categorized as high-risk in terms future deforestation risk if the entire village boundaries overlap with protected areas or if the village boundary overlapping with protected area has detected deforestation or oil palm planted of more than **2 ha.**

Unilever's Methodology Implementation
The output of the village risk model will allow Unilever and suppliers to determine the deforestation-risk for FFB sourced from smallholder-origins at a village level, despite the data gaps for traceability to plantation.

- *DCF Claims*
  Unilever/Supplier will claim the FFB sourced from villages as deforestation & conversion free if the village risk model categorises the village as a "DCF Village" or "Low-Risk Village".
- *Non-DCF Claims*
  Unilever will claim the FFB sourced from villages as non-deforestation & conversion-free if the village risk model categorises the village as a "High Risk Village".
- *Downgrading a village risk category*
  Villages that have been categorised as "High Risk can be downgraded to a "Low Risk Village" and be claimed as DCF if the requirements of either criteria A or criteria B are met:

A. Deforestation & Conversion Free Smallholder Plots

1. The total area of smallholder plots that have been surveyed and mapped is found to be adequate to meet the FFB requirements of the mills that have declared to be sourcing from the smallholder in the village during the year period.
2. The total area of the smallholder plots is found to be deforestation & conversion-free since the cut-off date of 31st December 2015.

B. Village-Level Intervention Programmes

1. At the village level – an intervention program has been implemented for the year of assessment that focuses on the following:
    - Training the smallholders on sustainable agriculture practices
    - Supply chain traceability validation process.
    - Deforestation monitoring program
    - Remediation and recovery though agroforestry if there is any liability found.

The above engagement and criteria assessment with the smallholders will be reviewed annually with updated mill declarations. This process will be well documented.

ANNEX III: STRATEGIC AND INDEPENDENT PROCESSORS

This Annex is applicable for Type 1 suppliers that are independent processors (including mills, kernel crushing plants, or refineries) for which Unilever is collecting TTP data and is responsible for the monitoring of no deforestation and peat conversion since the cut-off date. Because of this split in responsibilities, the Annex clarifies how compliance with the Unilever Palm Oil IVP requirements can be demonstrated.

Topic	**Requirements**	**Guidance**
1) QUALITY MANAGEMENT SYSTEM		
1.1) Commitment	1.1.1) The supplier shall have a documented policy or commitment to not source from deforested and peat converted land after 31 December 2015.	
1.2) Management System	1.2.1) The supplier shall have complete and up-to-date procedures available covering the implementation of the applicable Palm Oil IVP requirements.	
	1.2.2) The supplier shall demonstrate how roles and responsibilities for compliance with the Palm Oil IVP are established within the Unilever supply chain. This shall specifically include *(not applicable for Type 2(a) directed supplier)*: a) the agreed PoS; b) the agreed mill list; c) collection of TTP data; d) implementation of a land monitoring system, ensuring that the supply base is monitored on deforestation and peat conversion from 31 December 2015;	The supplier has to demonstrate the division of roles and responsibilities between the supplier and Unilever and have it documented in an agreement or contract between the supplier and Unilever.

	calculation and communication of the DF factor.	
	1.2.3) The supplier shall have identified person(s)/position having overall responsibility for and authority over the implementation and compliance with all applicable Palm Oil IVP requirements and/or has identified in documented procedures the different responsibilities within the organization to ensure compliance with the requirements.	
	1.2.4) The supplier shall implement a training plan according to the qualifications and/or training measures defined for each procedure. At a minimum, the supplier shall communicate the organization's procedures for the implementation of the applicable Palm Oil IVP requirements to the responsible personnel.	
	1.2.5) The responsible personnel shall demonstrate awareness of the organization's procedures for the implementation of the Palm Oil IVP requirements.	
	1.2.6) The supplier shall have a protocol for the identification of non-compliance (including externally raised grievances) related to deforestation-free and peat conversion-free supply chains or agree to the Unilever palm oil grievance and non-compliance process. In the case of non-compliance, the supplier shall make sure that the non-compliance is appropriately followed up.	
2) SUPPLY CHAIN MANAGEMENT		
2.1) Supplier Management	2.1.1) The supplier shall have processes in place for the selection of direct and indirect suppliers.	The supplier has to maintain a list of approved suppliers.

		Due diligence processes are maintained by Unilever. Unilever demonstrates compliance with this during the verification assessment.
	2.1.2) The supplier shall establish and maintain up-to-date records of all its direct suppliers supplying the Unilever palm oil supply chain. This shall specifically include: a) identification of the supplier (e.g. name, address, other relevant information); b) if applicable, the supplier's certificate number and supply chain model (RSPO, ISCC).	
	2.1.3)	N.A.
	2.1.4) The supplier shall establish a mill list (agreed mill list) *(not applicable for Type 2(a) directed supplier)*.	
	2.1.5) The agreed mill list shall be contractually documented with Unilever *(not applicable for Type 2 (a) directed and Type 2 (b) non-directed supplier)*.	
	2.1.6) The supplier shall have documentation available demonstrating that communication and transparency are maintained between the supplier, its suppliers, and other stakeholders. For the Type 2(b) non-directed supplier such documentation shall be available for all suppliers in the Unilever palm oil supply chain ranging from FFB source up to the Type 2(b) non-directed supplier.	

2.2) Certification	2.2.1) In the case a supplier is certified against another certification scheme, the supplier shall demonstrate that volume is not inappropriately counted multiple times.	
	2.2.2) In the case volume is supplied within the Unilever supply chain as RSPO certified, the supplier shall have evidence that the supplier is a licensed RSPO member and that any certification claim made is in compliance with the supply chain model scope of the RSPO certificate through the RSPO database.	
3) SEGREGATION REQUIREMENTS		
3.1) Product Segregation	3.1.1) The supplier shall have complete and up-to-date records available that demonstrate compliance with the Palm Oil IVP Product Segregation requirements.	The supplier shall demonstrate compliance with this requirement. If the supplier delivers DF 100% palm oil, compliance can be demonstrated with evidence that no non-DF palm oil products have been received. The DF factor is calculated by Unilever. Unilever demonstrates compliance with this during the verification assessment.
	3.1.2) The supplier shall implement the Palm Oil IVP Product Segregation requirements at the level of a single physical site for all processes up to and including the PoS.	
	3.1.3) The supplier shall identify one or more PoS where all DF volume is physically stored.	
	3.1.4) The supplier shall contractually document the identified PoS with Unilever.	

	3.1.5) The supplier shall ensure physical segregation by keeping clear procedures and records at the PoS and shall strive for 100% physical segregation of DF volume from non-DF volume.	
	3.1.6) The supplier shall have a system in place that is designed to ensure no intermixing occurs between volume from the agreed mill list and volume from other mills up until the PoS.	
	3.1.7) The supplier shall identify and record all critical control points where there is a risk of uncontrolled mixing or substitution between palm oil volume from the agreed mill list and volume from other mills, including outsourced activities (e.g. subcontracts for storage, transport, or other).	
4) TRACEABILITY TO PLANTATION REQUIREMENTS		
4.1) Data Collection and Validation	4.1.1) Up to 4.1.4)	Compliance with this chapter is ensured by Unilever. The supplier collaborates with Unilever to demonstrate compliance during the verification assessment.
4.2) Traceability To Plantation	4.2.1 Up to 4.2.5)	Compliance with this chapter is ensured by Unilever. The supplier collaborates with Unilever to demonstrate compliance during the verification assessment.
5) DEFORESTATION AND PEAT CONVERSION LAND MONITORING		
5.1) Land Monitoring System	5.1.1) Up to 5.1.8).	Compliance with this chapter is ensured by Unilever. The supplier collaborates with Unilever to demonstrate compliance during the verification assessment.
6) RECORD KEEPING AND VOLUME RECONCILIATION		

6.1) Volume Recording	6.1.1) The supplier shall identify and document the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step. Where measuring at each processing step is not feasible, the conversion factor for the total processing steps should be used.	
	6.1.2) The supplier shall specify and document the methodology for calculating the conversion factor(s) and ensure that conversion factors are updated when there are changes to the production process and at least once a year.	
	6.1.3) The supplier shall maintain up-to-date volume summaries (recommended to be monthly and no less than quarterly updated) demonstrating that the output quantities are compatible with the input quantities, the DF factor *(DF factor is not applicable for Type 2(a) directed supplier)*, and the conversion factors.	The supplier maintains a volume summary demonstrating that the output quantities are compatible with the input quantities and the conversion factors. The DF factor is calculated by Unilever. Unilever demonstrates compliance with this during the verification assessment.
6.2) Mass Balance Accounting	6.2.1) The supplier shall operate an accounting system to record palm oil material data at the PoS per PoS, including input quantities received and output quantities supplied within the Unilever supply chain, ensuring *(not applicable for Type 2(a) directed supplier)*: a) the quantity of DF factor product inputs and outputs (volume or weight) are monitored and updated monthly and no less than quarterly; b) the DF factor product account is not overdrawn;	The DF factor is calculated by Unilever. Unilever demonstrates compliance during the verification assessment, supported by data from the supplier.

	c) unused DF factor volume data has to be removed from the accounting system if it has been recorded over a 6 month period; d) only DF factor data that has been recorded in the accounting system within a 6 month period may be shared as DF factor volume in the DF supplier declaration with Unilever for that period.	
	6.2.2) The supplier shall operate a material accounting system to record palm oil material data, including input quantities received and refined palm oil material output quantities supplied within the Unilever supply chain. At a minimum this shall include the following information: a) inputs: product description and quantities of CPO or PKO (by volume or weight); b) outputs: product description and quantities of refined palm oil and/or material (by volume or weight); c) conversion factor from input CPO or PKO to output; d) list of Type 1 suppliers sourced from, including the sourcing proportions from each Type 1 supplier *(not applicable for Type 1 supplier)*.	
7) DF FACTOR		
7.1) DF Factor Calculation	7.1.1) Up to 7.1.3).	The DF factor is calculated by Unilever. Unilever demonstrates compliance during the verification assessment.
7.2) Transfer of the DF Factor	7.2.1) The supplier shall share a DF supplier declaration with Unilever, at least every quarter when requested by Unilever. The DF supplier declaration shall include the following information for the applicable period:	The supplier has to share a volume declaration with Unilever, at least every quarter.

	a) date; b) period the DF supplier declaration covers; c) name(s) of the PoS; d) mill list supplying into the PoS differentiated for CPO and PKO volume; e) % traceable volume to plantation at mill level; f) DF factor (% deforestation-free volume) at mill level; g) DF factor differentiated for CPO and PKO volume; h) volume of CPO and/or PKO (MT) covered by DF factor.	The DF factor is calculated by Unilever based on the provided data. Unilever demonstrates compliance with this during the verification assessment.
8) IDENTIFICATION OF OUTPUTS		
8.1) Transaction Document	8.1.1) The supplier shall ensure that there is a transaction document (e.g. invoice) available for outputs supplied in the Unilever supply chain, including the following information: a) identification of the supplier (e.g. name, address, other relevant information); b) identification of the buyer (e.g. name, address, other relevant information); c) the date the document was issued; d) product description; e) product quantity; f) In the case of RSPO certified volume, supplier certificate number and applicable supply chain model; g) if separate transport documents are issued, information sufficient to link the transaction document and related transport documentation to one another. volume of CPO and/or PKO (MT) covered by DF factor.	

ANNEX IV: TYPE 2(A): DIRECTED SUPPLIER PURCHASING AFTER A POS

This Annex applies to Type 2(a): directed supplier purchasing after a PoS. It consolidates all applicable requirements from the Palm oil IVP for this supplier type in one overview.

Topic	Requirements
1) QUALITY MANAGEMENT SYSTEM	
1.1) Commitment	1.1.1) N.A.
1.2) Management System	1.2.1) The supplier shall have complete and up-to-date procedures available covering the implementation of the applicable Palm Oil IVP requirements.
	1.2.2) N.A.
	1.2.3) The supplier shall have identified person(s)/position having overall responsibility for and authority over the implementation and compliance with all applicable Palm Oil IVP requirements and/or has identified in documented procedures the different responsibilities within the organization to ensure compliance with the requirements.
	1.2.4) The supplier shall implement a training plan according to the qualifications and/or training measures defined for each procedure. At a minimum, the supplier shall communicate the organization's procedures for the implementation of the applicable Palm Oil IVP requirements to the responsible personnel.
	1.2.5) The responsible personnel shall demonstrate awareness of the organization's procedures for the implementation of the Palm Oil IVP requirements.

	1.2.6) The supplier shall have a protocol for the identification of non-compliance (including externally raised grievances) related to deforestation-free and peat conversion-free supply chains or agree to the Unilever palm oil grievance and non-compliance process. In the case of non-compliance, the supplier shall make sure that the non-compliance is appropriately followed up.
2) SUPPLY CHAIN MANAGEMENT	
2.1) Supplier Management	2.1.1) The supplier shall have processes in place for the selection of direct and indirect suppliers.
	2.1.2) The supplier shall establish and maintain up-to-date records of all its direct suppliers supplying the Unilever palm oil supply chain. This shall specifically include: a) identification of the supplier (e.g. name, address, other relevant information); b) if applicable, the supplier's certificate number and supply chain model (RSPO, ISCC).
	2.1.3) Up to 2.1.5) N.A.
	2.1.6) The supplier shall have documentation available demonstrating that communication and transparency are maintained between the supplier, its suppliers, and other stakeholders.
2.2) Certification	2.2.1) In the case a supplier is certified against another certification scheme, the supplier shall demonstrate that volume is not inappropriately counted multiple times.
	2.2.2) In the case volume is supplied within the Unilever supply chain as RSPO certified, the supplier shall have evidence that the supplier is a licensed RSPO member and that any certification claim made is in compliance with the supply chain model scope of the RSPO certificate through the RSPO database.
3) SEGREGATION REQUIREMENTS	
3.1) Product Segregation	3.1.1) Up to 3.1.7) N.A.

4) TRACEABILITY TO PLANTATION REQUIREMENTS	
4.1) Data Collection and Validation	4.1.1) Up to 4.1.4) N.A.
4.2) Traceability To Plantation	4.2.1) Up to 4.2.5) N.A.
5) DEFORESTATION AND PEAT CONVERSION LAND MONITORING	
5.1) Land Monitoring System	5.1.1) Up to 5.1.8) N.A.
6) RECORD KEEPING AND VOLUME RECONCILIATION	
6.1) Volume Recording	6.1.1) The supplier shall identify and document the main processing steps involving a change of material volume or weight and specify the conversion factor(s) for each processing step. Where measuring at each processing step is not feasible, the conversion factor for the total processing steps should be used.
	6.1.2) The supplier shall specify and document the methodology for calculating the conversion factor(s) and ensure that conversion factors are updated when there are changes to the production process and at least once a year.
	6.1.3) The supplier shall maintain up-to-date volume summaries (recommended to be monthly and no less than quarterly updated) demonstrating that the output quantities are compatible with the input quantities, the DF factor *(DF factor is not applicable for Type 2(a) directed supplier)*, and the conversion factors.
	6.2.1) N.A.

6.2) Mass Balance Accounting	6.2.2) The supplier shall operate a material accounting system to record palm oil material data, including input quantities received and refined palm oil material output quantities supplied within the Unilever supply chain. At a minimum this shall include the following information: a) inputs: product description and quantities of CPO or PKO (by volume or weight); b) outputs: product description and quantities of refined palm oil and/or material (by volume or weight); c) conversion factor from input CPO or PKO to output; d) list of Type 1 suppliers sourced from, including the sourcing proportions from each Type 1 supplier *(not applicable for Type 1 supplier)*.
7) DF FACTOR	
7.1) DF Factor Calculation	7.1.1) Up to 7.1.3) N.A.
7.2) Transfer of the DF Factor	7.2.1) N.A.
8) IDENTIFICATION OF OUTPUTS	
8.1) Transaction Document	8.1.1) The supplier shall ensure that there is a transaction document (e.g. invoice) available for outputs supplied in the Unilever supply chain, including the following information: a) identification of the supplier (e.g. name, address, other relevant information); b) identification of the buyer (e.g. name, address, other relevant information); c) the date the document was issued; d) product description; e) product quantity; f) In the case of RSPO certified volume, supplier certificate number and applicable supply chain model; g) if separate transport documents are issued, information sufficient to link the transaction document and related transport documentation to one another.

ANNEX V: INDEPENDENT VERIFICATION ASSESSMENT CHECKLIST

Topic	Requirements	Compliance (Y/N/NA)	Type	Findings and evidence
1) QUALITY MANAGEMENT SYSTEM				
1.1) Commitment	1.1.1) The supplier shall have a documented policy or commitment to not source from deforested and peat converted land after 31 December 2015.		**Minor**	F: E:
1.2) Management System	1.2.1) The supplier shall have complete and up-to-date procedures available covering the implementation of the applicable Palm Oil IVP requirements.		**Minor**	F: E:
	1.2.2) The supplier shall demonstrate how roles and responsibilities for compliance with the Palm Oil IVP are established within the Unilever supply chain. This shall specifically include *(not applicable for Type 2(a) directed supplier)*: a) the agreed PoS; b) the agreed mill list; c) collection of TTP data;		**Minor**	F:

	d) implementation of a land monitoring system, ensuring that the supply base is monitored on deforestation and peat conversion from 31 December 2015; e) calculation and communication of the DF factor.			E:
	1.2.3) The supplier shall have identified person(s)/position having overall responsibility for and authority over the implementation and compliance with all applicable Palm Oil IVP requirements and/or has identified in documented procedures the different responsibilities within the organization to ensure compliance with the requirements.		**Minor**	F: E:
	1.2.4) The supplier shall implement a training plan according to the qualifications and/or training measures defined for each procedure. At a minimum, the supplier shall communicate the organization's procedures for the implementation of the applicable Palm Oil IVP requirements to the responsible personnel.		**Minor**	F: E:
	1.2.5) The responsible personnel shall demonstrate awareness of the organization's procedures for the implementation of the Palm Oil IVP requirements.		**Minor**	F: E:
	1.2.6) The supplier shall have a protocol for the identification of non-compliance (including externally raised grievances)		**Major**	F:

	related to deforestation-free and peat conversion-free supply chains or agree to the Unilever palm oil grievance and non-compliance process. In the case of non-compliance, the supplier shall make sure that the non-compliance is appropriately followed up.			E:
2) SUPPLY CHAIN MANAGEMENT				
2.1) Supplier Management	2.1.1) The supplier shall have processes in place for the selection of direct and indirect suppliers.		**Minor**	F: E:
	2.1.2) The supplier shall establish and maintain up-to-date records of all its direct suppliers supplying the Unilever palm oil supply chain. This shall specifically include: a) identification of the supplier (e.g. name, address, other relevant information); b) if applicable, the supplier's certificate number and supply chain model (RSPO, ISCC).		**Minor**	F: E:
	2.1.3) The *Type 2(b) non-directed supplier* shall establish and maintain up-to-date records of all suppliers in the Unilever palm oil supply chain ranging from FFB sources up to Unilever. This shall specifically include: a) identification of the supplier (e.g. name, address, other relevant information); b) if applicable, the supplier's certificate number and supply chain model (RSPO, ISCC).		**Minor**	F: E:
	2.1.4) The supplier shall establish a mill list (agreed mill list) *(not applicable for Type 2(a) directed supplier)*.		**Major**	F: E:

	2.1.5) The agreed mill list shall be contractually documented with Unilever *(not applicable for Type 2 (a) directed and Type 2 (b) non-directed supplier)*.		**Minor**	F: E:
	2.1.6) The supplier shall have documentation available demonstrating that communication and transparency are maintained between the supplier, its suppliers, and other stakeholders. For the Type 2(b) non-directed supplier such documentation shall be available for all suppliers in the Unilever palm oil supply chain ranging from FFB source up to the Type 2(b) non-directed supplier.		**Minor**	F: E:
2.2) Certification	2.2.1) In the case a supplier is certified against another certification scheme, the supplier shall demonstrate that volume is not inappropriately counted multiple times.		**Minor**	F: E:
	2.2.2) In the case volume is supplied within the Unilever supply chain as RSPO certified, the supplier shall have evidence that the supplier is a licensed RSPO member and that any certification claim made is in compliance with the supply chain model scope of the RSPO certificate through the RSPO database.		**Minor**	F: E:
3) SEGREGATION REQUIREMENTS				
3.1) Product Segregation	3.1.1) The supplier shall have complete and up-to-date records available that demonstrate compliance with the Palm Oil IVP Product Segregation requirements.		**Major**	F: E:
	3.1.2) The supplier shall implement the Palm Oil IVP Product Segregation requirements at the level of a single physical site for all processes up to and including the PoS.		**Major**	F: E:

	3.1.3) The supplier shall identify one or more PoS where all DF volume is physically stored.		**Major**	F: E:
	3.1.4) The supplier shall contractually document the identified PoS with Unilever.		**Minor**	F: E:
	3.1.5) The supplier shall ensure physical segregation by keeping clear procedures and records at the PoS and shall strive for 100% physical segregation of DF volume from non-DF volume.		**Major**	F: E:
	3.1.6) The supplier shall have a system in place that is designed to ensure no intermixing occurs between volume from the agreed mill list and volume from other mills up until the PoS.		**Major**	F: E:
	3.1.7) The supplier shall identify and record all critical control points where there is a risk of uncontrolled mixing or substitution between palm oil volume from the agreed mill list and volume from other mills, including outsourced activities (e.g. subcontracts for storage, transport, or other).		**Minor**	F: E:
4) TRACEABILITY TO PLANTATION REQUIREMENTS				
4.1) Data Collection and Validation	4.1.1) The supplier shall have a system in place for the collection and validation of TTP information from the mills included in the agreed mill list. At a minimum, the due diligence system shall include: a) data collection process;		**Major**	F: E:

	b) up-to-date data recording; c) data validation process, which includes at a minimum one of the following validation processes: cross-referencing, second-party verification, and/or third-party verification; d) annual data validation reports.			
	4.1.2) In the case an external party collects and/or validates TTP data, the supplier shall have available the external party's process for the collection and/or validation of TTP information, summary reports, or other outputs delivered during the verification assessment.		**Minor**	F: E:
	4.1.3) In the case a supplier runs data validation processes and selects a sample of their third-party mills to verify the mill's self-reported TTP data, the supplier shall justify the approach undertaken for the mill sampling approach. The approach shall consist of a clear risk assessment and/or selection process enabling prioritization of certain third-party mills over others.		**Minor**	F: E:
	4.1.4) In the case the supplier or a third party performs field visits to verify traceability information, evidence of field visits shall be recorded.		**Minor**	F: E:
4.2) Traceability To Plantation	4.2.1) The supplier shall collect, for each FFB source in the supply base of a mill included in the agreed mill list, the following location data:		**Major**	F: E:

	• polygon maps of any estates in the form of shapefiles [.shp]; or • 2x2 kilometers (or smaller) grid cells that overlay concession boundaries of the supplying estate, these can be aggregated for smallholders (grid cells should be obtained following Unilever's approved methodology); or • GPS points (latitude, longitude); or • for smallholders, village-based traceability is recognized, in which case, location data has to be made available at the village level.			
	4.2.2) The supplier shall collect and record, for each FFB source in the supply base of a mill included in the agreed mill list, the following information: a) FFB source name and type (estate, smallholder farm, or outgrower); b) total area of the FFB source; c) RSPO status (certified or not certified); d) FFB volume (MT) (or % if FFB volume is unknown) supplied to the mill; e) UML ID; f) DF factor (is the FFB volume deforestation and peat conversion free); g) for smallholder FFB sources, the village name.		**Major**	F: E:
	4.2.3) The supplier shall collect and record for each mill in the agreed mill list, the following information about the supplied volumes: a) mill name and parent company of the mill;		**Major**	F:

	b) UML ID; c) RSPO status (certified or not certified) and supply chain model (IP, SG, MB); d) PoS name the mill supplies to; e) volume CPO and/or PKO supplied in the Unilever supply chain; f) FFB volume or % received by the mill from the plantation (MT); g) % traceable volume to plantation; h) DF factor (% deforestation-free volume).			E:
	4.2.4) The supplier shall collect and record for each interim facility (e.g. kernel crushing plant) that buys volume from the agreed mill list and supplies it into a PoS, the following information about the supplied volumes: a) interim facility name and parent company name; b) facility type (e.g. palm kernel crushing plant) c) RSPO status (certified or not certified) and supply chain model (IP, SG, MB); d) RSPO supply chain certificate ID.		**Minor**	F: E:
	4.2.5) In the case the *Type 2(b) non-directed supplier* buys volume from a supply chain including a Unilever recognized Type 1 supplier, the Type 2(b) non-directed supplier does not		**Major**	F:

	have to demonstrate compliance with the Palm Oil IVP Traceability To Plantation (4.2) requirements for the volume sourced from a supply chain including the Unilever recognized Type 1 supplier, provided that the following information shall be available: a) a copy of a valid verification statement of the Type 1 supplier; b) evidence of the proportion of the overall agreed mill list production that the volume corresponds to; c) corresponding DF factor.			E:
5) DEFORESTATION AND PEAT CONVERSION LAND MONITORING				
5.1) Land Monitoring System	5.1.1) The supplier shall operate a land monitoring system to ensure that no deforestation and no plantings on, or conversion of, peatlands of any depth after 31 December 2015 occurred for all known FFB sources in the supply base of the mills in the agreed mill list.		**Major**	F: E:
	5.1.2) The supplier shall indicate the type of land monitoring system used. The type of monitoring shall be specified and should include: (1) geospatial monitoring system, and/or (2) regular field visits to the FFB sources.		**Minor**	F: E:
	5.1.3) In the case of geospatial monitoring, the supplier's geospatial monitoring system shall: a) continuously monitor and evaluate the supplier's FFB supply base for: i. deforestation; ii. plantings on peatlands; and iii. peatland conversion.		**Major**	F: E:

	b) cover monitoring from 31 December 2015 to the present; c) utilize datasets from reputable sources, such as but not limited to Sentinel, NASA's Landsat, or national satellite monitoring systems; d) utilize datasets that provide high-resolution images with a minimum resolution of 30 meters; e) utilize clear and discernible satellite imagery. In cases where the quality of satellite images is compromised due to clouds, smoke, atmospheric disturbances, or other factors the supplier should ensure that the monitoring is repeated as soon as clearer images are available; f) provide regular monitoring reports based on updated satellite imagery, monthly and no less than quarterly.			
	5.1.4) In the case of implementation of regular field visits to the FFB source, the supplier shall: • demonstrate evidence of conducted field visits since the cut-off date of 31 December 2015; or • other evidence demonstrating that no deforestation or peat conversion occurred since the cut-off date.		**Major**	F: E:
	5.1.5) The supplier shall have a documented procedure outlining the process for verifying incoming alerts on deforestation or peat conversion.		**Major**	F: E:
	5.1.6) In the case of incoming alerts, the supplier shall conduct at a minimum on-the-ground observation and: a) for directly managed mills, respond to clearing or fires in the areas managed;		**Major**	F: E:

	b) for third-party mills, monitor the situation through geospatial monitoring.			
	5.1.7) In the case where village-based traceability for smallholder FFB sources is used, the supplier shall: a) demonstrate evidence that no deforestation and peat conversion occurred after 31 December 2015 within the village jurisdictional boundary; b) conduct a risk assessment demonstrating a low risk for (third-party) sourcing outside the village jurisdictional boundary.		**Major**	F: E:
	5.1.8) In the case the Type 2(b) non-directed supplier buys volume from a supply chain including a Unilever recognized Type 1 supplier, the Type 2(b) non-directed supplier does not have to demonstrate compliance with the Palm Oil IVP Land Monitoring System requirements for the volume sourced from a supply chain including the recognized Type 1 supplier, provided that the following information shall be available: a) a copy of a valid verification statement of the Type 1 supplier; b) evidence of the proportion of the overall agreed mill list production that the volume corresponds to; c) corresponding DF factor.		**Major**	F: E:
6) RECORD KEEPING AND VOLUME RECONCILIATION				
6.1) Volume Recording	6.1.1) The supplier shall identify and document the main processing steps involving a change of material volume or		**Major**	F:

	weight and specify the conversion factor(s) for each processing step. Where measuring at each processing step is not feasible, the conversion factor for the total processing steps should be used.			E:
	6.1.2) The supplier shall specify and document the methodology for calculating the conversion factor(s) and ensure that conversion factors are updated when there are changes to the production process and at least once a year.		**Minor**	F: E:
	6.1.3) The supplier shall maintain up-to-date volume summaries (recommended to be monthly and no less than quarterly updated) demonstrating that the output quantities are compatible with the input quantities, the DF factor *(DF factor is not applicable for Type 2(a) directed supplier)*, and the conversion factors.		**Major**	F: E:
6.2) Mass Balance Accounting	6.2.1) The supplier shall operate an accounting system to record palm oil material data at the PoS per PoS, including input quantities received and output quantities supplied within the Unilever supply chain, ensuring *(not applicable for Type 2(a) directed supplier)*: a) the quantity of DF factor product inputs and outputs (volume or weight) are monitored and updated monthly and no less than quarterly; b) the DF factor product account is not overdrawn; c) unused DF factor volume data has to be removed from the accounting system if it has been recorded over a 6 month period; d) only DF factor data that has been recorded in the accounting system within a 6 month period may be		**Major**	F: E:

	shared as DF factor volume in the DF supplier declaration with Unilever for that period.			
	6.2.2) The supplier shall operate a material accounting system to record palm oil material data, including input quantities received and refined palm oil material output quantities supplied within the Unilever supply chain. At a minimum this shall include the following information: a) inputs: product description and quantities of CPO or PKO (by volume or weight); b) outputs: product description and quantities of refined palm oil and/or material (by volume or weight); c) conversion factor from input CPO or PKO to output; d) list of Type 1 suppliers sourced from, including the sourcing proportions from each Type 1 supplier *(not applicable for Type 1 supplier)*.		**Major**	F: E:
7) DF FACTOR				
7.1) DF Factor Calculation	7.1.1) The supplier shall calculate the DF factor for the supply base (per FFB source) of each mill included in the agreed mill list.		**Major**	F: E:
	7.1.2) The supplier shall calculate the DF factor, at least per quarter, at the PoS differentiated for CPO and PKO feedstock volume.		**Major**	F: E:
			Major	F:

	7.1.3) The supplier shall have complete and up-to-date records available that demonstrate how the DF factor is calculated.			E:
7.2) Transfer of the DF Factor	7.2.1) The supplier shall share a DF supplier declaration with Unilever, at least every quarter when requested by Unilever. The DF supplier declaration shall include the following information for the applicable period: a) date; b) period the DF supplier declaration covers; c) name(s) of the PoS; d) mill list supplying into the PoS differentiated for CPO and PKO volume; e) % traceable volume to plantation at mill level; f) DF factor (% deforestation-free volume) at mill level; g) DF factor differentiated for CPO and PKO volume; h) volume of CPO and/or PKO (MT) covered by DF factor.		**Major**	F: E:
8) IDENTIFICATION OF OUTPUTS				
8.1) Transaction Document	8.1.1) The supplier shall ensure that there is a transaction document (e.g. invoice) available for outputs supplied in the Unilever supply chain, including the following information: a) identification of the supplier (e.g. name, address, other relevant information);		**Minor**	F:

	b) identification of the buyer (e.g. name, address, other relevant information); c) the date the document was issued; d) product description; e) product quantity; f) In the case of RSPO certified volume, supplier certificate number and applicable supply chain model; g) if separate transport documents are issued, information sufficient to link the transaction document and related transport documentation to one another.			E:

ANNEX VI: MILL VERIFICATION CHECKLIST

MILL VERIFICATION ASSESSMENT DETAILS			
Verified mill		**Verification assessment date**	
Role in the supply chain		**Verifier / verification body**	
Address / location			

Requirements	**Compliance (Y/N/NA)**	**Findings and evidence**
1.1) The mill shall have responsible personnel to ensure compliance with the applicable requirements of this checklist.		F: E:
1.2) The mill shall keep an up-to-date list of its FFB supply base.		F: E:
1.3) The mill shall record for each FFB source in the supply base the following information: a) the name of FFB source; b) FFB volume (MT) (or % if FFB volume is unknown) supplied to the mill; c) certification status (e.g. RSPO) *(if applicable)*.		F: E:

1.4) In the case the mill collects FFB source location data, the mill shall record for each FFB source in the supply base the following information: a) location of the FFB source through polygon maps of any estates in the form of shapefiles [.shp], or 2x2 kilometers (or smaller) grid cells that overlay concession boundaries of the supplying estate, or these can be aggregated for smallholders farms (grid cells should be obtained following Unilever's approved methodology), or GPS points (latitude, longitude); b) total area of the FFB source; c) for smallholder FFB sources, the name and location of the village.		F:
		E:
1.5) In the case the mill collects FFB source location data, the mill shall have processes in place to collect and verify this information.		F:
		E:
1.6) The mill shall be able to identify the % of its volume that is traceable to the plantation and evidence to substantiate this traceability.		F:
		E:
1.6.1) The mill shall identify and record all critical control points where there is a risk of uncontrolled mixing or substitution between FFB from the list of FFB sources and FFB sources not included in the list (e.g. sourcing from dealers).		F:
		E:
1.7) The mill shall maintain up-to-date volume summaries (at least quarterly updated) demonstrating that the output quantities are compatible with the input quantities, the stock, and the conversion factors and/or extraction rates.		F:
		E:

1.8) The mill shall maintain material account records, including: a) inputs: delivery documentation (e.g. fruit purchase receipt), date, product description, quantity (by volume or weight) certification status *(if applicable)*; b) outputs: delivery documentation, date, product description, quantity (by volume or weight), certification status *(if applicable)*.		F: E:

ANNEX VII: UNILEVER OWNED OR MANAGED TYPE 1 SUPPLIER AND MILL VERIFICATION

All mills from Unilever owned or managed Type 1 suppliers, have to undergo verification. No sampling is conducted. Unilever informs the verification body of the list of mills to be annually verified and informs in the case of any changes. Upon the successful completion of a mill verification assessment, the mill is to receive a mill verification statement.

The Unilever owned or managed Type 1 supplier may only source from mills with a valid mill verification statement in place or adheres to the following guidance.

> *Guidance*
> *If a Unilever owned or managed Type 1 supplier wishes to source from a mill that has not yet undergone verification or received a verification statement, the supplier may include the mill in its agreed mill list for up to 3 months. During this period, the mill must complete the verification assessment and receive a verification statement to remain on the agreed mill list.*
>
> *If a Unilever owned or managed Type 1 supplier sources from a mill whose verification statement has expired, the Unilever owned or managed Type 1 supplier may keep the mill in its agreed mill list for up to 3 months beyond the deadline, provided the mill demonstrates that it is scheduling or undergoing a surveillance verification assessment. During this period, the mill has to undergo a surveillance verification assessment and obtain an verification statement to remain on the agreed mill list.*

This Annex outlines the mill verification process for Unilever owned managed Type 1 suppliers and provides guidance for verification bodies.

1.1 General Requirements

1.1.1 The verification body shall at least annually request from the Unilever owned managed Type 1 suppliers or Unilever the agreed mill list.

1.1.2 The verification body shall conduct an independent mill verification assessment at least annually and not later than 15 months after the previous verification assessment.

1.1.3 The verification body shall verify the mills in the agreed mill list based on mill verifications sampling for type 1 and type 2(b) non directed suppliers against Annex VI: Mill Verification Checklist.

1.1.4 The verification body should conduct remote verification assessments of all mills in the agreed mill list. On-site verification can be conducted if a specific risk is determined by the verification body.

1.1.5 The verification body should clearly state the rationale for demanding on-site verification of the mill in the verification report.

1.1.6 The verification body shall issue major or minor NCs to the mill, following the Palm IVP, Part II, Chapter 4.

1.2 Mill Verification Report

1.2.1 Upon finalization of the mill verification assessment, the verification body shall complete a mill verification report.

1.2.2 The verification report shall present the findings of the mill verification assessment, with a detailed description of any NCs identified.

1.2.3 The verification report shall include, at a minimum:

a) date and time of the verification assessment;
b) name of the verifier, reviewer, and verification body;
c) period verified;
d) scope of the verification assessment (product, facilities within the scope, version number of the Palm Oil IVP);
e) verified sites via on-site or remote verification;
f) description of the site(s) verified;
g) description of the review of (closed) NCs of previous verification assessments and missing evidence if any (including NC status e.g. open/closed);
h) overview of the findings including NCs;
i) final statement on the outcome of the verification assessment;
j) annexes may be included demonstrating additional information such as photos or copies of documentation.

1.2.4 The mill verification report shall be shared with the verified mill and Unilever.

1.3 Mill Verification Statement

1.3.1 The verification body shall take a verification decision after finalizing the verification report or in the case of major NCs after sufficient evidence has been presented to close the NC.

1.3.2 The verification body shall consider a verified mill in conformance with the Palm Oil IVP mill verification checklist when the mill verification assessment has been conducted completely and there are no outstanding major NCs.

1.3.3 The verification body shall consider a verified mill not in conformance if 1 or more major NCs have been identified.

1.3.4 The verification body shall not (re-)issue a verification statement until the verification body has determined that there is sufficient additional evidence to close all major NCs before the deadline.

1.3.5 The verification body shall issue a verification statement to the verified mill after the mill verification assessment is completed and all the identified major NCs have been closed.

1.3.6 The verification statement shall confirm that the mill has been independently verified and that the mill complies with the mill verification assessment checklist requirements of the Palm Oil IVP.

Guidance
The wording of the verification statement could be as follows:
"The supply chain management and traceability system and processes in place by mill X are verified against the Palm Oil IVP version X Mill Verification Checklist. This verification statement confirms that mill x can demonstrate that the mill indicated % of the palm volume supplied in the Unilever supply chain is traceable to the FFB source."

1.3.7 The verification statement shall contain the following information, at a minimum:

a) legal name and address of the mill;
b) name and address of the verification body;
c) scope of the verification assessment conducted (including Palm Oil IVP version, products covered);
d) facilities included in the scope;
e) issue date and validity period of the statement;
f) statement as the example above;
g) a disclaimer that the verification statement is only valid to Unilever and that the statement alone does not constitute evidence that material within the scope of the statement is DF volume;
h) authorization of verification body (name, function, signature).

1.3.8 The verification statement shall have a validity of a maximum of 15 months from the date of issuance.