PARTNER CASE STUDY

UNILEVER WORKING WITH SMALLHOLDER FARMERS ON SUSTAINABLE PALM OIL

5 DECEMBER 2015
In 2009, Unilever was among the first companies to publicly commit to a long-term goal to source 100% of palm oil sustainably. Since then, the teams on the ground have been working hard with partners to make this a reality.

**Importance of oil palm smallholder farmers**

Smallholder farmers manage about 40% of Indonesia’s oil palm plantation area. As such, their integration into the value chain is critical to deliver environmental outcomes, build supply chain security and support local farmer livelihoods.

A growing number of government, civil society and business actors, including Unilever and IDH, have a goal to transform the Indonesian rural economy by 2020 by delivering net positive environmental impacts and improving smallholder farmer livelihoods. This requires shifting the oil palm sector from being a driver of deforestation to one that is highly productive and sustainable.

In 2015, Unilever started operating its palm oil fractionation facility in Sei Mangkei, North Sumatra, Indonesia, to help drive the integration of smallholders into its value chain. The plant is designed to support a more traceable and certified supply chain for palm oil, and will bring smallholder farmers from the surrounding area into Unilever’s supply chain, many for the first time.

**Programme in action**

In August 2015, Unilever began a pilot programme in Sei Mangkei. By partnering with the Roundtable on Sustainable Palm Oil (RSPO), IDH, the Sustainable Trade Initiative and PT Perkebunan Nusantara III Persero, Unilever developed a programme to help independent smallholders located in Sei Mangkei to increase their productivity and quality, and to achieve RSPO certification.

Cherie Tan, Procurement Director, Eliminate Deforestation at Unilever said: “Progress is going well and we are pleased we can see potential for this to grow. The plan is to scale up and roll out the programme to include additional independent smallholders from across Sei Mangkei sourcing base or priority landscapes and to scope out potential districts for a pilot phase. We need to work with our key suppliers, donors and implementing organisations to make this happen.”

Unilever is working with its partners to enable 250 smallholder farmers to achieve RSPO certification by the end of 2016 and rest soon after.

**Traceability progress**

To date, almost 75% of Unilever’s volume of palm oil can be traced back at least to the mill in the country of origin and 100% of the palm oil from its Sei Mangkei facility traceable to mills. This visibility enables Unilever to continue its work in sourcing 100% traceable and physically certified palm oil by 2020. All non-smallholder sources of palm oil in Unilever’s supply chain will comply with its principles by the end of 2017.
Further Information

Achieving a high productivity sustainable palm oil sector in Indonesia a landscape management approach
- Working Paper by Climate Policy Initiative, IDH and Unilever

TFA2020 Partners: the triple win of ‘produce-protect’
- Blog by Marco Albani