

Palm Oil Policy

Background

Palm oil is the world's most widely used and versatile vegetable oil. Oil palm trees produce up to ten times more oil per hectare of land than other oil crops such as sunflower, rapeseed and soya. As the world's population continues to grow, the global demand for palm oil also grows. When palm oil is produced in a non-sustainable way, it has a substantial impact on deforestation, loss of peatland, climate change and biodiversity loss. However, there are also positive impacts of using palm oil as it helps to create employment in rural areas where other employment is scarce and therefore helps to alleviate poverty. It also helps to promote rural development.

What is Bidfood doing?

In order to address the challenges mentioned above, Bidfood is committed to sustainable sourcing of palm oil and its derivatives. Bidfood is a member of the Roundtable on Sustainable Palm Oil (RSPO) that has developed a global standard for the entire supply chain of sustainable palm oil through a set of environmental and social criteria. These aim to reduce the negative impacts of palm oil cultivation.

In our own brand products, we aim to use 100% certified sustainable palm oil and its derivatives by the end of 2023. It is important that our customers have the confidence that the palm oil used in our products has been sustainably sourced.

Policy

Scope

This policy applies to all Bidfood own brand food products which contain palm oil or its derivatives. Bidfood will collect product information provided by branded suppliers for onward reporting to customers.

Method / procedure

Our aim is to use 100% certified sustainable palm oil and its derivatives in all our own brand products by the end of 2023. Our preference is to use identity preserved or segregated certified sustainable palm oil where it is added as an ingredient or sub ingredient to our products. Where this is not possible, certified sustainable mass balance will be accepted, if agreed in advance with the Bidfood Technical Manager.

For palm oil or palm kernel oil derivatives, where certified identity preserved, segregated or mass balance is not available, we require our suppliers to purchase RSPO credits to support the production of certified sustainable palm oil.

All suppliers of Bidfood own brand products containing palm oil / palm derivatives must be members of the RSPO or equivalent organisation and hold a valid supply chain certification which covers each Bidfood own brand product (unless the exemptions below apply) by the end of 2023 or in line with contracts and tenders, whichever comes first. This will enable us to verify that all our suppliers who are supply chain certified are committed to respecting Free Prior and Informed Consent within the palm oil supply chain. Alternatively, where applicable, a valid distributor's licence should be in place to allow the chain of custody to be passed on.

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Exemptions

An own brand supplier will be exempt from needing RSPO or equivalent supply chain certification or a distributor's licence if ALL of the following apply:

- The percentage of palm oil / derivatives within the Bidfood own brand product is less than 1%
- All Bidfood own brand products supplied by the supplier's site contain less than 1% palm oil
- The supplier can demonstrate they have an NDPE (No deforestation, no peat and no exploitation) policy or buy from suppliers who have an NDPE policy. This policy should include their commitment to respect Free Prior and Informed Consent within the palm oil supply chain.
- The supplier can demonstrate that the palm oil / derivative is certified and it is only because the supplier to Bidfood is not certified that it cannot be claimed as certified
- The supplier to Bidfood must purchase RSPO credits to cover the palm oil in the product

Bidfood's approach is not to remove palm oil for sustainability reasons. Selecting identity preserved, segregated or mass balance RSPO (or equivalent) palm oil is preferred to removing palm oil or replacing with other fats, unless for health, taste or other reasons not linked to sustainability.

Definitions

Palm Oil: means all materials derived from the fruit of the oil palm tree (*Elaeis guineensis*). This includes palm oil and palm kernel oil.

Palm Oil Derivatives: chemicals within palm oil that have been fractionated, or separated out, usually for very specific food applications. These can include fatty acids, glycerine, fatty nitrogen compounds etc.

Roundtable on Sustainable Palm Oil: sustainability scheme for palm oil production and supply. RSPO standards are developed through multi-stakeholder input and are supported by Production and Supply Chain (chain of custody) certification.

RSPO equivalent: Other schemes that meet or exceed RSPO principles and criteria such as Rainforest Alliance certified palm oil, ISCC+

Credits: An RSPO Credit is proof that one tonne of certified palm oil was produced by an RSPO certified company or independent producer, and has entered the global palm oil supply chain. By purchasing credits, buyers encourage the production of certified sustainable palm oil.

Mass Balance: Certified palm oil is mixed with non-certified palm, but the volume of palm oil sold as RSPO matches the amount of certified palm oil purchased.

Segregated: Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout the supply chain.

Identity Preserved: Sustainable palm oil from a single identifiable certified source is kept separately from other palm oil throughout the supply chain.

Smallholder: Smallholders are farmers who grow oil palm, alongside with subsistence crops, where the family provides the majority of labour and the farm provides the principal source of income, and the planted oil palm area are is less than 50 hectares.

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Distributor licence: The distributors’ license is approved for RSPO member whom participates in the RSPO certified oil palm supply chain. The distributors and wholesalers take legal ownership, store and sell products to their customer bases, but do not unpack, repack or relabel those products at any stage. The licence allows the certification to be passed on without the distributor needing to have a certification audit themselves.

Related Information

Information on our palm oil sustainable sourcing is shared with customers and other external stakeholders in the Bidfood Sustainability and Corporate Responsibility Report.

We also complete the RSPO ACOP report annually that is available publicly online.

Reporting

Bidfood are members of the RSPO and a requirement of this is to complete an Annual Communication Of Progress report. This report summarises the amount of palm oil used, the type of palm oil and the control method to show the sustainability. This report is published and available to the public on the RSPO website.

Policy History

Date	Version	Changes From Previous Version
March 2019	3	Aim to use segregated and identity preserved only. Expect OB suppliers to be members of RSPO.
July 2022	4	All OB suppliers must be members of RSPO and supply chain certified (unless exempt). Accept mass balance where added as an ingredient or sub-ingredient. Accept credits for derivatives and fractions.