

POSITION PAPER SUSTAINABLE PALM OIL

May 2019

What's the specific context?

- The global population is expected to increase to 9.7 billion by 2050.
- In addition to the general increase in demand for food products, economic development generates an increase in demand for meat, dairy, vegetables and fruits and fats.
- Palm oil represented 39% of the worldwide oil production
- Approximately 85% of palm oil is in Malaysia and Indonesia
- New plantations are being developed and existing ones expanded in Indonesia, Malaysia, and other Asian countries as well as Africa and Latin America to meet the growing demand for palm oil.
- Palm Oil has the highest yield per hectare of any of the oil producing crops, producing around 6 times as much oil per hectare as soy and 10 times as much as sunflower oil.
- Due to its hard texture at ambient temperatures and its stability at high temperatures, palm oil has many uses for the food industry and is found in products such as cooking oil and margarine as well as confectionary, ice cream, ready to eat meals and cleaning products.
- This characteristic means that palm oil can be used as an alternative to hydrogenated vegetable oils as it is free of trans fats, however due to its saturated fat content, the use of palm oil has to be carefully balanced for nutritional aspects.
- This expansion leads to the conversion of tropical forests to land for the cultivation of oil palms with considerable social and environmental impacts.
- Social impacts include the displacement of local populations, human rights abuses and violent conflicts over land rights
- Environmental impacts include significant carbon emissions, the destruction of the habitats of a large number of endangered species, and soil erosion.

Why Sodexo Engages

Sodexo sources and uses products that contain palm oil. While it does not directly produce these products, Sodexo shares responsibility in ensuring that these raw materials are responsibly produced and do not contribute to negative social and environmental impacts. We do this for several reasons:

- Because the negative social and environmental impacts associated with irresponsible palm oil production are incompatible with Sodexo's values.
- Because a rich and resourceful planet is indispensable to quality of life in the long-term. 1.6 billion people rely on forest resources for their livelihoods and everyone in the world benefits from the ecosystem services that forests provide; they store carbon and regulate our climate.
- To meet stakeholder expectations (consumers, clients, investors, and NGOs).

Sodexo believes that responsibly sourcing palm oil is a key component of a responsible supply chain alongside business integrity, food safety, food security, nutrition, animal welfare, fundamental rights for workers and economic viability.

Commitment

- We will source 100% physical sustainable certified palm oil (CSPO) globally by 2025 for our two highest palm oil content products: frying oil and margarine.
- We will work with our suppliers to source sustainable palm oil in the products that we buy from them wherever possible, and where Sodexo is not able to source sustainable palm oil, we will purchase RSPO PalmTrace* certificates to reward palm producers for working in a sustainable and responsible way.

What has been accomplished

- Sodexo has defined a time bound strategy for sustainable palm oil in conjunction with the World Wildlife Fund (WWF) as part of its technical agreement on Sustainable Agriculture.
- Sodexo has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011.
- We developed and continue to deploy our Sustainable Palm Oil toolkit to raise awareness internally and with our suppliers on the importance of sustainable palm oil.
- Each year, we carry out a global survey of the palm oil volumes that we purchase as a company through our sourcing of margarine and frying oil.
- We participate in the WWF Palm Oil Buyer Scorecard and submit our ACOP to the RSPO on an annual basis.
- In Fiscal Year 2017, 31.8% of the palm oil we purchased was physically certified sustainable palm oil
- In Fiscal Year 2018, 59.5% of the palm oil we purchased was physically certified sustainable palm oil

Next Steps

- **Continue to raise the level of awareness internally** through the Supply Management and the Corporate Responsibility network about the importance of sourcing certified sustainably produced palm oil.
- **Continue to raise awareness among the supplier community** about the importance of sustainable palm oil production.
- **Continue to work with our suppliers** to ensure that the sustainable palm oil we source is from mass balance or segregated sources.
- **Continue to raise awareness amongst our clients and consumers** about the importance of sustainable palm oil production.
- Our sourcing team will systematically **include the ability to provide certified sustainable palm oil** as part of its specifications for the supply of all relevant categories such as frozen bakery, soups and bouillons, French fries.
- We will closely **monitor the amount of certified sustainable palm oil that Sodexo consume** and buy RSPO PalmTrace certificates to compensate the non-certified sustainable palm oil that we source as a company.