

# Our sustainable palm oil sourcing policy

To manufacture high-quality ingredients for the bakery, patisserie and chocolate industry, we source many different raw materials from around the world.

For Puratos, **palm oil is an essential raw material due to its excellent sensory characteristics and functional properties.**

Palm oil is solid or semi-solid at room temperature and lends a pleasant, smooth and creamy texture to the final product. It is resistant to oxidation and thus can give products a longer shelf-life. As its temperature is stable, it can be used in high temperature processes. It is also odourless and colourless which means it doesn't alter the look or smell of food products.

In 2019, we sourced over 100,000 tons of palm oil for the production of coating chocolate, margarines, emulsifiers, non-dairy creams and fat based fillings.

## What is the impact of palm oil on people and our planet?

Almost all land that is used for farming today was once forest or jungle. **As the world's population has grown, our need for more food has also increased**, which means land has been cleared for vegetable crops to feed humans and farming animals. When land is cleared however, this affects the natural environment of the plant and animal species who live there. In some areas it could even affect endangered species. This is why **we want to make sure that palm oil can be grown in a way that does not cause harm to the environment and natural habitat of these animals.**

**Deforestation also has a huge impact on climate change.** During photosynthesis, trees absorb carbon dioxide ( $\text{CO}_2$ ) from the atmosphere, and later use it to build new materials – such as trunks, stems and roots. Because of this, forests are capable of absorbing  $\text{CO}_2$  from the air and storing it as carbon for long time periods. When cutting/burning these woods a huge amount of  $\text{CO}_2$  is released. As  $\text{CO}_2$  is an important heat-trapping (greenhouse) gas, it leads to global warming effects. That is why **it is important to grow oil palms sustainably and prevent deforestation and the use of fire.**

And last but not least, **we need to make sure that workers and local communities are treated well and working conditions are improved through responsible production, education and health services.**



## Why don't we abandon palm oil?

If palm oil drives deforestation and destroys the habitat of endangered species, then why don't we just switch to an alternative vegetable oil? Well, oil palm trees are actually the most interesting source of oil because they need less land than other vegetable oil sources. **Oil palm trees use 4-10 times less land than other vegetable oil crops** like soy, sunflower and rapeseed to get the same amount of oil.

This means that **the best solution is to switch to sustainable palm oil rather than replacing palm oil with other vegetable oils.**

4-10 TIMES LESS LAND USAGE



## Roundtable on Sustainable Palm Oil (RSPO)

When a farmer grows oil palm trees in line with a number of strict rules that safeguard the environment, protect people who live and work in oil palm cultivation, and preserve animal wildlife – then the oil that comes from these farms is known as 'sustainable palm oil'. **The rules are set by the not-for-profit organisation Roundtable on Sustainable Palm Oil (RSPO).** Puratos became a member of the RSPO in 2010.

## At Puratos we are committed to source palm oil responsibly

All palm oil suppliers of Puratos are required to sign and respect the NDPE charter (NDPE = no deforestation, no peat and no exploitation):

- **No deforestation:** HCV (High Conservation Value) areas and HCS (High Carbon Stock) forests, as well as protected areas are respected. These areas contain rare, threatened or endangered ecosystems and are critical to local communities. They have high carbon, biodiversity and social value.
- **No burning:** the use of fire for land preparation, replanting or other developments is prohibited.
- **No new development on peat land:** peat is a soil containing over 65% organic matter and is hugely important to our planet as it acts as a carbon store. It is a great habitat for wildlife and plays a role in water management.
- **No exploitation of people and local communities:** ethical behaviour and respect for the rights of workers and local communities in line with international human rights principles and local applicable laws. Improve working conditions and the livelihoods of workers through responsible production, education and health services. The inclusion of smallholders is promoted.
- **Supply chain transparency:** all suppliers provide full traceability up to the mills and report non compliances in their supply chains.

**In 2020 Puratos committed to using 100% sustainable palm oil.** We reach this target by increased buying of certified sustainable palm oil under the supply chain models Mass Balance (MB) and Segregated (SG). RSPO credits from the book & claim supply chain model will compensate for the volumes of non-certified palm oil products used in Puratos Group's production sites in order to support the production of RSPO certified palm oil.

Puratos engages to continue to grow the physical sustainable palm oil (being RSPO Mass Balance and Segregated) over the next years. Puratos intends to purchase 100% certified physical sustainable palm oil, under the supply chain model RSPO Mass Balance, if not Segregated, in EU, USA and Canada from 2024 onwards, and in the rest of the world from 2025 onwards.

More information on the different supply chain models can be found [here](#).

**Puratos is actively involved in on-the-ground investments.** We support [the Rimba Raya project](#), an impactful initiative in Borneo to protect forest and peatland, protect biodiversity including a large orangutan population, and support the livelihood of local communities by providing education, employment and hope for the future.

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