

# SODEXO GROUP POSITION PAPER: SUSTAINABLE PALM OIL

This position paper deals specifically with the sustainable palm oil part of the “Local, seasonal or sustainably raised or grown products” commitment. Other aspects of the commitment are dealt with separately.

## WHAT’S THE SPECIFIC CONTEXT?

- Worldwide population is expected to rise from 6.7 billion in 2009 to 9.6 billion in 2050.
- In addition to the general increase in demand for food products in general, economic development generates an increase in demand for meat, dairy, vegetables and fruits and fats.

Palm oil represented 35% of the worldwide oil production in 2011  
(Source: Food and agriculture organization)

- **In 2011, 85% of palm oil was produced in Malaysia and Indonesia**, the remainder being produced in countries such as Nigeria, Guatemala, Nicaragua, Colombia, Peru, Thailand, Angola, Liberia, Congo, Ghana, Ivory Coast.  
(Source: United Nations Conference on Trade and Development, based on Oil World data)
  - 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.
  - 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 the generation of significant carbon emissions and the destruction of the habitats of a large number of endangered species. Carbon emissions from palm oil land conversion are estimated to represent between 15 and 18% of global carbon emissions and result from the drying of peat lands and the burning of land. (Source: WWF, 2011)
- Palm Oil has by far 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.

## WHAT ARE THE POTENTIAL IMPACTS FOR SODEXO?

- Palm oil responsible for deforestation is incompatible with Sodexo's values and the commitments that the company has made within the Better Tomorrow Plan.
- By taking action to source sustainable palm oil, Sodexo is therefore taking another step on its sustainability journey whilst meeting the expectations of its different stakeholders.
- The level of public interest in palm oil is continually increasing and our employees, clients and consumers are asking us about how we are working to increase the sustainability of the palm oil that we use.
- NGO activity to reduce the environmental and social impacts of deforestation from palm oil plantations is increasing and targets major brands
- Investors are increasingly demanding that companies communicate how they are managing these risks.

## WHAT IS SODEXO'S STRATEGY ON PALM OIL?



In 2009, by launching the Better Tomorrow Plan, the Group reinforced its commitment to conducting business in a responsible and sustainable manner.

Concerning Sustainable Agriculture in particular, the Group made the following commitment: "We will

source local, seasonal or sustainably grown or raised products in all the countries where we operate by 2015".

With regard to palm oil in particular:

- Recognising the role that palm oil production plays in supporting millions of livelihoods, Sodexo has committed to actively support the development of a sustainable palm oil industry by increasing its use of certified sustainable palm oil.
- We will select products that support the development of a sustainable palm oil industry in all the countries where we operate by 2015.

- 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 GreenPalm\* 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 WWF as part of its technical agreement on Sustainable Agriculture.
- Sodexo became a member of the RSPO\*\* in August 2011.
- Sodexo became a member of GreenPalm in January 2012.
- 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 full survey of the palm oil volumes that we purchase as a company through our sourcing of margarine and frying oil.
- We have participated in the WWF Palm Oil Buyer Scorecard and submitted our annual ACOP to the RSPO
- Our work with suppliers on frying oil and margarines has allowed us to inform those who were not already informed about the environmental and social issues surrounding palm oil and how they could take measures to improve their sustainability.
- In Fiscal Year 2012, Sodexo already achieved its objective to have 100% certified sustainable palm oil since we purchased 1 662 GreenPalm certificates to compensate the non-certified palm oil we purchased as a Group
- In Fiscal Year 2013, we purchased 3 200 T of palm oil of which 48% is certified sustainable (42% Mass Balance or Segregated and 6% GreenPalm certified) and we will buy GreenPalm certificates for the remaining 52%
- In Europe, our European sourcing team has selected a range of margarine and frying oil products containing certified sustainable palm oil.



## WHAT ARE OUR NEXT STEPS?

- **Continue to raise the level of awareness internally** through the Supply Chain and the Better Tomorrow Champion 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 through the supplier letter, RFI and RFQ process.
- **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 European 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 GreenPalm certificates to compensate the non-certified sustainable palm oil that we source as a company.

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\* GreenPalm is a certificate trading program endorsed by the Roundtable on Sustainable Palm Oil (RSPO), which is designed to tackle the environmental and social problems created by the production of palm oil.

\*\* RPSO: Roundtable on Sustainable Palm Oil an industry-led initiative set up in co-operation with the conservation organisation WWF in 2004. The Roundtable works with plantation owners, manufacturers, retailers, banks and other NGO partners including Oxfam and Sawit Watch to devise standards for sustainable palm oil production.