



Palm Oil Policy

EXTERNAL STATEMENT

Summary

Premier Foods is a member of the Roundtable on Sustainable Palm Oil (RSPO). Our membership commits us to actively support the continuation of the Roundtable process and advancing the production, procurement and use of sustainable palm oil products. Likewise we require our palm oil suppliers to sign up as a condition of supply.

Premier Foods now sources 100% certified sustainable palm oil, playing our part in helping to prevent damaging deforestation in South East Asia. BM TRADA, the leading independent certification body, has certified all our sites that handle palm oil as having RSPO approved traceability systems capable of guaranteeing the use of palm oil from sustainable sources.

With regards to deforestation Premier Foods takes this very seriously and therefore only works with bulk palm oil suppliers that have "no deforestation" and "no conversion" policies. Greater than 90% of the palm oil we currently use is from suppliers who have and maintain such policies. In addition it is our policy that the bulk palm oil we purchase is from suppliers who have traceability back to the producing mills.

We note and welcome the RSPO revised principles and criteria that strengthen the policy around deforestation further for certified sustainable palm oil.

Policy Detail

As one of Britain's largest branded food producers, Premier Foods is committed to delivering the taste the British love, with food that's made in Britain by people who understand British consumers. We supply a range of retail, wholesale, foodservice and other customers with some of Britain's best loved brands.

Premier Foods is concerned about the environmental and social impacts linked to the procurement of Palm Oil from South East Asia. The company is aware that areas of tropical rainforest are being converted to agricultural use, in Malaysia and Indonesia, to facilitate the extension of palm oil plantations in order to enable the economic development of this region. A consequence of this conversion is a reduction in the natural habitat of the large ape, orang-utan, and the associated biodiversity of this region. We have been advised that there is sufficient existing cleared land in the region not currently being put to agricultural use that could and should be utilised to meet the increasing global demand for palm oil, in preference to clearing additional rainforest.

Premier Foods understands the benefits that palm oil offers globally over other vegetable oils: the yield per acre is much better than other vegetable oil crops, using proportionately less land, six times less than Soya, for example. Growing palm fruit also requires lower amounts of pesticides, fertilizers and fuel than other types of food oil.

Premier Foods and our palm oil suppliers are all members of the Roundtable on Sustainable Palm Oil (RSPO), an organisation whose mission is to assure palm oil contributes to a better world by advancing the production, procurement and use of sustainable oil palm products. We require that our suppliers follow the development, and implementation, of the RSPO guidelines to ensure that we are at the forefront of sourcing sustainable third party certified palm oil as it becomes available.

Since the beginning of 2010, 100% of the palm oil used by Premier Foods has been sourced, as a minimum through the Green Palm programme and since early 2015 Premier Foods has sourced 100% certified sustainable palm oil, playing our part in helping to prevent damaging deforestation in South East Asia. BM TRADA, the leading independent certification body, has certified all our sites that handle palm oil as having RSPO approved traceability systems capable of guaranteeing the use of palm oil from sustainable sources.

With regards to deforestation Premier Foods takes this very seriously and therefore only works

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with bulk palm oil suppliers that have "no deforestation" and "no conversion" policies. Greater than 90% of the palm oil we currently use is from suppliers who have and maintain such policies. In addition it is our policy that the bulk palm oil we purchase is from suppliers who have traceability back to the producing mills. We note and welcome the RSPO revised principles and criteria that strengthen the policy around deforestation further for certified sustainable palm oil.

Manufacturing sites producing for retailers under their own brands will, in addition, work to ensure compliance with their policies on this issue.

Consumer Message

Palm oil is an important and versatile raw material and it contributes to the economic development of producing countries and daily needs of consumers in the UK. However at Premier Foods we are concerned over the environmental and social impacts of our buying of palm oil from South East Asia. In response we and our palm oil suppliers are all members of the Roundtable on Sustainable Palm Oil (RSPO) an organisation whose mission is to ensure palm oil contributes to a better world.

Premier Foods now sources 100% certified sustainable palm oil, playing our part in helping to prevent damaging deforestation in South East Asia. BM TRADA, the leading independent certification body, has certified all our sites that handle palm oil as having RSPO approved traceability systems capable of guaranteeing the use of palm oil from sustainable sources.

With regards to deforestation Premier Foods takes this very seriously and therefore only works with bulk palm oil suppliers that have "no deforestation" and "no conversion" policies. Greater than 90% of the palm oil we currently use is from suppliers who have and maintain such policies. In addition it is our policy that the bulk palm oil we purchase is from suppliers who have traceability back to the producing mills. We note and welcome the RSPO revised principles and criteria that strengthen the policy around deforestation further for certified sustainable palm oil.

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INTERNAL INFORMATION

Background

Palm oil is an important and versatile raw material and it contributes to the economic development of producing countries and daily needs of people in the UK. Palm oil is edible oil obtained from the fruit of the tropical Oil Palm tree. The Oil Palm tree has high productivity and is with soy the world's largest vegetable oil crop. Over 48 million tonnes of palm oil are produced worldwide and due to its intrinsic properties it is an important raw material for both food and non-food industries. Palm oil is used in biodiesel and in cosmetic products and is a major food ingredient used all over the World. Palm oil is extensively used in margarines as well as products such as cakes, biscuits, crisps and bread.

Palm oil usage has increased in recent years due to it being an effective substitute for partially hydrogenated oils and thereby can be used to eliminate trans fats from foods. However palm oil is relatively high in saturated fats.

There is an increasing concern over the environmental impact of palm oil use. The media have highlighted that tropical rainforests have been cleared to allow palm oil plantations to be extended. This in turn reduces the habitat of threatened animal species such as orang-utans. The major producers of palm oil are Malaysia and Indonesia.

The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004, and is an association created by organisations carrying out their activities in and around the entire supply chain for palm oil to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders.

This organisation has members representing major players along the palm oil supply chain, the growers, the processors, traders, consumer goods manufactures, retailers, banks and both social development and environmental NGOs. Membership of the RSPO was applied for and granted in 2006.

Premier Foods embarked on a move to 100% certified sustainable palm oil, achieving this target in 2015. In May 2016 Premier Foods re-acquired Knighton Foods. Since re-acquisition we are working to bring Knighton Foods in line with Premier Foods' policy.

With regards to deforestation Premier Foods takes this very seriously and therefore only works with bulk palm oil suppliers that have "no deforestation" and "no conversion" policies. Greater than 90% of the palm oil we currently use is from suppliers who have and maintain such policies. In addition it is our policy that the bulk palm oil we purchase is from suppliers who have traceability back to the producing mills. We note and welcome the RSPO revised principles and criteria that strengthen the policy around deforestation further for certified sustainable palm oil.

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Policy Position / Rationale

Palm oil usage has increased in recent years due to it being an effective substitute for partially hydrogenated oils and thereby can be used to eliminate trans fats from foods.

There is an increasing concern over the environmental impact of palm oil use, particularly concerns that tropical rainforests have been cleared to allow palm oil plantations to be extended. This in turn reduces the habitat of threatened animal species such as orang-utans.

The Premier Foods policy has been a commitment to source 100% of our palm oil usage from the Green Palm (now RSPO) programme by January 2010 and a publically stated commitment to source 100% certified sustainable palm oil by 2015 – both commitments were achieved.

With regards to deforestation Premier Foods only works with bulk palm oil suppliers that have clear 'no deforestation' and 'no conversion' policies and who have traceability back to the producing mills.

Commercial Considerations

Small annual fee for membership of the RSPO.

There is a requirement to ensure that our suppliers comply with our Palm Oil policy.

The future requirement that Premier Foods only sources RSPO certifiable palm oil, the price and availability of which may vary.

Supply chain integrity must be maintained and checked, independent certification is required.

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APPENDICES

Q&A's

Q1. From where do you source palm oil?

Our suppliers predominantly source Palm Oil from a range of plantations in Malaysia, Indonesia and Papua New Guinea. Our organic palm oil comes from Colombia.

Q2. In what products do you use palm oil?

Palm oil is a constituent material in a great many ingredients used in such products as cakes, pies, tarts, and slices.

Q3. Is Premier Foods a member of the RSPO? If not why? [Unilever and Northern Foods are both members]

Yes, Premier Foods is an RSPO member, in addition we requires all our palm oil suppliers to be members of the RSPO.

Q4. Do the products that you supply to major retailers (e.g. Tesco) conform to the standards laid out by the RSPO?

Products are supplied to all Premier Foods customers in a way that complies with their brand requirements.

Q5. What is Premier Foods individually doing to encourage the sustainable production of palm oil?

By requiring all Suppliers to align themselves with the aims and objectives of the RSPO, Premier Foods is ensuring that raw materials are produced in a sustainable manner.

Q6. Are there any alternatives to using palm oil?

Palm Oil is a highly versatile ingredient; however pure palm products represent less than 2% of Premier Foods' total consumption of oils.

Q7. Are the rainforests being cut down to make way for palm oil plantations?

Premier Foods has been advised that there is sufficient existing cleared land in the region not currently being put to agricultural use that could, and should be utilised to meet the increasing global demand for palm oil, in preference to clearing additional rainforest. We have pledged our support to Unilever's call for an immediate moratorium on the conversion of any further rainforest in Indonesia and Malaysia to palm oil production.

Q8. What is the social and economic impact of your policy?

Palm oil producers who are members of the RSPO are expected to implement plans of actions to promote sustainable palm oil production. This means that palm oil growers joining the Roundtable should apply better management practices, including identifying forest areas of high conservation value (i.e. HCVFs) before establishing new plantations or expanding existing ones. High Conservation Value Forests (HCVFs) must not be converted, and their values must be either preserved or enhanced. The RSPO considers oil palm smallholders as important stakeholders and should be included in the process of developing criteria for sustainable palm oil currently being undertaken.

Q9. What is the RSPO Programme?

RSPO is a certificate trading programme which is designed to tackle the environmental and social problems created by the production of palm oil. The aim of the RSPO programme is to enable palm oil producers to earn more for their crop through sustainable farming.

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Regulations

Until 2014 there was no requirement to label the species origin of vegetable oils in Ingredient Lists on food labelling. Palm oil, coconut oil, rapeseed oil etc could all be labelled as 'vegetable oil'. This situation changed following publication of European Regulation EU No 1169/2011 on the provision of food information to consumers. This Regulation requires that for any food manufactured after 13th December 2014 the origin of the vegetable oil must be indicated. This change has been driven specifically by the desire of the legislators to increase the visibility of palm oil use in foods and will lead to increased consumer pressure for palm oil used to be only from certified sustainable sources or to be replaced.

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