

# **Private Label Palm Oil Sourcing Policy**

## **1. Introduction**

Sobeys recognizes its responsibility to ensure that the sourcing of palm oil and any derivatives used in the production of its private label products, do not contribute to tropical deforestation. Consequently the company has developed this Sourcing Policy for implementation across its private label supplier network.

As background, palm oil is used in a number of the company's private label products. While the total amount of oil used is modest in comparison to global consumption, it is important to Sobeys that we work to responsibly source the oil we do use.

Increased demand for agricultural land for palm plantations has led to substantial tropical deforestation in Indonesia and Malaysia. This has resulted in the loss of valuable biodiversity and the release of large amounts of carbon dioxide into the atmosphere as a result of the clear-cutting and burning of forests.

Offsetting this are a number of industry initiatives that ensure that the plantations and the associated processing facilities operate in a socially and environmentally responsible way. Sobeys fully supports and encourages these efforts through membership in the Roundtable for Sustainable Palm Oil (RSPO) and in the Consumer Goods Forum (CGF). Sobeys is a signatory to the CGF commitment on zero-net deforestation for which palm oil production is a key component. (See Appendix)

Sobeys encourages all stakeholders within its private label supply chain to work together in implementing this Palm Oil Sourcing Policy.

## **2. Goal**

Sobeys commitment is that by December 31, 2017, we will completely transition to the use of certified sustainable palm oil as defined by the RSPO for our private label products.

## **3. Transparency**

Sobeys will publically disclose its palm oil goal, and will report annually on the company's progress in meeting the goal.

## **3. Scope**

These guidelines apply to palm oil, palm kernel oil and any derivatives used as ingredients in the company's packaged, private label goods. Through extensive internal work we have identified those products that contain palm, palm kernel oil and all derivatives.

## **4. Approach**

Sobeys is working through a methodical approach for the implementation of our commitment. These steps are:

- Identification of all private label products containing palm oil or a derivative as an ingredient

- Determining the total weight of palm oil and derivatives used in these products
- Joining the RSPO and purchasing Green Palm certificates to support sustainable production while this Policy is being implemented
- Surveying vendors about the current state of their efforts to transition to certified sustainable palm oil (CSPO) including their published goals and timelines
- Developing this Policy for implementation in 2016
- Transitioning to certified sustainable palm oil (CSPO)
- Tracking the plans and actual transition by supplier and by product

## **5. Supplier Expectation - Deadline**

Sobeys expectation is that suppliers will have moved to CSPO for the products manufactured for Sobeys by December 31, 2016. The purchase of GreenPalm certificates is acceptable as an interim option to reach the December 2016 deadline however in that case suppliers must transition to physical trace CSPO no later than December 31, 2017. This transition must be demonstrated through the verification process outlined below.

## **6. Verification**

The minimum recommended mechanism to comply with this Policy is the RSPO standard. The RSPO supplier options are: 'Identity Preserved', 'Segregated' and 'Mass Balance'. Suppliers must ensure that certification claims are robust and verified by third-party audits and copies of these audits must be forwarded to Sobeys.

## **Appendix**

### **The CGF Resolution on Deforestation (November 2010):**

“As the Board of The Consumer Goods Forum, we pledge to mobilize resources within our respective businesses to help achieve zero net deforestation by 2020. We will achieve this both by individual company initiatives and by working collectively in partnership with governments and NGOs.

Together we will develop specific, time bound and cost effective action plans for the different challenges in sourcing commodities like palm oil, soya, beef, paper and board in a sustainable fashion. We will also work with other stakeholders – NGOs, Development Banks, Governments etc. – to create funding mechanisms and other practical schemes that will incentivize and assist forested countries to conserve their natural assets and enable them to achieve the goal of zero net deforestation, whilst at the same time meeting their goals for economic development”.

### **Zero Net Deforestation:**

Sobeys follows the WWF definition of zero net deforestation which is different than zero deforestation. Zero net deforestation acknowledges that some forest loss could be offset by forest restoration and is not synonymous with a total prohibition on forest clearing. Rather, it leaves room for change in the configuration of the land-use mosaic, provided the net quantity, quality and carbon density of forests is maintained. It recognizes that, in some circumstances, conversion of forests in one site may contribute to the sustainable development and conservation of the wider landscape (e.g. reducing livestock grazing in a protected area may require conversion of forest areas in the buffer zone to provide farmland to local communities). However, zero net deforestation is not achieved through the conversion of primary or natural forests into fast growing plantations. Such conversion would count as deforestation in assessing progress against a target.