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## **Fazer Group's Commitment to Responsible Palm Oil**

Fazer is committed to sourcing 100% RSPO certified sustainable palm oil with increased traceability by 2020. This means, that

- All the palm oil we use is RSPO-certified sustainable palm oil using three supply chain options: segregated, mass balance and book and claim.
- We aim for improved traceability by complying with the following supply chain option hierarchy:
  1. Segregated supply chain system
  2. Mass balance supply chain system if segregated palm oil is not available taking availability, quality and market conditions into account
  3. Book & Claim / GreenPalm certificates in the most complex palm oil derivatives that are not available as segregated or mass balance.

Fazer wants to use palm oil in a sustainable manner protecting biodiversity and considering the climate impact. This means, that

- We will develop a policy to protect biodiversity, prevent deforestation and take into consideration greenhouse gas emissions in our palm oil supply chain.
- We will have an open dialogue and work in close co-operation with our suppliers, NGOs and other palm oil stakeholders to better manage our environmental impacts and to develop traceability in the palm oil supply chain.
- During 2014-2017, we will collaborate with WWF Finland to improve our environmental performance, focusing on protecting biodiversity.

One important criterion for Fazer in selecting palm oil suppliers is their capability to supply sustainable palm oil. Due to the complexity of the supply chain and the wide range of palm oil products we source, we rely on good co-operation with our suppliers.

We follow valid legislation and rules. Fazer Group has signed the UN Global Compact initiative. Fazer's work is guided by Fazer's ethical principles that are based on the UN Global Compact. Our procurement professionals are all



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committed to Fazer's ethical principles and we expect the same from our suppliers.

### Timeline and Roadmap

2004	Fazer becomes a member of the Roundtable on Sustainable Palm Oil (RSPO)
2009	Fazer sets an objective that all the palm oil used should be covered with certificates by 2012, and creates a three-year plan to achieve it
2010	Fazer joins GreenPalm and buys its first palm oil certificates
2012-2013	100% of Fazer's palm oil is covered by GreenPalm certificates
2013	Fazer's first GreenPalm audit is conducted Fazer receives 11 points out of 12 on the WWF's Palm Oil Buyers Scorecard
2014	Fazer conducts supplier study evaluating their capabilities to offer sustainable and traceable palm oil Fazer has high-level discussions with main suppliers on their approach, performance and plans regarding sustainable palm oil Fazer Group updates its Fats and Oils guidelines Fazer updates its palm oil sourcing strategy and commitment Fazer and WWF Finland initiate co-operation to protect biodiversity Fazer purchases the first share of RSPO mass balance palm oil
2015	Fazer will purchase 100% RSPO segregated palm oil for biscuit products Fazer will create a deforestation policy and set up a process to implement it
2016	Fazer will purchase 100% RSPO segregated palm oil for confectionery products
2017	Fazer will review of commitment and objectives
2018	All Fazer's palm oil will be RSPO segregated in Finland, Sweden, Norway, Denmark and Baltic countries. Fazer will start purchasing RSPO mass balance palm oil in Russia



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2020 In all countries of operation, Fazer will purchase all palm oil using either the segregated, or the mass balance supply chain system  
Fazer will increase the share of segregated and mass balance palm oil annually.

Fazer follows the discussion and development and has an active dialogue with its stakeholders, for example, WWF Finland.

Fazer reports on its progress on an annual basis.

### **RSPO supply chain system options**

In all the RSPO supply chain systems, RSPO certified plantations have been found by independent auditors to operate within the guidelines of RSPO.

Segregated: All palm oil comes from RSPO certified plantations and is kept apart from non-certified palm oil throughout the supply chain

Mass Balance: RSPO-certified palm oil may be mixed with uncertified palm oil in the supply chain, but the volume of certified palm oil is monitored throughout the supply chain.

Book & Claim / GreenPalm certificates: For every tonne of palm oil, a voluntary premium is paid to support RSPO certified plantations. The palm oil itself is sold, processed and purchased in the usual way.

### **Background**

We use small amounts of palm oil in laminated coffee breads, biscuits and some confectionery fillings. Palm oil can also be found in some of the margarines we use in our restaurants and cafés.

Palm oil is used because it has good technical properties. It is naturally solid fat which does not need to be hardened and it contains no trans fats. Oil palm is a highly productive crop which means a lot less land is needed to grow it compared to other vegetable oil crops. Palm oil also has an important economical role in the areas where it is grown.

On the other hand, irresponsible palm oil production, clearing excessive amounts of land for palm oil plantations, can lead to loss of rain forests, destroy habitats for endangered species, accelerate climate change and cause social problems through loss of land and livelihoods.



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The volumes that we use are relatively small. We are, however, committed to sourcing it in a traceable, transparent and responsible way. In 2013, we used 5,700 tons of palm oil which is less than 0.01% of the global palm oil production. The biggest share (66 per cent) is used in Fazer's bakeries in Russia. Around 22 per cent is used in confectionery products and the rest in other bakeries (11 per cent) and Fazer Food Services (1 per cent).

The use of different oils and fats is monitored on a regular basis and, in some products we have replaced palm oil with other vegetable oils. We will, however, continue using palm oil in products where it is seen as the most suitable option.

Fazer has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2004 and we support RSPO's work in promoting the production and use of sustainable palm oil. RSPO is a global, multi-stakeholder initiative on sustainable palm oil. Fazer has supported the production of sustainable palm oil through the GreenPalm certificates. In 2013, Fazer received 11 points out of 12 on the WWF's Palm Oil Buyers Scorecard.

The GreenPalm/ Book and claim system has been an important first step towards a sustainable palm oil supply chain. In 2012 and 2013, all Fazer's palm oil was covered by GreenPalm certificates. We acknowledge, however, the need to move forward in order to ensure that our products do not include unacceptable palm oil from unsustainable sources where environmental and social impacts are not considered. Our aim is to ensure that the palm oil we source does not lead to deforestation and loss of peat land.