

SUSTAINABILITY REPORT 2017

Shaping a tasty future responsibly



CONTENTS

INTRO

FOREWORD BY THE CEO	P. 3
----------------------------	------

INTRODUCTION	P. 4
---------------------	------

SCOPE	P. 5
--------------	------

VANDEMOORTELE IN BRIEF	P. 5
-------------------------------	------

SUSTAINABILITY STRATEGY	P. 8
--------------------------------	------

SUSTAINABILITY MANAGEMENT	P. 9
----------------------------------	------

RESPONSIBLE SOURCING

OVERVIEW RESPONSIBLE SOURCING	P. 10
--------------------------------------	-------

PROTECTING NATURAL RESOURCES	P. 11
-------------------------------------	-------

PROMOTING INTEGRITY & BEHAVIOUR IN PRACTICES	P. 13
---	-------

ECO-EFFICIENT PRODUCTION

OVERVIEW ECO-EFFICIENT PRODUCTION	P. 14
--	-------

REDUCING WASTE	P. 15
-----------------------	-------

REDUCING EMISSIONS	P. 16
---------------------------	-------

COMMITMENT TO PEOPLE

OVERVIEW COMMITMENT TO PEOPLE	P. 17
--------------------------------------	-------

SAFETY IN OPERATIONS	P. 18
-----------------------------	-------

DEVELOPMENT OF OUR PEOPLE	P. 19
----------------------------------	-------

CONNECTED TO THE COMMUNITY	P. 21
-----------------------------------	-------

PRODUCTS YOU CAN TRUST

OVERVIEW PRODUCTS YOU CAN TRUST	P. 22
--	-------

TASTY & RELIABLE FOOD	P. 23
----------------------------------	-------

FOOD CARE	P. 25
------------------	-------

OUR KPIs ANNEX

OUR KPIs	P. 26
-----------------	-------

ANNEX	P. 27
--------------	-------

FOREWORD BY THE CEO



“As a family business, respect for the society as a whole is at the core of our culture.”

Jules Noten, CEO VANDEMOORTELE

As a leading food company in Europe, we're committed to delivering the best possible products in the categories of **Frozen Bakery Products and Margarines, Culinary Oils and Fats** - taking into account consumers' individual desires, needs and requirements, as well as the latest insights regarding food, health and nutrition. Ultimately, we aim to offer the best in taste, quality and service.

Quality is no longer limited to the internal product characteristics. It also refers to external features linked to the product: qualities with respect to how we make products, in order to protect the environment, and how we take care of the social conditions in the supply chain and workplace.

As a family business, this respect for the society as a whole is at the core of our culture. Respect is the foundation of our actions and our external

and internal relationships. We know that progress in the area of sustainability can only be achieved in a spirit of cooperation within our teams and with our partners and stakeholders in the total supply chain.

As a responsible player in the food market, we wish to act with integrity, and so we are committed to what we believe is important in our business. Our commitment towards sustainability focuses on **four key areas**:



In keeping with our vision of shaping a tasty future responsibly, we are pleased to share our progress in these key areas.

Jules Noten, CEO VANDEMOORTELE

INTRODUCTION

Sustainability is a long-standing commitment of VANDEMOORTELE. So we're very happy – and proud – to inform you about our progress. Every production facility in our company measures its environmental performance using a set of eco-indicators linked to energy consumption, CO₂ emissions, water and waste. Those are the basis for continuous improvements that further reduce our environmental impacts.

“Integrating sustainability not only creates societal value, it is motivating to our employees, and delivers value to our clients.”

Aurélie Comhaire, Group Sustainability Manager

Since 2009, we have been a member of the Roundtable for Sustainable Palm Oil. Since then, many other memberships have followed, in France and Spain, and related to other commodities, such as cocoa, as well. Our commitment is also recognized by external parties, such as the WWF, which judges our efforts to be “well on the path” in its Palm Oil Buyers Scorecard (2016).

This report presents our actions and progress for 2017 on high-priority topics such as zero deforestation, labour conditions in the supply chain, and food safety.

These actions have led to clear results. Since 2017, in addition to palm oil, all of our soy in consumer brands is certified ‘sustainable’. We also made considerable progress on renewable energy: for the total VANDEMOORTELE group, 50% of our purchased electricity comes from renewable sources. Furthermore, we launched our *Supplier Code of Conduct*, which was distributed to more than 1000 suppliers.

To involve our partners in our sustainability journey, we've developed ingredient guidelines, and 91% of our paper and cardboard packaging is recycled or certified ‘sustainable’. And this is just a handful of the results we've achieved!

We invite you to read our report for a more detailed insight. It is clear to us that sustainability is part of our journey. Integrating sustainability not only creates societal value, it is motivating to our employees, delivers value to our clients, and is inherently expected by our customers. Although integrating sustainability may not always be easy, we are committed to it, and we welcome your ideas for future actions and cooperation.



Aurélie Comhaire, Group Sustainability Manager

SCOPE

This first sustainability report complements the annual report 2017 with non-financial information.

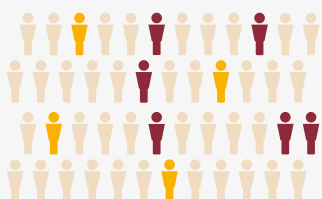
VANDEMOORTELE IN BRIEF

VANDEMOORTELE is a Belgian family business. We are passionate food people, and have been since 1899. VANDEMOORTELE has two business lines; one in **bakery products** and the other in **margarines, culinary oils and fats**. For over more than a century now, VANDEMOORTELE has grown to be a truly international food company. Today, we hold a leading position in Europe in our core categories, having grown steadily through organic growth and acquisitions.

We have the experience, expertise and scale to make the difference and we believe in operational excellence in everything we do. In 2017, VANDEMOORTELE realised a revenue of around **€1.42 billion** with **5200 employees** working across **12 European countries**.



**€ 1.42
BILLION
REVENUE**



**5200
EMPLOYEES**

**WE ARE A EUROPEAN BUSINESS
SELLING GLOBALLY**



 **Vandemoortele**

OUR VISION

We are a leading food company in Europe, building our categories of Frozen Bakery Products and Margarines, Culinary Oils and Fats, offering the best in taste, quality and service.



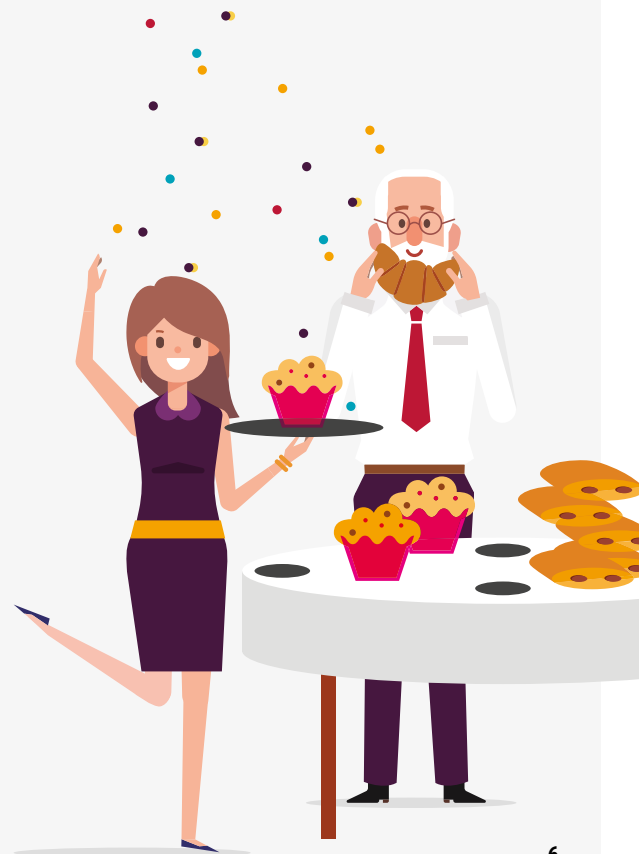
OUR MISSION

We believe people's everyday food should be an everyday enjoyment. From breakfast to dinner, from healthy lunches to indulgent moments.

**We believe taste is key in food products.
And quality is key to taste.**



We bring
great taste
into your kitchen,
to your table
and on the go.



OUR VALUES

Everyone at VANDEMOORTELE lives by three corporate values: ambition, respect and cooperation. They are the core of our culture.



AMBITION

Our ambition is to deliver the VANDEMOORTELE promise: best taste, best quality, best service.

We take ownership of the company's goals and we are committed to deliver outstanding performance.

We are passionate and energized.

RESPECT

Respect is the foundation of our actions and our external & internal relationships.

We act with integrity and respect for others and for our environment.



COOPERATION

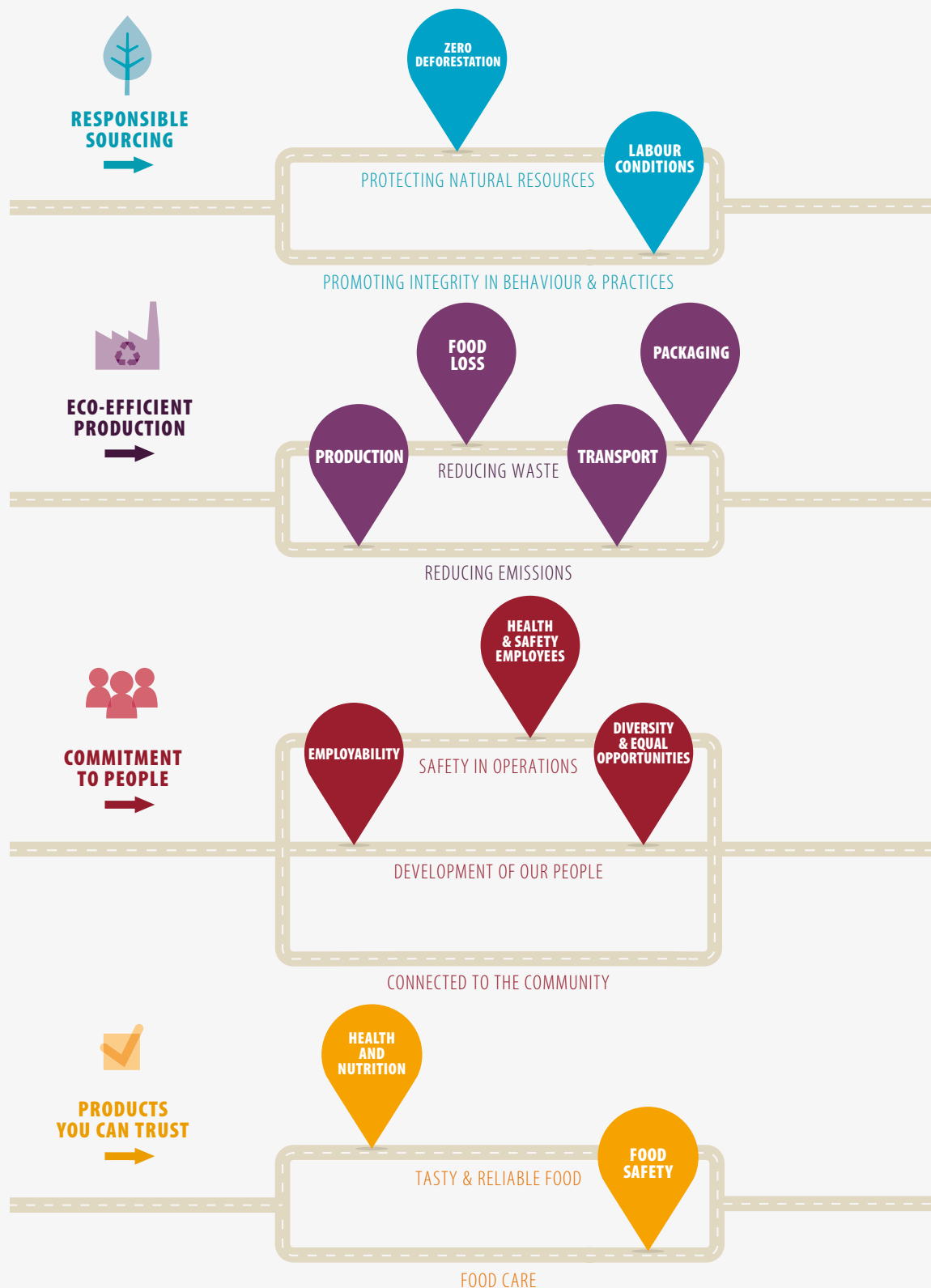
We work in a spirit of cooperation in our teams and with our partners.

We are open-minded and value each individual contribution. We share our experience and enjoy working together.

We are approachable and engaged.

SUSTAINABILITY STRATEGY

We defined our sustainability strategy in 2014. Four key areas define our commitment for the future. Each of the key areas is composed of different sustainability platforms. Each platform has several projects in which the sustainability actions are developed and executed.



INTRO

VANDEMOORTELE is committed to various voluntary external initiatives.

**YOUTHSTART**

In Belgium, we participate in Youthstart, a global organisation that runs training programmes in entrepreneurship for disadvantaged youngsters who have not completed traditional education.

**HABBEKRATS**

Another organisation we support is Habbekrats, a Belgian organisation that provides shelter for children from troubled backgrounds who don't have safe homes to go to after school.

VANDEMOORTELE endorses commitments.

VANDEMOORTELE endorses the Belgian Pledge, a commitment by food companies concerning responsible advertising practices.



VANDEMOORTELE is a member of various industry associations.

**FEVIA**

Belgian Food Industry Federation

**IMACE**

The European Margarine Association

**MVO**

The Netherlands Oils and Fats Industry

SUSTAINABILITY MANAGEMENT

To execute our sustainability strategy efficiently, we have established the following governance.

The Sustainability Management Team is made up of the members of **VANDEMOORTELE's Executive Committee** as well as the **Group Sustainability Manager**, the **Project Leaders** and the **Project Sponsors**. The management team meets once a year. Its role is to define and validate the sustainability objectives and targets, monitor progress and make decisions concerning investments and dilemmas.

PROJECT SPONSOR

The project sponsor is a sounding board to the project leaders. This sponsor can remove obstacles where the project leaders themselves cannot exert any influence. A sponsor gives direction to the project and facilitates decision-making and aligns with the Management Team and the Executive Committee.

GROUP SUSTAINABILITY MANAGER

The role of the Group Sustainability Manager is to coordinate and monitor the annual sustainability action plan in order to implement the sustainability strategy, and provide support and assistance to the sustainability project teams. Finally, the role of this manager also includes providing communication in the area of sustainability.

PROJECT LEADER

The project leader is in charge of composing a project team, coaching the team meetings and manage actions that support the sustainability goals. The project leader reports on progress to the Group Sustainability Manager on a regular basis and annually during the Sustainability Management Team meeting.



RESPONSIBLE SOURCING

"The sustainability of our activities depends not only on what we do ourselves, but also on what others do for us."



RESPONSIBLE SOURCING



The sustainability of our activities depends not only on what we do ourselves, but also on what others do for us. We are committed to promoting ethical behaviour in our supply chain to ensure both people and the environment are treated with respect.

**PROTECTING
NATURAL RESOURCES**

**PROMOTING INTEGRITY
IN BEHAVIOUR & PRACTICES**



PROTECTING NATURAL RESOURCES

Growing and harvesting a number of our core ingredients may raise issues of environmental protection as well as human and animal rights, and health and safety. We take steps to enhance the sustainability of these products, from farmer to consumer.

SUSTAINABLE PALM OIL: "WELL ON THE PATH"

Although palm oil can actually be grown on relatively little land, the large scale on which it has been produced in recent years has led to natural forests being cleared, threatening biodiversity and increasing the exploitation of the local population.

We recognise the urgent need to steer the palm oil industry back in the right direction. In that context, we have developed long-term partnerships with various organisations committed to raising awareness of these issues in the industry.

For the same reason, we continue to play an active role in initiatives promoting the use of sustainable palm oil around the world.

"Becoming a member of TFT is a declaration of willingness to make changes to the bigger picture, beyond the company's own interests."

Marie Méhu, Member Manager, TFT



2009

Since 2009, we have been a member of the Roundtable for Sustainable Palm Oil.



2012

In 2012, we became a founding member of the Belgian Alliance for Sustainable Palm Oil.



2013

In 2013, we became a founding member of the Alliance Française pour une Huile de Palme Durable.



2014

In 2014, we joined The Forest Trust (TFT). TFT, which works towards a palm oil cycle that respects both people and the planet, advises us on our corporate palm oil policy and strategy. Together with TFT and our suppliers, we seek to make a real difference on the ground, setting clear goals and taking concrete action.

In December 2014, we launched the VANDEMOORTELE Palm Oil Sourcing Charter for the protection of forests and against the exploitation of workers.

This Charter expresses our commitment to using only 100%-certified sustainable palm oil for our branded consumer products, while also ensuring that all the palm oil we buy can be traced back to its source.



2016

WWF recognises our efforts as "Well on the path" in its Palm Oil Buyers' Scorecard 2016.



2017

In 2017, we became a founding member of the Fundación Española del Aceite de Palma Sostenible.

100%
CERTIFIED
SUSTAINABLE
PALM OIL

98,5%
TRACEABILITY
TO THE MILL FOR
PALM OIL

PROTECTING NATURAL RESOURCES



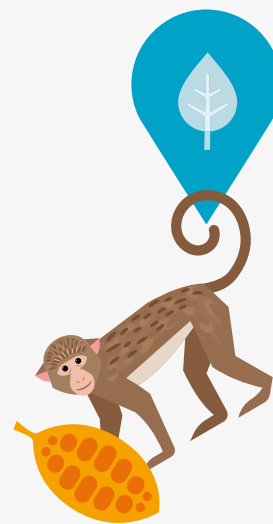
SOY WITH GOOD ROOTS

Due to strong growth in demand, soy production is on the increase. This often comes at the expense of biodiversity and the interests of local communities. This is why the **Round Table on Responsible Soy (RTRS)** is such a welcome initiative and why, since **May 2011**, VANDEMOORTELE has occupied a seat at this table. RTRS helps to promote the responsible production of soy worldwide. Together with this organisation, we're taking action to protect forests, promote the use of low-impact herbicides, and safeguard quality of life for growers and workers alike.

For our branded consumer products, we use 100%-certified sustainable soy. This applies both to the soy ingredients we use ourselves as well as the soy that ends up in our products indirectly via feed (e.g. in eggs, butter and other animal-derived products).



PROTECTING NATURAL RESOURCES



COCOA FROM HAPPY FARMERS

Almost everyone in Europe loves chocolate! And VANDEMOORTELE loves to satisfy that desire – but not at the expense of the environment or the well-being of workers.

For that reason, **we joined UTZ back in 2013.**

This organisation helps farmers to improve their productivity, efficiency and quality without sacrificing the interests of local communities or the environment. Our customers have the option of choosing UTZ cocoa with Mass Balance Certification.

Together with UTZ, we continue to work for a brighter future for our planet and the next generations to inhabit it.





PROTECTING NATURAL RESOURCES

“By buying FSC/PEFC labeled paper & cardboard, we protect our forests for current and future generations.”

Elien De Witte, Senior Buyer Packaging



**SUPPLIER
CODE OF
CONDUCT**

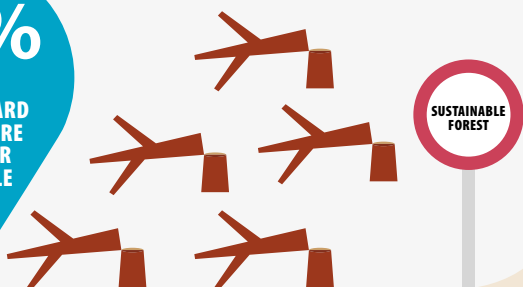
PAPER AND CARDBOARD PACKAGING THAT PRESERVES OUR FORESTS

The same goes for our packaging materials: we have to be sure that the timber, from which the paper and cardboard have been produced, comes from responsibly managed forests. For our consumer brands **91% of paper and cardboard packaging materials are recycled or certified sustainable.**



91%

OF PAPER
AND CARDBOARD
PACKAGING ARE
RECYCLED OR
SUSTAINABLE



PROTECTING NATURAL RESOURCES

PROMOTING INTEGRITY IN BEHAVIOUR AND PRACTICES

PROMOTING INTEGRITY IN BEHAVIOUR AND PRACTICES

SUPPLIER CODE OF CONDUCT

Promoting ethical behaviour right along the supply chain is not an empty promise but a genuine commitment. VANDEMOORTELE launched a contractually binding **Supplier Code of Conduct** in 2017.

We invite our strategic suppliers and non-strategic high-risk suppliers to explicitly sign and commit to this. In 2017, 35% of this group of suppliers signed this Supplier Code of Conduct.



SUPPLIER CODE OF CONDUCT

IN ACCORDANCE WITH
THE 10 PRINCIPLES
OF THE UN'S
GLOBAL COMPACT



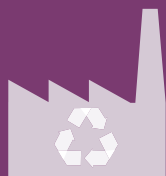


ECO-EFFICIENT PRODUCTION

**“We strive to minimise waste
and emissions.”**



ECO-EFFICIENT PRODUCTION



In our production processes, we make use of energy, water, food ingredients and packaging. By increasing the efficient use of these resources, we strive to minimise waste and emissions, and hence the overall environmental impact of our operations.

REDUCING WASTE

REDUCING EMISSIONS



REDUCING WASTE

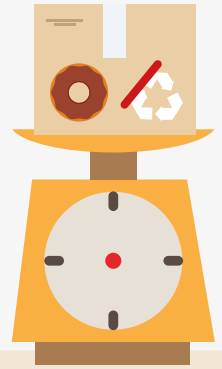
PACKAGING

Our aim is to minimise waste and food loss whilst maximising the efficient use of natural resources throughout our operations.

Reduction of packaging waste starts by optimising the product packaging at the design phase. Our designers aim to minimise weight and wasted space without jeopardising the food safety of our products whilst also maintaining robustness throughout the supply chain.

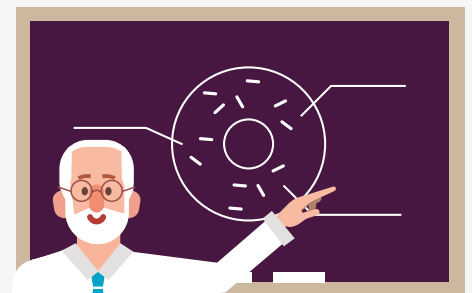
“Reducing packaging waste starts by optimising the product packaging at the design phase.”

As part of our waste reduction process, we work with our suppliers on ways of minimising packaging of our ingredients. For example, as a standard we regularly review the feasibility of using bulk deliveries instead of ingredients being supplied in individual bags.



FOOD LOSS

In the production process of donuts, quality defects such as bulles, cloques and ovality cause a significant loss of donuts. By combining technology and science, in collaboration with the KU Leuven, we improved the production processes and so the product quality. This results in a significant reduction of food loss.



CM



REDUCING WASTE



REDUCING EMISSIONS

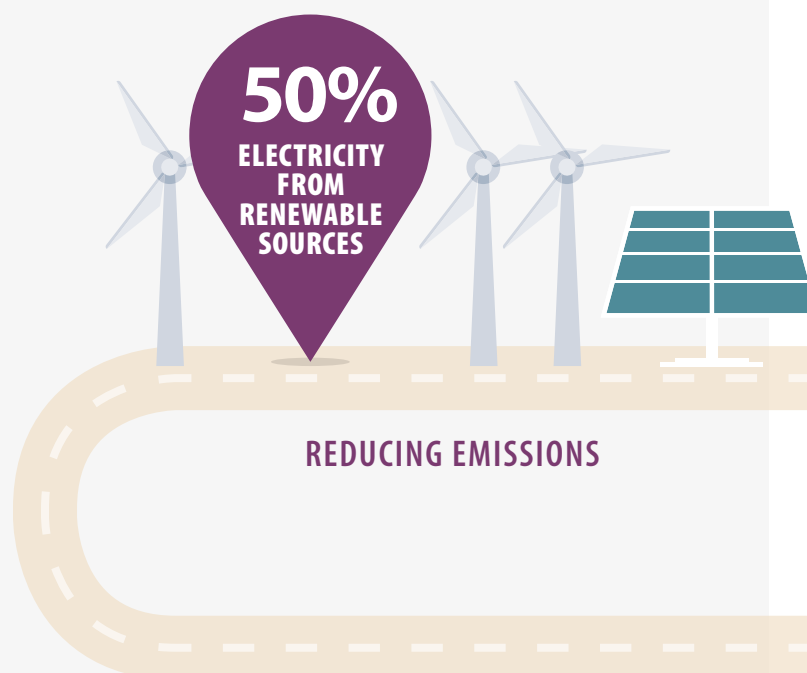
Every production facility in our group measures its environmental performance using 6 eco-indicators: energy consumption, related CO₂ emissions, water usage, waste water discharge, organic load on waste water and non-sorted solid waste.

Those are the basis for continuous improvements to further reduce environmental impacts.

EMISSIONS FROM PRODUCTION

We aim to significantly reduce our energy consumption and emissions of greenhouse gases. Part of the CO₂ emissions is caused by energy consumption. With the acquisition of LAG and building new factories, the energy consumption rose by just 0.6%.

In 2017, VANDEMOORTELE consumed 227,000 MWh of electricity. Of the total electricity consumed, 50% was delivered in electricity coming from renewable sources.



We have introduced a comprehensive set of technical measures, such as better insulation of buildings, best-in-class ammonia-cooling technology, as well as heat recuperation on cooling and compressed air installations. Transitioning to LED lighting in our factories and warehouses is yet another example of how our carbon footprint is being reduced. VANDEMOORTELE managed to reduce the company carbon footprint by 8% compared to 2015.

REDUCING EMISSIONS FROM TRANSPORT

We are looking into reducing emissions from our distribution activities by improving the fuel efficiency of our vehicles. To this end, we use a wide variety of technologies and systems, such as efficient route-planning, automated gear-changing, automatic start-stop controls, cylinder deactivation, auxiliary power units (gasoline and electricity) and special training in fuel-efficient driving for our drivers. Furthermore, palletisation software optimises the configuration of pallets which helps to improve efficiency when loading our trucks.



"Together with my colleagues I'm drawing up a strategy for sustainable energy supply."

Carl Blondeel, Purchasing Manager Capex & Energy



COMMITMENT TO PEOPLE

"We appreciate the value of a diverse workforce and help our people to develop their talents."



COMMITMENT TO PEOPLE



We are dedicated to ensuring a safe workplace for our employees. We appreciate the value of a diverse workforce and help our people to develop their talents. Beyond the bounds of our group, we engage constructively and respectfully with our local community.

SAFETY IN OPERATIONS

DEVELOPMENT OF OUR PEOPLE

CONNECTED TO THE COMMUNITY

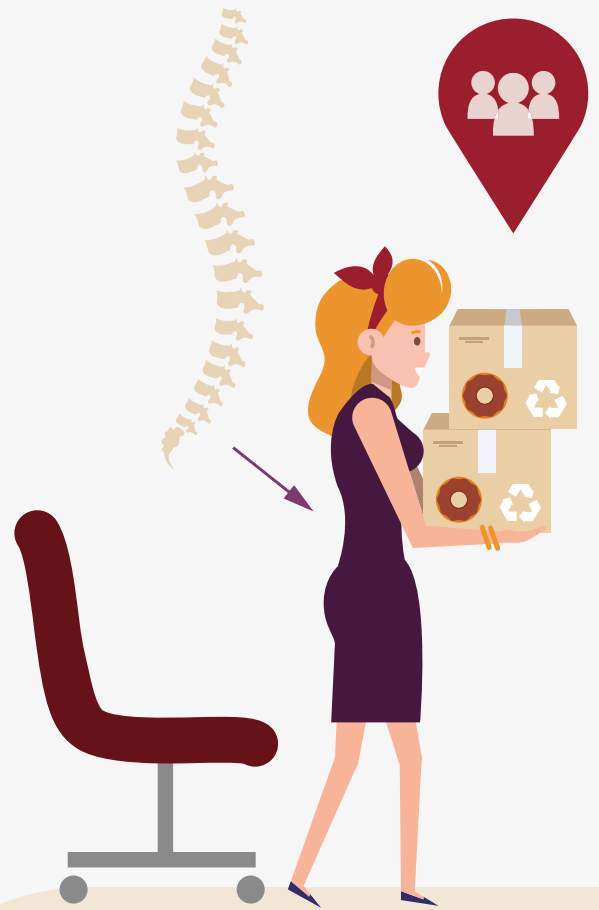
SAFETY IN OPERATIONS

SAFETY FIRST

Our primary concern is to make sure that our employees can work together in a safe environment. We, therefore, aim to fully integrate safety in our company culture.

We focus on safety behaviour, encouraging employees to take ownership, empowering them and providing feedback – in all departments and at all levels of the group. We regularly organise training sessions on coaching, communication and safety tools to guarantee sustainable change, with the aim of drastically reducing the frequency of work accidents.

254
AMBASSADORS



The VANDEMOORTELE safety campaign “I CARE U2?” was launched in 2016. The programme consists of safety tools, safety training and safety skills training.



SAFETY IN OPERATIONS

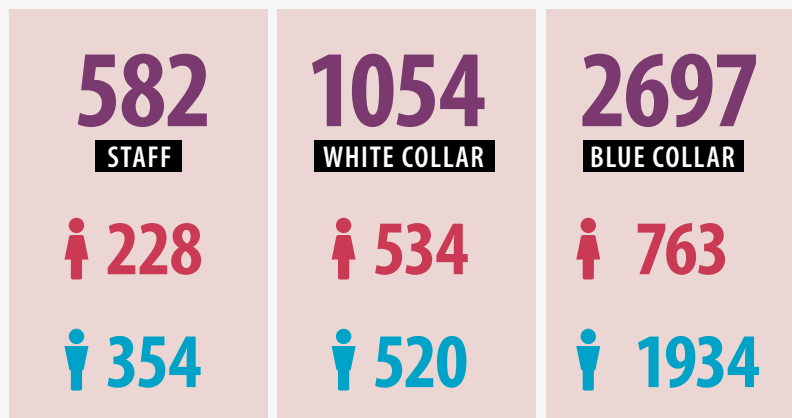


DEVELOPMENT OF OUR PEOPLE

“We foster healthy ambition
and equal opportunities.”

4333

PERMANENT EMPLOYEES



WE THINK GROWTH AND DEVELOPMENT IS VITAL

We foster healthy ambition and equal opportunities, and strongly believe that our group grows as our people grow. That's why we proactively plan for professional development. We encourage employees to continue to develop themselves and to maintain their employability.



DEVELOPMENT OF OUR PEOPLE



“I feel very lucky to have been given the challenge of managing a big established site in Germany, as I’m still pretty young. It’s really motivating to be trusted.”

Markus Krausewitz, Site Manager

The VANDEMOORTELE Academy is where we provide training programmes, coaching, focused advice and other learning opportunities, so that our people can become strong, inspiring leaders equipped to guide the group through change and sustainable growth.

PASSIONATE, ENERGIZED AND ENGAGED PEOPLE

Work is a significant part of life. That’s why we want everyone at VANDEMOORTELE to enjoy their work and feel fully engaged with it. In 2015, we organised an employee engagement survey to monitor how employees at all levels and locations feel about working at VANDEMOORTELE and how we can improve their experience.

80% of all employees participated in this survey. This reliable and representative data is the basis to continuously creating a more engaging workplace, with relevant training and development plans, and opportunities for better communication and dialogue.

**HELPING
PEOPLE TO
DEVELOP
THEIR
TALENT**



“Both the employer and the employee have a responsibility to remain employable. As an employer, we can facilitate this through training, mobility, space for knowledge sharing, good workplaces and empowerment. It’s up to the employee to get the most out of him- or herself!”

Ellen Roos, Country HR Manager The Netherlands



CONNECTED TO THE COMMUNITY

IN THE HEART OF THE COMMUNITY

We want to contribute to the communities in which we operate. Besides being good neighbours, we're keen to advance the development of local communities. Each VANDEMOORTELE site has chosen to join forces with one or more local charities. This results in a highly varied set of partnerships: from training guide dogs in France and contributing to the Belgian initiatives YouthStart and Habbekrats to sponsoring local Christmas trees in the UK and helping fund a new vessel for maritime Search & Rescue to participation in the Hamburg City Run in Germany.

SUPPORTING LOCAL COMMUNITIES

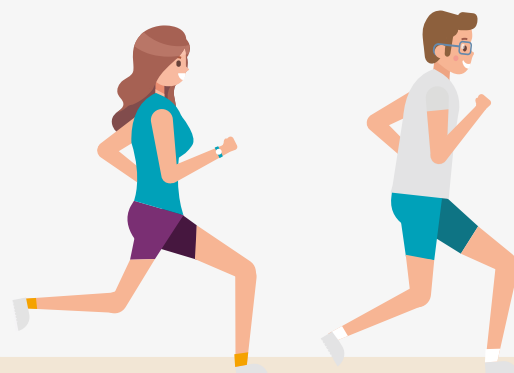


A FEW STEPS CLOSER



"VANDEMOORTELE has always gone the extra mile to serve our young people and our NGO. We particularly value the competitions hosted by the company with VANDEMOORTELE jury members, as well as the help we received in drafting a communications and marketing plan."

YouthStart



CONNECTED TO THE COMMUNITY



PRODUCTS YOU CAN TRUST



"We believe taste is key in food products and quality is key to taste. We never stop refining, improving and innovating."

PRODUCTS YOU CAN TRUST



As food producers, we have a special responsibility towards our customers and end-consumers. They trust us to provide them with food that is not only tasty and authentic but also demonstrably safe and of the highest quality.

TASTY & RELIABLE FOOD

FOOD CARE



TASTY & RELIABLE FOOD

INNOVATION FOR BETTER FOOD CHOICES

Since trust comes from knowledge, we want to be fully transparent about our products. We provide transparent, accurate nutrition labelling to help consumers make well-informed food choices that fit in with their diet. We also inform our customers about our position on key issues of concern in the food sector.

Great taste is built on quality ingredients, processing expertise and true craftsmanship. We invest in research to develop innovations that satisfy evolving consumer needs in a world of ever changing eating habits, trends, technologies and regulations.



“We’re thrilled to work on the diet of the future with respect to lipid food ingredients. An essential part in this work is speeding up the transition from saturated to unsaturated fats, while maintaining structure, taste and functionality. This is why the Centre is investing in young talent and is organising the annual VANDEMOORTELE Healthy Food Award.”

Professor Koen Dewettinck

**RESEARCH
PARTNERSHIP
WITH GHEENT
UNIVERSITY**



TASTY & RELIABLE FOOD

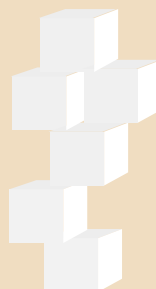
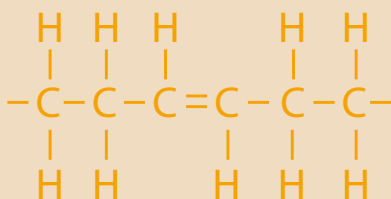
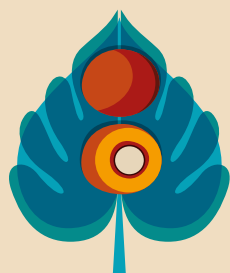
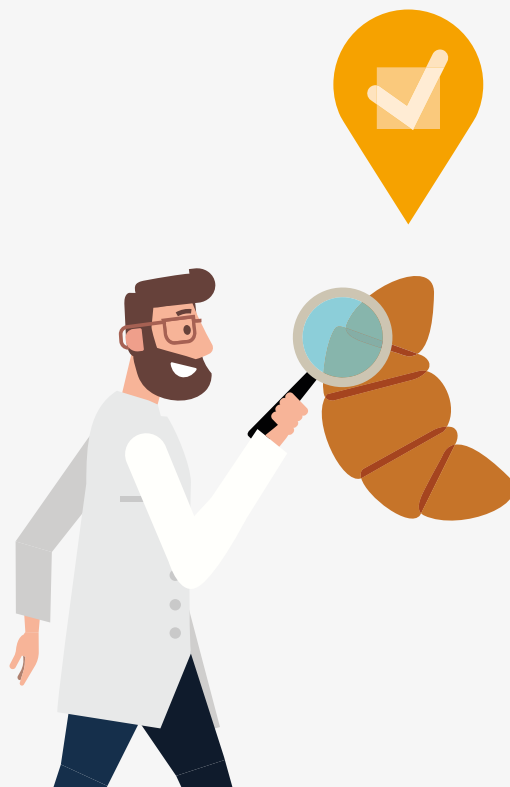
At VANDEMOORTELE, we believe the best way to improve is through collaboration. That’s why, since 2012, we have set up the VANDEMOORTELE Centre for Lipid Science and Technology in a research partnership with Ghent University.



TASTY & RELIABLE FOOD

OUR POSITION WITH REGARD TO KEY ISSUES OF CONCERN IN THE FOOD SECTOR

As a responsible player in the food market, we're committed to delivering the best possible products that take into account consumers' individual desires, needs and requirements, as well as the latest insights with regard to food, health and nutrition. We've created transparency in our position on key issues of concern in our sector through various position papers.



PALM OIL

TRANS FATS

SUGAR

SATURATED FATS

On top of that, we use a VANDEMOORTELE Supplier Ingredient Guideline to ensure that new ingredients are in line with our long-term strategy and the strategy of our customers.

TASTY & RELIABLE FOOD





FOOD CARE

FOOD SAFETY

Food safety is very important in today's food industry. The supply chain is becoming globalised, eating habits are changing and mass catering establishments are becoming more popular.

In the context of these societal changes, food safety and hygiene issues can easily arise. We therefore take food care very seriously. Throughout the supply chain, our products are treated and monitored with the greatest care to ensure the safety of consumers. We have a 100-strong team across Europe making sure that, every day, we comply with all relevant legislation and meet all the leading food safety standards.



**FOOD
SAFETY
STANDARDS**

FOOD CARE






"63% of VANDEMOORTELE sites are certified according to either Unannounced IFS International Food Standard or Unannounced BRC Global Standards."



All VANDEMOORTELE sites are certified according to either the IFS quality and safety standard or the BRC Global Standards. Furthermore, 63% of VANDEMOORTELE sites are certified according to either Unannounced IFS International Food Standard or Unannounced BRC Global Standards.



OUR KPIs

PLATFORMS	KPI	STATUS 2017	APPROACH
 PROTECTING NATURAL RESOURCES	Certified sustainable palm	100%	For our consumer brands we use 100%-certified sustainable palm oil.
	Traceability to the mill for palm oil	98,5%	98,5% of the palm oil we buy can be traced back to its source.
	Certified sustainable soy	100%	For our consumer brands we use 100%-certified sustainable soy. This applies both to the soy ingredients we use ourselves and the soy that ends up in our products indirectly via feed (e.g. in eggs, butter and other animal-derived products).
	Recycled or certified sustainable paper & cardboard packaging	91%	91% of all paper and cardboard packaging materials for our consumer brands are recycled or certified sustainable.
PROMOTING INTEGRITY IN BEHAVIOUR AND PRACTICES	Strategic suppliers and non-strategic high risk suppliers signed the 'Supplier Code of Conduct'	35%	35% of our strategic-suppliers and non-strategic high risk suppliers did sign our Supplier Code of Conduct in 2017.
 REDUCING EMISSIONS	Electricity from renewable sources	50%	VANDEMOORTELE consumed 227,000 MWh of electricity in 2017. Of the total electricity consumed 50% was delivered in electricity coming from renewable sources.
	Reduction total energy intensity compared to 2015	+ 0.6%	Taking into account new higher energy intensive activities (LAG and start-up of two new factories), the energy intensity rose by only 0.6%.
	Reduction company carbon footprint compared to 2015	- 8%	VANDEMOORTELE managed to reduce the company carbon footprint by 8% compared to 2015.
 SAFETY IN OPERATIONS	Severity rate (own staff)	0.93	The severity rate has been reduced by 19% compared to 2015.
	LWC frequency rate (own staff)	27.8	In 2017, we achieved a 9.7% reduction compared to 2015.
 DEVELOPMENT OF OUR PEOPLE	Response rate of employee engagement survey	80%	80% of all employees participated in this survey.
	Seniority	11.2	The average seniority at VANDEMOORTELE is 11.2 years.
	Distribution man/woman	2808 / 1525	In 2017, the distribution between men and woman was 2808 and 1525, respectively.
 FOOD CARE	GFSI certification for production sites	100%	All VANDEMOORTELE sites are certified according to either IFS International Food Standard or BRC Global Standards.
	Unannounced GFSI certification for production sites	63%	63% of VANDEMOORTELE sites are certified according to either Unannounced IFS International Food Standard or Unannounced BRC Global Standards.

ANNEX



ANNEX 1

SUSTAINABLE PALM OIL PROGRESS REPORT 2016

ANNEX 2

VANDEMOORTELE PALM OIL SOURCING CHARTER

ANNEX 3

VANDEMOORTELE SOY SOURCING CHARTER

ANNEX 4

VANDEMOORTELE PAPER AND CARDBOARD
PACKAGING SOURCING CHARTER

ANNEX 5

SUPPLIER CODE OF CONDUCT

ANNEX 6

OUR POSITION ON SUGAR

ANNEX 7

OUR POSITION ON SATURATED FATS

ANNEX 8

OUR POSITION ON TRANS FATS

ANNEX 9

OUR POSITION ON PALM OIL

“Shaping
a tasty future
responsibly.”

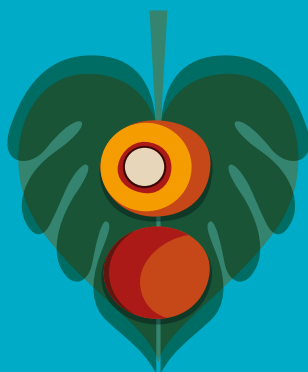


SUSTAINABLE PALM OIL PROGRESS REPORT 2016

INTRODUCTION

Vandemoortele is strongly committed to Sustainable Palm Oil. In 2014, we published our Palm Oil Sourcing Charter, with ambitious targets for zero-deforestation and zero-exploitation palm oil sourcing. This report summarizes the progress we made in 2016 towards compliance with our Charter.

OUR 2016 OBJECTIVES AND RESULTS



2016

RSPO CERTIFIED PALM OIL

Maintain **100%** sourcing of RSPO certified palm oil for our customer brands.

IN 2016, WE USED 42,400 TONS OF PALM OIL in our consumer-branded products.

100% of the palm oil for these products is certified sustainable. We make use of three systems: Book & Claim, Mass Balance and Segregated.

PALM OIL TRACEABILITY

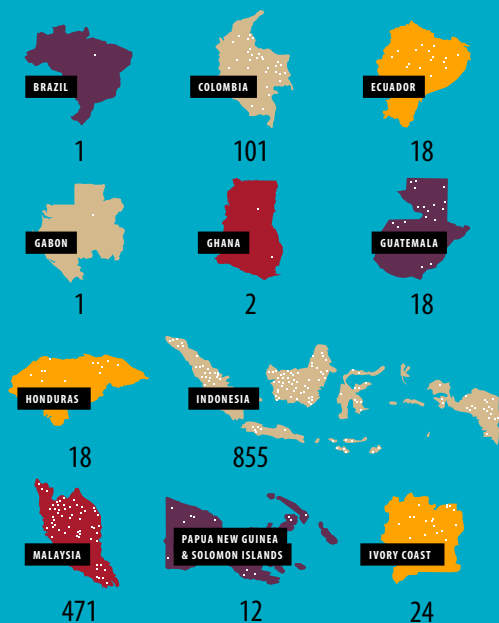
Maintain **100%** traceability up to the mill level¹ in our palm oil supply chain. In Q4 2015, we achieved **94.10%** traceability back to mill.

IN 2016, WE ACHIEVED 93.4% TRACEABILITY BACK TO MILL

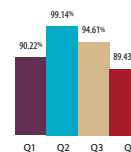
Traceability to mill level still requires improvement of the tier2 suppliers that source palm oil from Asia and Africa.

1. We consider mill traceability if we have the following information about the mill: mill parent company, mill name, mill coordinates and mill RSPO status.

Our supply base consists of 1521 mills, located in several countries¹



Mill traceability progress 2016



ENGAGEMENT AND MONITORING OF OUR SUPPLY CHAIN

IN 2016, WE CONTINUED TO ENGAGE WITH OUR SUPPLIERS

In order to further improve our traceability figures and to work towards transformation in the supply chain.

We put particular focus on our strategic suppliers, closely following their progress against our commitment. We also continued to follow up on any sustainability issues our direct suppliers were involved in. Direct and regular dialogue is maintained to monitor how our suppliers are managing and closing these issues.

PARTICIPATION IN EXTERNAL INITIATIVES

As part of its commitment, Vandemoortele participates in several initiatives that contribute to the transformation of the European market towards sustainable palm oil, such as the French, Belgian and Dutch Alliances for Sustainable Palm Oil and the European Sustainable Palm Oil Advocacy Group.

THROUGH THESE INITIATIVES, WE AIM TO SUPPORT THE UPTAKE OF SUSTAINABLE PALM OIL IN EUROPE

and to communicate scientific and objective facts and figures on environmental, nutritional and functional aspects of palm oil.

¹ Mills supplying Vandemoortele at the end of the year 2016

OUTLOOK 2017 AND BEYOND



2017

We will continue to work towards achieving **100%** traceability back to mill.

We will contribute to the transformation on the ground by co-financing field assessments in Indonesia or Malaysia.

We will maintain **100%** sourcing of RSPO-certified palm oil for our consumer brands.

We will also support and participate in new initiatives that support the uptake of sustainable palm oil in Europe.

2020

OUR AIM REMAINS TO ACHIEVE A DEFORESTATION-FREE & EXPLOITATION-FREE PALM OIL SUPPLY CHAIN.



**READ MORE ABOUT VANDEMOORTELE'S
RESPONSIBLE SOURCING**

www.vandemoortele.com

**VISIT VANDEMOORTELE'S PAGE
ON TFT TRANSPARENCY HUB**

www.tft-transparency.org

**CHECK OUT VANDEMOORTELE'S RSPO
CERTIFICATE AND ANNUAL
COMMUNICATION ON PROGRESS**

www.rspo.org

**FIND MORE FACTS AND FIGURES
ABOUT PALM OIL**

www.huiledepalmedurable.org

French Alliance for Sustainable Palm oil

www.duurzamepalmolie.be

Belgian Alliance for Sustainable Palm Oil

www.taskforceduurzamepalmolie.nl

Dutch Alliance for Sustainable Palm Oil



1 December 2014

VANDEMOORTELE PALM OIL SOURCING CHARTER

CONTEXT

As one of Europe's leading food manufacturers, our margarines and fats and frozen bakery products are consumed by millions of people. Palm oil is an ingredient in various of our products, so we are fully aware of the important role we have in the procurement of palm oil. Because of its very high land use efficiency, we believe palm oil is one of the most sustainable edible oils currently available.

However, the palm oil sector has been criticised because of unsustainable practices, such as deforestation and disrespectful treatment of the communities living and working in the palm oil producing countries. We believe it is our responsibility to supply our customers with palm oil that has no connection to deforestation or exploitation of the people living and working in the areas it is produced. Therefore, we recognise the urgent need to transform the palm oil sector by changing the way we source our palm oil.

OUR PALM OIL JOURNEY

Vandemoortele has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2009. In 2011 Vandemoortele committed to source 100% certified sustainable palm oil by end 2015 for our consumer brands.

In 2013, recognizing the importance of traceability in helping to transform the palm oil industry, we became a founding member of the French Alliance for Sustainable Palm Oil. We are an active participant in many other initiatives to promote the uptake of sustainable palm oil.

In 2014 we became a [member of TFT](#), a global non-profit organisation focused on the delivery of responsible products. We have pushed further in our journey and committed to only use traceable, deforestation-free and exploitation-free palm oil.

A STRONG COMMITMENT

We are committed to only sourcing palm oil from suppliers who guarantee to meet the following criteria:

- No development on High Carbon Stock (HCS) forests and High Conservation Value (HCV) areas.
- No development on peatlands, irrespective of depth.
- No burning to clear land.



- Fully respecting human rights, including the right to Free, Prior and Informed Consent (FPIC) of indigenous and local communities for plantation developments on land they own legally, communally or by custom

IMPLEMENTATION

In making sure these criteria are respected in our supply chain, we will work with TFT and our suppliers in two phases:

- A first phase of traceability: we will support the work of our suppliers toward building supply chains in which palm oil can be traced back to the mills.
- A second phase of transformation: work with suppliers to perform assessments, implement action plans, supporting them to make any improvements required to meet our criteria. This second phase will be introduced gradually as progress is made in the traceability phase.

In addition, as we realise that smallholder farmers are a critical part of the palm oil industry, we aim at contributing to building solutions for smallholders to ensure that also they can be involved in and benefit from sustainable palm oil production.

TIMEFRAME

By the end of 2015, in partnership with our suppliers, we aim to have 100% traceability at least up to the mill level. We will engage our suppliers to plan compliance with our criteria immediately.

After achieving a 100% traceable supply to the mill level by end of 2015, we will define a timeline to reach full compliance with our criteria. From today we expect our supply chain to identify the high priority growers and support them on the journey towards compliance.

Measure and report

We will continuously measure progress towards our traceability goals and compliance with our criteria. On an annual basis we will publicly report on progress in a transparent way, so that all our stakeholders can verify that we are fulfilling our commitments.

OUR SUPPLIERS' ROLE

It is very important to have committed supply partners who share our values. We remain highly reliant on the progress made by our suppliers on the traceability and deforestation-free work. Therefore we ask our suppliers to regularly and transparently report to us.

We will actively support its suppliers in their work. If however we do not see adequate progress, we will direct our suppliers to find alternative sources that do meet our criteria and are qualified to supply our business.



ANNEX: DEFINITIONS

High conservation value (HCV) areas are areas that contain items of biological, social or cultural value that it is important to conserve, including rare, threatened and endangered species and their habitat. Please visit the [HCV Network website](#) for more information.

High carbon stock (HCS) forests include primary forests, high, medium and low-density forests and regenerating forests. Greenpeace, TFT and industry partners have developed and are trialing a HCS framework and identification tool. Please read [The High Carbon Stock Forest Study Report](#) for more information. Vandemoortele expects its suppliers to continue to adopt best practices for identifying HCS as they are developed for different contexts. Other definitions can be acceptable as long as they are scientifically sound and recognized by our stakeholders.

Peatlands are areas with soil that contains more than 65% organic matter.

Jules Noten* CEO

*On behalf of Jules Noten Comm. V



17 May 2017

VANDEMOORTELE SOY SOURCING CHARTER

CONTEXT

Vandemoortele purchases soybean oil, mainly for use in margarines, and to a lesser extent other soy ingredients, such as soy flour, bran and flakes for use in bakery products. Soy is also embedded as animal feed in animal-derived products, such as dairy, eggs and meat. We use these in various of our products. Soy is grown in several parts of the world, including Brazil, Argentina and the USA. Most of the soy used in Europe is grown in South America. Unfortunately, an increasing amount of the soy produced in this region over the past two decades has resulted in a number of negative effects on the environment, as well as on local communities. A major issue relating to the environment is deforestation, together with its wider effects, such as loss of biodiversity and the emission of greenhouse gases. Another environmental problem is the use of unauthorised pesticides in growing soy. Social problems include the poor working conditions under which farm workers and others involved in the production of soy have to work. Land rights are also an issue when large-scale agriculture expands aggressively into new areas.

There is clearly an urgent need to transform the soy sector. As approximately 75% of soybean is used for animal feed, the feed sector has a significant role in leading this transformation. At the same time, food manufacturers will need to change the way in which they source soy through a strong focus on responsible sourcing in the supply chain.

A STRONG COMMITMENT

We believe it is our responsibility to supply our customers with soy products that have no connection whatsoever with deforestation, whether directly or in embedded form.

We have been a member of the Round Table on Responsible Soy (RTRS) since 2011. The RTRS Standard for Responsible Soy Production is applicable on a worldwide level and assures soy production that is socially equitable, economically feasible and environmentally sound. Vandemoortele has reported on its progress to the RTRS since 2015.

It is our aim to source for our consumer brands 100% certified sustainable soy, both direct and embedded, by the end of 2017. We make use of the RTRS credits system.

Jules Noten* CEO

*On behalf of Jules Noten Comm. V



17 May 2017

VANDEMOORTELE PAPER AND CARDBOARD PACKAGING SOURCING CHARTER

CONTEXT

Vandemoortele buys paper and cardboard materials, mainly for primary and secondary packaging purposes. For primary packaging, which is in direct contact with the product, we use virgin paper or paper cardboard. For secondary packaging, we use corrugated cardboard, which is recycled where possible.

Paper and cardboard ultimately come from plantations and forests. While most timber is harvested from well-managed forests and plantations, illegal logging and the destruction of old-growth and high-conservation-value forests is still taking place.

A STRONG COMMITMENT

We see it as our responsibility towards our customers to ensure that our products do not contribute to deforestation in any way. We do this in several ways.

In the first place, we are looking for smart packaging design alternatives that keep the resources consumed in our packaging to a minimum.

Secondly, it is our aim to use recycled materials in our packaging where possible.

If recycled materials are not an option (because of direct contact with food, for example), we opt for virgin materials that are certified sustainable.

In the case of certified materials, we require that they are certified against the Forest Stewardship Council (FSC) or the Programme for Endorsement of Forest Certification (PEFC) schemes. Both these international organisations are committed to ensuring that the forests are managed responsibly by taking social, ecological and economic factors into account.

Our aim is to ensure that, for our consumer brands, by the end of 2018, paper bags, solid cardboard and corrugated cardboard packaging are made from recycled or certified materials. By 2020, all paper and cardboard packaging materials for our consumer brands should be recycled or certified sustainable.

Jules Noten* CEO

*On behalf of Jules Noten Comm. V



Vandemoortele's Supplier Code of Conduct

In line with our mission statement, guiding principles and sustainable development policy, Vandemoortele is committed to ensure responsible conduct on ethical, social and environmental issues. This Code of Conduct summarises the requirements to which Vandemoortele adheres and which Vandemoortele also asks its suppliers to commit. These requirements are prepared in accordance with the 10 principles of the UN's Global Compact.

Business is conducted lawfully and with integrity

All forms of corrupt practices, such as bribery, extortion, fraud and unlawful restrictive trade practices are strictly prohibited.

Working environment and social conditions comply with international frameworks

The supplier shall support and respect internationally declared human rights and treat its employees fairly, equally and with respect.

All workers enjoy freedom of association

All workers are free to exercise their right to form and/or join trade unions or to refrain from doing so and to bargain collectively.

Work is conducted on a voluntary basis

No form of forced labour or compulsory labour is permitted.

All workers are of an appropriate age

Child labour is not accepted. The age limit set in the laws of each country shall be respected and regardless of the country's legislation children under the age of 14 years shall never be hired. The supplier must not employ any young workers under the age of 18 to perform any work that is likely to be hazardous or harmful to their health and safety.

Working hours for all workers are reasonable

Working hours must comply with national legislation and agreements with trade unions.

All workers are paid fair wages

Wages, benefits and overtime compensation shall at least comply with national legislation and agreements. The wages of employees are paid on a regular basis.

All workers are treated equally and with respect and dignity

No worker shall be subject to any physical, verbal or psychological abuse or other form of intimidation. There is no discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement. Discrimination based on ethnic groups, colour, gender, political or religious convictions, belonging to a union or a specific social environment, or any other situation is prevented.

Worker's health and safety are protected

Health, safety and other workplace standards must meet all local laws and safety regulations. Accidents and work-related injuries have to be prevented.

Business is conducted in a manner which reduces environmental impact

The supplier shall comply with national laws and shall adopt a precautionary approach in its business operations. Vandemoortele expects its suppliers to actively work on emission reductions to the air, soil and water and on more efficient use of natural resources.

Supplier declaration

The undersigned supplier has read the Code of Conduct, and understands that business with Vandemoortele depends upon full compliance with this Code. Vandemoortele reserves the right to make inspections to ensure that this Code of Conduct is being enforced. These inspections may be performed by an independent third party and may be unannounced. In case the supplier fails to comply with the terms of this Code of Conduct and if improvements are not made within an agreed time period, Vandemoortele may terminate its business with the supplier.

The Vandemoortele Group Supplier Code of Conduct is applicable for all companies of the Vandemoortele Group (Vandemoortele NV and affiliated companies).

This Vandemoortele Group Supplier Code of Conduct forms an integral part of the Vandemoortele General Purchase conditions for the delivery of ingredients and packaging and the Vandemoortele General Purchase conditions for the delivery of goods, services and works. (consultable on <http://www.vandemoortele.com/en/terms.htm>)

The supplier is by its signature below committed to this Code of Conduct.

Company : _____

Date: _____

Signature: _____

Print name/Title: _____



Our position on sugar

Key message

Vandemoortele supports the World Health Organization's recommendation that people should reduce their energy intake from sugar. One way we do this is by offering customers and consumers a wide range of sweet and savoury products containing varying amounts and types of sugar. This makes it easy for them to choose products that are most appropriate for their diet.

Background

Sugars are types of carbohydrates (mono- and di-saccharides). They are naturally present in many foods, such as fruits, grains and honey. They are also added to foods during the manufacturing process for a variety of purposes – to enhance sweetness, to improve texture and colour, or to prolong shelf life, for instance.

Sugars, like any nutrient, can have a negative impact on health if consumed in excessive quantities. They provide the human body with 4 kcal of energy per gram. This means that, depending on an individual's energy requirements, consuming sugar may result in an excessive intake of energy. In turn, this may give rise to non-communicable diseases, such as Type 2 diabetes, or increase the risk of cardiovascular problems.¹

In 2015, the WHO recommended reducing the intake of free sugars to less than 10% of total energy intake. In the same year, the European Commission proposed that the proportion of added sugars in food products should be reduced by at least 10% by 2020.²

Our position

Sugar is a key ingredient in many of Vandemoortele's bakery products, especially in our range of our indulgent sweet products. As sugar not only contributes to the sweetness of our products, but also has certain essential

functional properties, it is a continuing challenge to reduce sugar content without hampering taste and mouthfeel. As many of our products are consumed as an indulgent treat, taste and mouthfeel are of critical importance in helping us meet consumers' and customers' expectations.

In order to cater to different health requirements, Vandemoortele is committed to offering customers and consumers a wide range of sweet and savoury products. These enable them to make appropriate food choices without compromising on taste. In addition, throughout our indulgent sweet product range, we are developing innovations that enable people to reduce their intake of sugar. These innovations include products with reduced portion sizes, or in which added sugars have been reduced or partly replaced, preferably using natural alternatives.

At Vandemoortele, we believe that the best way to help consumers make well-informed food choices that fit in with their diet is to provide transparent, accurate nutrition labelling. Accordingly, we are ready to participate in industry-wide initiatives to lower sugar intake (just as we have previously taken part in initiatives to reduce salt content).

¹EU Framework for National Initiatives on Selected Ingredients – Annex II: Added Sugars; 2015

²WHO Guideline: Sugar intake for adults and children; 2015

Our position on saturated fats

Key message

Public health can be significantly improved by replacing saturated fats with unsaturated fats in our diets.

Background

Fats are an essential part of a healthy and well-balanced diet. Together with carbohydrates and proteins, they provide most of the energy in our diet.

Many different dietary fats and oils are used in the food industry to create a wide variety of tastes and textures. Over 90% of these dietary fats are in the form of triglycerides – compounds linked to fatty acids. These fatty acids may be either saturated fatty acids (SFAs) or unsaturated fatty acids (UFAs). SFAs are typically of animal origin and solid at room temperature (such as butter and lard), while UFAs are usually liquid at room temperature, examples being fish oils and the majority of vegetable oils. Food products may contain varying proportions of SFAs and UFAs.

Fats high in SFAs increase the level of low-density lipoprotein cholesterol (LDL-cholesterol) in the blood. LDL-cholesterol can increase the chances of cardiovascular disease, and because of this it is considered “bad” cholesterol. For this reason, based on the research from health authorities around the world, the World Health Organisation recommends limiting the intake of SFA to a maximum of 10% of total energy intake¹. In the majority of countries across the world, and especially in Western countries, current intakes of SFAs exceed this recommendation.^{2,3}

UFAs, by contrast, lower the level of “bad” LDL-cholesterol in the blood and reduce the risk of cardiovascular disease. Replacing SFAs with UFAs helps to maintain normal blood cholesterol levels^{4,5}, and recent studies confirmed that replacing SFAs with UFAs reduces the risk of developing coronary heart disease.^{6,7}

Our position

Vandemoortele supports the WHO recommendation to limit the intake of SFAs to a maximum of 10% of our energy intake. We also subscribe to the view that replacing SFAs with UFAs in our diets has a positive effect on human health.

Our products contain varying amounts of SFAs. Over recent decades, we have significantly reduced the content of SFAs in our products, especially in margarines and spreads. These positive results have been achieved both by lowering the overall fat content and by replacing SFAs with UFAs. The development of semi-liquid margarines is an excellent example of our progress in this area.

Furthermore, in 2013, we founded the Vandemoortele Centre for Lipid Science and Technology at the University of Ghent. The purpose of the Centre is to improve the health value of fats by gaining new scientific insights and developing technological innovations.

We are committed to continuously optimising the SFA content of our products, while also preserving their excellent quality and taste.

¹ FAO/WHO (2010) Fats and fatty acids in human nutrition. Report of an expert consultation. Rome, Italy.

² Harika RK, Eilander A, Alsema M, Osendarp SJ, Zock PL. Global, regional, and national consumption levels of dietary fats and oils in 1990 and 2010: a systematic analysis including 266 country-specific nutrition surveys. *Ann Nutr Metab.* 2013;63(3):229-38. doi: 10.1159/000355437. Epub 2013 Oct 29. Review. PMID: 24192557.

³ Micha R, Khatibzadeh S, Shi P, Fahimi S, Lim S, Andrews KG, Engell RE, Powles J, Ezzati M, Mozaffarian D; Global Burden of Diseases Nutrition and Chronic Diseases Expert Group NutriCoDE. Global, regional, and national consumption levels of dietary fats and oils in 1990 and 2010: a systematic analysis including 266 country-specific nutrition surveys. *BMJ.* 2014 Apr 15;348:g2272. doi: 10.1136/bmj.g2272. PMID:2473620.

⁴ EFSA Panel on Dietetic products, Nutrition and Energy (NDA), *EFSA Journal* 2011; 9(4): 2069, January 2011.

⁵ EFSA opinion of the scientific panel on dietetic products, nutrition and allergies on a request from the Commission related to the presence of trans fatty acids in foods and the effects on human health of the consumption of trans fatty acids (Request EFSA-Q-2003-022), adopted on 8 July 2004.

⁶ Li Y et al. (2015), Saturated Fats Compared With Unsaturated Fats and Sources of Carbohydrates in Relation to Risk of Coronary Heart Disease. A Prospective Cohort Study. *J Am Coll Cardiol.*; 66(14):1538-1548.

⁷ Zong G., Li Y, Wanders A. J. et al. ,(2016),Intakes of Individual Saturated Fatty Acids and Risk of Coronary Heart Disease in Two Large Prospective Cohort Studies of U.S. Men and Women. *BMJ* 2016;355:i5796

Our position on trans fats

Key message

Trans fatty acids (trans fats) in margarines and fats no longer pose a danger to public health. This is thanks to the food industry's ongoing and self-imposed efforts over recent decades to reformulate food products so that they contain fewer trans fatty acids.

Background

Fats are an essential part of a healthy and well-balanced diet. Together with carbohydrates and proteins, they provide most of the energy in our diet. However, not all fats are healthy for us.

Trans fats – also known as trans fatty acids or (TFAs) – are a case in point. They are a type of unsaturated fat that occurs in both animal and vegetable fats. TFAs in animal fat occur naturally, and are formed by the microbial flora in the stomach of ruminants, such as cows, goats and sheep. These TFAs are present in the milk, butter, cheese and meat products derived from these animals. Most TFAs in vegetable fat are formed when vegetable oils are converted into solid fats in a process called partial hydrogenation.

The TFAs present in both animal and vegetable fats are chemically identical to each other, but differ in the quantities in which they occur. According to the European Food Safety Authority (EFSA), there is no scientific evidence suggesting that, when consumed in the same amounts, TFAs in animal and vegetable fats differ in how they affect health.¹

However, whether in animal or vegetable fat, TFAs do have a negative impact on health, specifically on cholesterol levels. Consuming TFAs increases not only the total level of cholesterol in the blood but also low-density lipoprotein cholesterol (LDL-cholesterol or “bad cholesterol”). At the same time, it decreases high-density lipid protein cholesterol (HDL-cholesterol or “good cholesterol”).

The reduction in HDL-cholesterol specifically caused by TFAs means that, at equal intakes, the ratio of total cholesterol to HDL-cholesterol increases

much more compared to saturated fatty acids (SFAs).^{2,3} Because of this, TFAs are considered a significant risk factor for cardiovascular disease compared to SFAs. The World Health Organisation recommends limiting the intake of TFAs to less than 1% of total energy intake.⁴

In light of these concerns, most EU countries have now lowered the intake of non-ruminant TFAs in food so that it is below the level that would create a public health concern.⁵ This successful result was achieved by the voluntary efforts of the food industry to reformulate products.

Our position

Vandemoortele recognises that TFAs, both from animal and vegetable fat, have a negative effect on human health, and that their presence needs to be reduced to below the level that make them a public health concern.

Over the past 20 years, due to extensive innovation and technological efforts, the average the levels of TFAs in our own products has been brought down to below 2% of the total fat content, which is below the level of health concern. At the same time, the total sum of SFAs and TFAs has not increased.

In line with our efforts so far, we will continue to work to further reduce the TFA content of our products. Furthermore, we are encouraging and assisting our customers to use margarine and fat products for their products that have a maximum of 2% TFAs (of total fat basis).

¹ EFSA Panel on Dietetic Products, Nutrition, and Allergies (NDA); Scientific Opinion on Dietary Reference Values for fats, including saturated fatty acids, polyunsaturated fatty acids, monounsaturated fatty acids, trans fatty acids, and cholesterol. EFSA Publication. Parma, Italy: European Food Safety Authority, 2010. 107 p. (The EFSA Journal; No. 1461).

² Report from the Commission to the European Parliament and the Council regarding trans fats in foods and in the overall diet of the Union population, European Commission, 2015.

³ Li Y et al. (2015), Saturated Fats Compared With Unsaturated Fats and Sources of Carbohydrates in Relation to Risk of Coronary Heart Disease. A Prospective Cohort Study. *J Am Coll Cardiol.*; 66(14):1538-1548.

⁴ Fats and Fatty Acids in Human Nutrition, Joint FAO/WHO Expert Consultation Report, November 2008.

⁵ EFSA opinion of the scientific panel on dietetic products, nutrition and allergies on a request from the Commission related to the presence of trans fatty acids in foods and the effects on human health of the consumption of trans fatty acids (Request EFSA-Q-2003-022), adopted on 8 July 2004.



Our position on palm oil

Key message

Vandemoortele is committed to sourcing palm oil that is traceable, deforestation- and exploitation-free as well as certified sustainable.

Background

Palm oil is the most commonly used vegetable oil for food and non-food purposes across the world. In the tropical belt of Southeast Asia, Africa and parts of South America it is used as a common cooking fat. Worldwide it is used as an ingredient in the food industry because of its excellent sensory characteristics and functional properties. The global demand for palm oil has increased significantly, and it is still increasing, as no other alternative edible vegetable or animal oil exists in sufficient quantities and offers the same functional properties.

However, European public opinion has three main areas of concern regarding the use of palm oil in food products: its effects on the environment, on society, and on health.

(1) Environmental concerns

Palm oil production has been linked to deforestation and the loss of peat lands. Both of these hazards cause the loss of biodiversity and the endangerment of animal species. If unregulated, palm oil production can hinder the sustainable development of natural ecosystems.

Despite these concerns, there are important environmental advantages to using palm oil. Above all, palm is the most efficient oilseed crop in the world. Palm trees produce the highest yield per hectare (an average of 3.7MT oil per hectare per year), requiring much less land use than any other vegetable oil alternative. One hectare of oil palm produces 5-10 times more oil than other vegetable oil crops. Palms provide 39% of the global vegetable oil production, while they occupy only 7% of oilseed agricultural lands.

This high productivity, together with the worldwide growing demand for oils and fats, has encouraged the increase of palm oil production.

(2) Social concerns

In some instances, the land conversion required for palm oil production has negatively affected the lives of workers and smallholders, as well as some indigenous and local communities.

However, palm oil production also contributes significantly to the economic development of regions where it is produced. For example, palm oil production provides an important source of revenue for millions of smallholder farmers in Southeast Asia and Africa. In this way, it plays a vital role in rural development and poverty reduction.

A right balance must be found between the conservation of the natural environment on the one hand, and the needs of the local community in terms of economic benefits and social viability on the other.

(3) Health concerns

In some European countries, palm oil is perceived as an unhealthy fat. In those countries, thought leaders, retailers and politicians, among others, try to ban palm oil in food and promote “palm-free” products.

However, there is no scientific proof that consumption of palm oil is related to any specific health concern¹. Health experts recommend a reduction of saturated fatty acid (SFA) intake from all sources – not only from palm oil, but also from butter and cream, for example. From a nutritional perspective, the total fatty acid composition, and in particular the ratio of SFAs to unsaturated fatty acids (UFAs) of the food “as consumed”, is important.

In actual fact, palm oil has a rather balanced composition in terms of fatty acids. It contains saturated and unsaturated fatty acids in near-equal amounts (50% SFAs/50% UFAs). In foods, palm oil is most often used with other vegetable oils and fats with different fatty acid profiles, which together determine the total fatty acid composition (SFAs and UFAs) of the final food.

Scientific studies have shown that, due to its specific fatty acid composition, palm oil does not increase the ratio between total and LDL-cholesterol and the risk of cardio-vascular mortality². The negative impact of SFAs is offset by the positive impact of the UFAs present in palm³.

What is more, other nutrients (such as vitamin E and A) that are also naturally present in palm oil are also beneficial to health¹.

Palm oil is considered a healthy alternative to partially hydrogenated oils and fats containing trans fatty acids (TFAs). The use of palm oil in food has made it possible to reduce TFAs in food products without increasing the total sum of SFAs and TFAs.

Our position

Vandemoortele is a significant buyer of palm oil for use in food products. We use palm oil mainly because of its excellent functional properties and sensory characteristics. Due to its higher melting point, palm oil is naturally solid at 20°C and gives an excellent feel when tasted. Palm oil also offers the right structure for a final smooth and creamy texture.

What’s more, in terms of land use efficiency and productivity, as well as socio-economic development, palm oil can deliver significant benefits. When produced in a sustainable way, palm oil has clear environmental and social advantages compared to other vegetable oils and fats.

¹ Prof. Jean-Michel Lecerf (april 2011), Huile de palme: rapport nutritionnel, (Institut Pasteur)

² Fattore E. et al. (2014), Palm oil and blood lipid-related markers of cardiovascular disease : a systematic review and meta-analysis of dietary intervention trials, Am J Clin Nutr 2014;99:1331-50

³ Mensink RP et al. (2003), Effects of dietary fatty acids and carbohydrates on the ratio of serum total to HDL cholesterol and on serum lipids and apolipoproteins: a meta-analysis of 60 controlled trials, Am J Clin Nutr 2003: 77:1146-55

Vandemoortele is committed to sustainable palm oil sourcing. We are a member of the Round Table of Sustainable Palm (RSPO), GreenPalm and The Forest Trust (TFT). In our Palm Oil Sourcing Charter, dated 1 December 2014, we clearly describe our commitment to responsible palm oil sourcing. Clear targets have been set for fully traceable, deforestation-free and exploitation-free palm oil, as well as for certified sustainable palm oil. We have also committed to publicly reporting on our progress at least annually (www.vandemoortele.com/values). In addition, we encourage our customers to use certified sustainable palm oil and to become members of GreenPalm and/or of the RSPO.

Finally, we believe that palm oil can deliver clear and significant benefits for human nutrition and health. Palm oil has a balanced fatty acid composition, and its use in food has made it possible to reduce TFAs in food products through the replacement of partially hydrogenated vegetable oils and fats, which have a negative impact on health. Specifically, palm oil contributes positively to public health by allowing food manufacturers to optimise the total fat composition of many food products.

After carefully evaluating global, scientific research, Vandemoortele has reached the conclusion that, when sourced in a sustainable way, palm oil is a suitable edible oil for use in the food industry.

Vandemoortele's roadmap to sustainable palm oil

We have been promoting sustainable palm oil for many years. Below are some of the highlights of our efforts in this area.

2009	Vandemoortele becomes a member of the Round Table of Sustainable Palm (RSPO) and GreenPalm.
2010	Vandemoortele starts using 100% certified sustainable palm oil for branded retail margarines.
2010	Vandemoortele earns RSPO certification for all its production sites for margarines, culinary oils and fats (MCOF).
2011	Vandemoortele strengthens its commitment to use 100% certified sustainable palm oil for all its consumer-branded products by the end of 2015.
2011	Vandemoortele publishes its first RSPO Annual Communication on Progress (ACOP).
2012	Vandemoortele obtains RSPO certification for seven bakery production sites, becoming one of the first companies in the sector to do so.
2013	Vandemoortele becomes a founding member of the French Alliance for Sustainable Palm Oil.
2014	On 14 February, Vandemoortele becomes a member of The Forest Trust (TFT), committing itself to traceable, deforestation-free and exploitation-free palm oil.
2014	Vandemoortele launches the Vandemoortele Palm Oil Sourcing Charter, the key elements being: <ul style="list-style-type: none"> ▪ 100% certified sustainable palm oil by the end of 2015 for branded consumer products ▪ 100% of palm oil traceable to known sources (i.e., mills) by the end of 2015

- Commitment to engage with palm oil suppliers to eliminate deforestation, protect peat lands and fully respect human rights
 - Commitment to report publicly on annual progress
- 2015 Vandemoortele becomes a founding member of the Belgian Alliance for Sustainable Palm Oil, having also actively participated in other national initiatives promoting the uptake of sustainable palm oil.
- 2015 Target of 100% certified sustainable palm oil in consumer-branded products achieved. (June)
- 2016 All our production sites using palm oil become RSPO-certified.

Affiliations

RSPO

The objective of the *Roundtable for Sustainable Palm Oil* is to promote the growth and use of sustainable palm products through a system of certification and audits, based on credible standards and commitments of stakeholders across the entire supply chain (plantations, processors, traders, NGOs, etc.). For more information, visit www.rspo.org/certification

GreenPalm

GreenPalm operates the Book and Claim supply chain option of the RSPO (Roundtable on Sustainable Palm Oil). This supply chain option is one of four provided by the RSPO to either support or use certified palm oil and palm kernel oil. For more information, visit www.greenpalm.org

TFT

The Forest Trust helps its members to turn their values into clear policies, principles and guidelines. "TFT – traceable, deforestation-free and exploitation-free palm oil" means:

- Fully traceable to mill level
- No clearing of high-carbon stock forests
- No clearing in areas of high conservation value
- No planting on peat lands, irrespective of depth
- No burning
- Full respect for human rights, including the right of indigenous and local communities to free, prior and informed consent

For more information, visit www.tft-earth.org



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