

A young woman with dark skin and hair is carrying a large, heavy basket of palm oil fruit (palm bunches) balanced on her head. She is looking directly at the camera with a calm expression. She is wearing a white t-shirt. The background is a lush green field with palm trees.

SUSTAINABLE PALM OIL PROGRESS
REPORT 2019

Shaping a tasty future responsibly



Vandemoortele
shaping a tasty future

INTRODUCTION

As a family company, we believe we are responsible to make a positive contribution to society. That is why sustainability is important to us. We see it as the integration of creating business prosperity and societal value.

While sustainability has been in the DNA of Vandemoortele since the beginning, a more strategic approach started 5 years ago. Our sustainability strategy is based on four pillars: responsible sourcing, eco-efficient production, commitment to people and products you can trust.



Growing and harvesting a number of our core ingredients such as palm oil may raise issues of environmental protection as well as human and animal rights, and health and safety. We recognise the urgent need to continue to transform the palm oil sector by changing the way we source our palm oil.

Vandemoortele has set clear targets for fully traceable, deforestation free and exploitation-free palm oil, as well as for certified sustainable palm oil. As part of its commitments, Vandemoortele encourages its customers to use certified sustainable palm oil and to become members of the RSPO. Vandemoortele also publishes annually its progress and since 2018, also the traceability list of the mills of the palm oil supply chain. In addition, together with Earthworm Foundation, Vandemoortele engages on the field in Indonesia.

AFTER 5 YEARS EFFORTS, 2019 PROVIDES US AN OVERALL INSIGHT TO WHAT RESULTS OUR ACTIONS LEAD.

VANDEMOORTELE has set clear targets to obtain fully traceable, deforestation free and exploitation-free palm oil. According to the *2019 WWF Palm Oil Buyers Scorecard*⁷, VANDEMOORTELE is well on the path regarding sustainable palm oil for its

consumer branded products reaching a top 20 out of 173 companies worldwide.

In order to be accountable to our stakeholders on the targets, efforts and achievements in the *Palm Oil Sourcing Charter*⁷, VANDEMOORTELE launched the fifth edition of our Sustainable Palm Oil Progress Report.

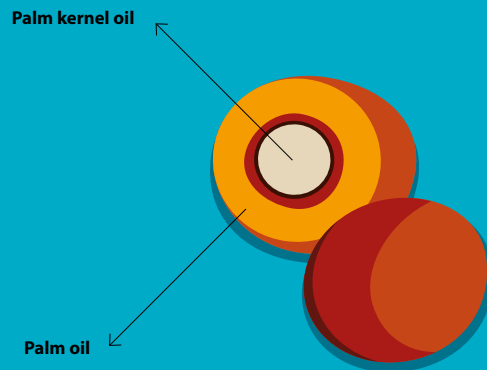
**“WE RECOGNISE THE URGENT NEED
TO CONTINUE TO TRANSFORM THE PALM
OIL SECTOR BY CHANGING THE WAY
WE SOURCE OUR PALM OIL.”**



Aurélie Comhaire – Group
Sustainability Manager & Project
Leader Zero-deforestation at
VANDEMOORTELE

The context

Palm oil (PO) is made from the pulped fruit of the palm tree, originally found in West Africa but now cultivated in many tropical regions around the world, including Indonesia and Malaysia. The size of a large olive, this tropical fruit gets its reddish colouring from its high beta-carotene content. The fruit has a single seed or kernel, which is pressed to produce palm kernel oil (PKO).



PALM OIL & PALM KERNEL

Palm oil and palm kernel oil differ in their fatty acid composition, with the former used as a food ingredient in most parts of the world and the latter by the oleochemical industry as a raw material.

In Europe, **palm oil is used primarily as biofuel**, with the food and oleochemical industries the next biggest consumers.

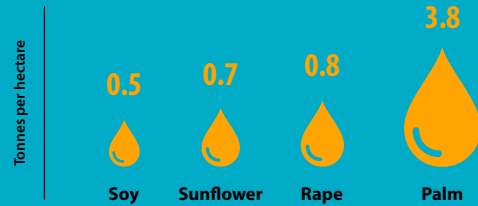
Meanwhile, in the tropical belt of Southeast Asia, Africa and parts of South America, the product is used **as a common cooking fat**.

It is also used by the food industry worldwide **as an ingredient** due to its excellent sensory characteristics and functional properties.

Because of its higher melting point, palm oil is naturally solid at 20°C and lends a pleasant, smooth and creamy texture to the final product.

WITH 71,5 MILLION TONNES OF PALM OIL USED IN 2019 ALONE, global demand has increased significantly in recent years, and is rising still.

Simply put, no other alternative edible vegetable or animal oil with the same functional properties exists in the quantity.



It is also an extremely efficient crop, allowing up to 10 times more production per hectare than other vegetable oils. This high level of output has seen the palm oil industry become a major driver of economic growth in many countries, specifically Indonesia and Malaysia, which together account for nearly 84% of global supply.

However, the economic benefits of palm oil often come at a major social and environmental cost. Palm oil cultivation is associated with the loss of tropical forest habitats, which contain more than half of the earth's plants and animal species.

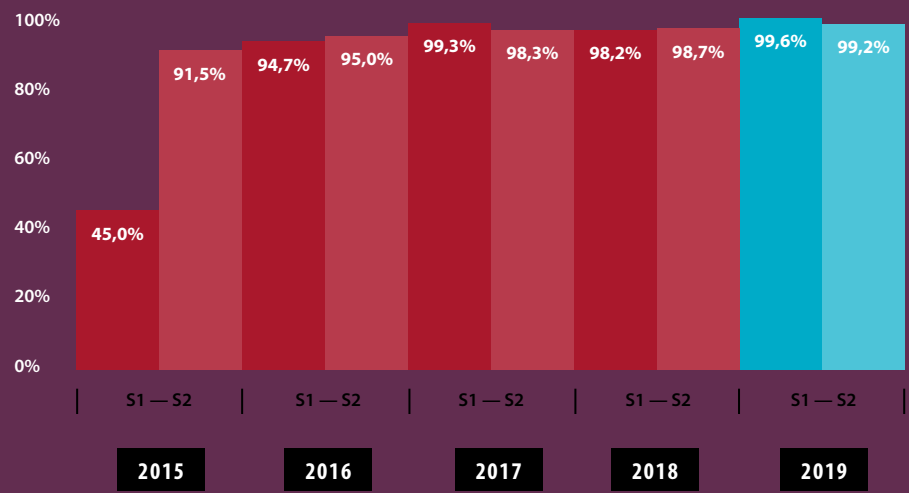


PEATLANDS DRAINED FOR PALM OIL EXPANSION HAVE LED TO FIRES AND HAZE IN SOUTH EAST ASIA, DAMAGING THE HEALTH OF LOCAL PEOPLE AND ECOSYSTEMS, AND IMPACTING THE CLIMATE.

Labour disputes and conflicts with local communities are also endemic within the product's supply chain. Add to these smallholders, who supply just under half of the world's palm fruit and whose livelihoods are vulnerable to economic and environmental changes.

Our 2019 objectives and results

TRACEABILITY SCORE EVOLUTION



2019

RSPO CERTIFIED PALM OIL

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

IN 2019, WE USED 40,002 TONNES OF PALM OIL in our consumer-branded products.

100% of the oil for these products is RSPO certified. We make use of three systems: RSPO Credits, Mass Balance and Segregated.

PALM OIL TRACEABILITY

Maintain **100%** traceability up to the mill level* in our palm oil supply chain.

IN 2019, WE ACHIEVED 99.4% TRACEABILITY BACK TO MILL for all palm oil purchased for our consumer, and private, branded products.

*Mill traceability is achieved if the following information is available: mill parent company, mill name, mill coordinates, and mill RSPO status.

ENGAGEMENT AND MONITORING OF OUR SUPPLY CHAIN

Supplier engagement is the process we use to make sure our suppliers are operating in compliance with our **Palm Oil Sourcing Charter**.

We put focus on our strategic suppliers, closely following their progress against our commitment. We also continue to follow up on any sustainability issues involving our direct suppliers.

A direct, regular dialogue is maintained to monitor how our suppliers are managing and resolving these issues. We track our suppliers' improvements year by year with the use of a specific tool: an online questionnaire platform for suppliers.

Suppliers are able to inform us of their progress in terms of their commitment, traceability levels, implementation plans, grievances, or monitoring systems.

In line with our Palm Oil Sourcing Charter, **100%** of our purchased palm oil volumes are sourced from suppliers committed to a **"No Deforestation, No Peat, No Exploitation" (NDPE) policy**.

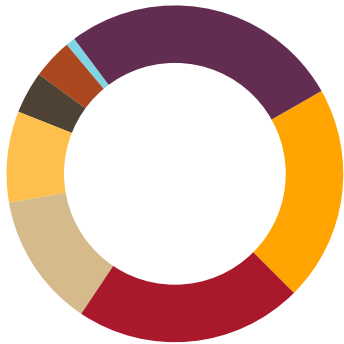
To help implement our commitment, **VANDEMOORTELE is working with Earthworm Foundation**, formerly known as The Forest Trust, which has extensive experience helping companies to manage and source raw materials responsibly.



"WE PUT FOCUS ON OUR STRATEGIC SUPPLIERS, CLOSELY FOLLOWING THEIR PROGRESS"



PALM OIL VOLUME PER PRODUCING COUNTRY 2019



- Malaysia 26%
- Indonesia 23%
- Guatemala 20%
- Papua New Guinea 12%
- Colombia 10%
- Honduras 4%
- Costa Rica 4%
- Others* 1%

In 2019, we continued to map our palm oil supply chain. Our supply base consists of 2,525 mills in the first half and 1,612 mills in the second half of 2019, located across several countries.

MALAYSIA	
S1	S2
945	672

GUATEMALA	
S1	S2
25	28

PAPA NEW GUINEA	
S1	S2
1	21

INDONESIA	
S1	S2
1358	763

COLUMBIA	
S1	S2
164	96

HONDURAS	
S1	S2
9	16

COSTA RICA	
S1	S2
3	8

LIBERIA	
S1	S2
0	1

THAILAND	
S1	S2
14	1

BRAZIL	
S1	S2
0	3

PANAMA	
S1	S2
1	2

NICARAGUA	
S1	S2
1	1

CAMEROON	
S1	S2
1	0

CAMBODIA	
S1	S2
1	0

*Others include:
Nicaragua
Cameroon
Liberia
Brazil
Cambodia
Panama
Thailand

Together with our strategic suppliers, we are identifying possible risk areas within our palm oil supply chain, so that we can engage in transformation projects to strengthen our impact on the ground.

SINCE 2018

Vandemoortele is supporting **Earthworm Foundation's (EF) Landscape Programme** in Indonesia, locally known as the APT programme. Landscapes are places where EF collaborates with local actors to find practical solutions to protecting conservation areas while designing livelihood options and business models that work both for people and nature.

In Indonesia, the programme focuses on two priority areas where **Indonesia's precious tropical forests are threatened by agricultural expansion: Aceh Tamiang and Southern Aceh**. These priority areas or landscapes overlap with the Leuser Eco-system, one of the largest, unbroken tracts of rainforest in Southeast Asia and most biologically abundant places in the world.

By working with local stakeholders to provide them with the right tools, capacity building and knowledge, the project aims

to **reduce deforestation** and demonstrate to the world the feasibility of balancing commodity production, conservation and good social and labour practices at scale.

In 2020,

VANDEMOORTELE WILL CONTINUE TO CONTRIBUTE TO THIS TRANSFORMATION ON THE GROUND

by **co-financing the transformation work in these two landscapes**.

We continue to engage with our suppliers and Earthworm Foundation to work towards transformation in our supply chain.



KEY SUCCESSSES TO DATE FROM THE ACEH TAMIANG LANDSCAPE:

A 60% DROP IN DEFORESTATION
from 2016 to 2019 detected over Aceh Tamiang.

FORMAL PARTNERSHIP
established with the district government to work on land use planning and sustainable development.

**PALM OIL CONCESSIONS
AND MILLS COVERED**
under forest protection agreements
which includes the largest remaining old growth forest area (1400 ha) in Aceh Tamiang.

2,095 HOUSEHOLDS
directly impacted by Participatory Conservation Plans in 5 forestfrontier villages with 245 people trained through the Livelihood Programme.

**A COLLECTIVE ACTION PLAN TO
IMPROVE WORKER CONDITIONS**
has been developed and agreed upon with the district government, covering 36 plantations and 10 mills.
3000+ workers covered by No Exploitation agreements with companies.

PARTICIPATION
IN PALM OIL SECTOR
INITIATIVES

Although palm oil can be grown on relatively small areas of land, the intensive level of production 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.** Considering this, we have developed long-term partnerships with various organisations committed to raising awareness of these issues within 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.



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 pour la Préservation des Forêts**.



2014

In December 2014, we launched the Vandemoortele *Palm Oil Sourcing Charter*² 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.



2014

In 2014, we joined Earthworm Foundation 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 Earthworm and our suppliers, we seek to make a real difference on the ground, setting clear goals and taking concrete action.



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**.



2018

Since 2018, we have published online traceability lists of the mills in our palm oil supply chains.




2018

In 2018, we participated in the landscape APT programme.



2019

WWF recognises our efforts as **"Well on the path"** in its Palm Oil Buyers Scorecard 2019.



Outlook 2019 and beyond

BY 2020

Our core objective remains a deforestation- and exploitation-free palm oil supply chain by 2020.

**WE WILL MAINTAIN
100% SOURCING**
of RSPO-certified palm oil
for our consumer brands.

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

**WE WILL CONTINUE TO
CONTRIBUTE TO THE
TRANSFORMATION ON
THE GROUND**

by co-financing the landscape
APT programme in Indonesia.

We will continue **to support and participate in initiatives** that support the uptake of sustainable palm oil in Europe.

**FURTHERMORE,
WE WILL PREPARE
FOR A NEW
STRATEGIC VISION
TOWARDS 2025**

**validating the course of our actions
in dialogue with our stakeholders,
and setting new targets.**

In doing so, we are inspired by the UN Sustainable Development Goals launched in 2015 and will follow-up on the Davos 2020 Manifesto as a guiding framework in order to measure performance both ways, to shareholders and stakeholders.

Our KPI's



KEY PERFORMANCE INDICATORS

KPI	TARGET	STATUS 2019	APPROACH
Certified sustainable palm	100% by 2015	100%	For our consumer brands we use 100%-certified sustainable palm oil .
Traceability to the mill for palm oil	100% by 2015	99,4%	99,4% of the palm oil we buy can be traced back to its source.
Supplier commitment	100% by 2020	100%	100% of our volumes are covered by suppliers committed to a NDPE policy.

Glossary



High Conservation Stock Forests (HCS)

High carbon stock (HCS) forests include primary forests, high, medium and low-density forests and regenerating forests.

High Conservation Value (HCV) area

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.

Peatlands

Peatlands are areas with soil that contains more than 65% organic matter (= swamp soils composed of dead vegetation accumulated over thousands of years). They store high amount of carbon, and when they are cleared or drained, they release huge amounts of greenhouse gases and become very vulnerable to fires.

The Roundtable on Sustainable Palm Oil (RSPO)

The Roundtable on Sustainable Palm Oil is a multi-stakeholder association gathering more than 4,600 stakeholders, in 94 countries, from all sectors of the palm oil sector – oil palm growers, processors, traders, consumer goods manufacturers, retailers, banks, investors, environmental and social non-governmental organisations, and civil society organisations. By convening

stakeholders to seek solutions to the challenges of the palm oil sector, RSPO has created a platform to transform how palm oil is produced, traded, and sold. RSPO membership has more than doubled in the last five years and today, approximately 19% of all palm oil produced globally is certified to RSPO standards. RSPO's standards work to protect primary and secondary forests, ensure the habitats of wildlife are not harmed, and safeguard workers, communities, and indigenous people in oil palm producing regions.

RSPO Credits

An RSPO Credit is proof that one tonne of certified palm oil was produced by an RSPO certified company or independent producer and has entered the global palm oil supply chain. By purchasing credits, buyers encourage the production of certified sustainable palm oil.

RSPO Mass Balance (MB)

Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout supply chain.

RSPO Segregated (SG)

Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout supply chain.

Sources:

www.rspo.org
www.highcarbonstock.org
www.hcvnetwork.org



**READ MORE ABOUT VANDEMOORTELE'S
SUSTAINABLE DEVELOPMENT**

[www.vandemoortele.com/en/sustainable-
development](http://www.vandemoortele.com/en/sustainable-development)

**READ VANDEMOORTELE'S SUSTAINABILITY
REPORT**

[Report 2019](#)

**VISIT VANDEMOORTELE'S PAGE ON
EARTHWORM FOUNDATION**

www.earthworm.org/members/vandemoortele

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

www.rspo.org

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

www.duurzamepalmolie.be

Belgian Alliance for Sustainable Palm Oil

www.alliance-preservation-forets.org/

French Alliance for Forest Preservation

www.taskforceduurzamepalmolie.nl

Dutch Alliance for Sustainable Palm Oil

www.aceitedepalmasostenible.es/

Spanish Alliance for Sustainable Palm Oil