



15 April 2014

## Cloetta Palm Oil Policy

### Background

Palm oil is a high-yielding crop and one of the most traded vegetable oils worldwide. It is a common ingredient in a variety of consumer goods. Approximately 90 per cent of the total global palm oil production comes from Malaysia and Indonesia and produced right, can be an important source for income and economic development in these areas. However, there are a number of environmental and social concerns associated with using palm oil, e.g. deforestation in environmentally sensitive areas having an impact on the entire eco system.

Palm oil is present in small amounts in some Cloetta products. The product that Cloetta buys is however not the palm oil itself but compounds (oils, fats and glazing agents) that to a varied extent contains derivatives of palm oil.

The long-term negative effects of palm oil production is of great concern to Cloetta and we are determined to find a sustainable way forward, contributing to securing the rainforest for generations to come. This is a key priority for us in order to safeguard our many loved brands.

### About Cloetta's Commitment

Cloetta has taken significant steps to achieve a more sustainable use of palm oil. Since 2013, 100 per cent of the palm oil acquired (via the compounds) by Cloetta is covered by GreenPalm certificates (in accordance with the Round Table Sustainable Palm Oil (RSPO)).

This means that for each tonne of palm oil that is used in production, Cloetta pays a premium to palm oil producers that work according to the RSPO standard.

Today, the RSPO is the most widely supported method of achieving sustainable standards for palm oil production. However, Cloetta realises this standard is not enough and will continue our collaboration with RSPO to make it stronger – especially in terms of protecting the rainforest from deforestation.

### Cloetta will also go beyond the RSPO standard:

- At the latest in 2015, Cloetta's suppliers must have a 100 per cent traceable pipeline back to known mill. No later than 2020 the same traceability pipeline shall go back to known plantation.
- Cloetta will only buy compounds from suppliers who can make sure that palm oil plantations in origin countries comply with local laws and guarantee a sustainable production according to the requirements of this policy. No later than 2017 Cloetta's suppliers must be able to verify that plantations operate according to the requirements of this policy.
- Cloetta does not allow palm oil development in:
  - Primary Forest
  - Peatlands
  - High Conservation Value Areas
  - High Carbon Stock Forests
  - Areas where burning has been used in plantation operations



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**Other commitments:**

- All Cloetta suppliers of oils, fats and glazing agents shall accept, live by and be evaluated against the Cloetta Palm Oil Policy. This evaluation will be incorporated into our standard process for supplier audits.
- Today none of Cloetta's suppliers are able to define a timetable for when traceability backwards to plantation can be obtained. This fact is of great concern to Cloetta and therefore we will engage in relevant stakeholder initiatives to address the problem. Cloetta will also highlight this issue in our dialogues with our suppliers and promote those suppliers that are at the front line in achieving traceability back to plantation. Suppliers shall no later than 2020 have traceability back to known plantation.
- Human rights  
All Cloetta suppliers are obliged to follow and to make sure that human rights are respected throughout the supply chain. Special emphasis is put on ILO Convention 169 and the UN Declaration for Indigenous Peoples Rights.
- Cloetta will make annual, transparent, reports on our progress in this area with the overall aim of securing a sustainable production that our customers can trust.
- Cloetta will engage in dialogues and collaborations with relevant NGOs.

**Implementation roadmap**

- In 2014 Cloetta will set up the process necessary to implement this policy.
- In 2014 and 2015, all suppliers of oils, fats and glazing agents will be audited according to the requirements of this policy. Suppliers that fail to meet these requirements according to the 2015, 2017 and 2020 goals will be phased out.