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	Title: <b>Palm Oil Policy 2023</b>	

# 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. When produced in a sustainable manner, palm oil can be an important source for income and economic development in these communities. However, there are a number of environmental and social concerns associated with using palm oil, e.g., modern slavery, deforestation in environmentally sensitive areas having an impact on the entire ecosystem.

## Cloetta's stance

Palm oil is present in small amounts in some Cloetta products, where the substitute is less sustainable. The palm oil 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 are 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 uphold our sustainability mission to realize the power of true joy for you, people and the planet, and also to safeguard our many loved brands.

## About Cloetta's Commitment: then and now


Cloetta has taken significant steps to achieve a more sustainable use of palm oil. In products where palm oil is not necessary nor the best option in terms of efficiency, taste and texture, it has been phased out.

Since 2004, Cloetta has been a member of the Round Table Sustainable Palm Oil (RSPO). Between 2013-2017 100% of the palm oil acquired (via the compounds) by Cloetta was covered by GreenPalm certificates in accordance with RSPO. Between 2017-2019, the palm oil purchased was RSPO certified Mass Balance (MB).

Since 2019, with palm oil-based vegetable oils, we source 100 % RSPO certified segregated palm oil.

## RSPO certified segregated palm oil

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 Supply Chain Certification Standard (SCCS). RSPO-certified sustainable oil palm products are kept apart from other oil palm products throughout the supply chain. Certified sustainable oil palm products can be traced back to RSPO-certified mills and plantations. The entire supply chain is monitored by independent, RSPO-accredited auditors. RSPO-certified sustainable palm oil has been produced to stringent environmental and social criteria. Cloetta's factories which manufacture products using palm oil are therefore certified according to the RSPO SCCS annually.

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Today, the RSPO is the most widely supported method of achieving sustainable standards for palm oil production. We plan on continuing to purchase 100% RSPO certified segregated palm oil moving forward. Read more about RSPO supply chains here: <https://rspo.org/certification/supply-chains>

### **Moving Forward**

- Cloetta will continue to source our palm-oil based vegetables oils with 100% RSPO certified segregated palm oil from suppliers who can ensure that palm oil plantations in origin countries comply with local laws and guarantee a sustainable production according to the requirements of this policy.
- 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.
- To ensure that the RSPO standard is met, dialogue with our suppliers and establishing values of transparency, environmental stewardship and respect for human life is ongoing. We want to work together with suppliers toward a goal of sustainable palm oil.
- Cloetta will engage in dialogues and collaborations with relevant NGOs to stay informed on the subject and update the policy as necessary.
- Cloetta will monitor if migrating to Identity Preserved RSPO palm oil would secure better practices, but until then, we'll keep the dialogue active between our suppliers and work toward a trustworthy and sustainable palm oil supply chain.
- Due to the RSPO trademark requirements, we do not have enough space on our packages to communicate our RSPO certified palm oil on-pack. We will work with RSPO and our consumers on how best to communicate the contents and benefits of certified sustainable palm oil.
- Cloetta will make annual, transparent reports on our progress in this area with the overall aim of securing a sustainable production that our consumers and customers can trust.