

# Palm Oil Buying Policy

## **ALDI SUISSE**



## 1 Introduction

In our CR Principles, we, the ALDI SOUTH group, commit ourselves to the responsible use of natural resources.

Palm oil and palm kernel oil are extracted from the pulp respectively the kernel of the palm oil fruit. Due to their special properties, both oils are essential raw materials for manufacturing convenience goods and used in various ALDI SOUTH food and non-food products.

Besides specific, production-related properties, the following advantages with respect to health and environment protection are of particular importance:

- Due to its relatively high consistency, palm oil is suitable to avoid harmful trans fatty acids.
- In comparison to similar oils made from rapeseed, sunflower seeds, soys and coconut, growing palm oil requires considerably less cultivable area: With respect to the effective harvest per hectare (t/ha), the aforementioned oils require the 2.5- to 7-fold amount of cultivable area.
- Palm oil-based stearin is a biodegradable, regenerative raw material and can be used to replace crude oil-based paraffin in certain non-food products and thus contribute to climate protection.

The global increase in demand for palm oil impacts the tropic growing areas of oil palms, which are highly sensitive living environments. Therefore, we at ALDI SOUTH deem it necessary that this raw material is traded responsibly in order to protect the affected rain forest, biodiversity and local people.

For this reason, the ALDI SOUTH group has joined the 'Roundtable on Sustainable Palm Oil' (RSPO) as early as in 2011. In this roundtable, non-governmental organisations (NGOs), palm oil manufacturers, palm oil processing producers as well as retailers develop common minimum criteria for the sustainable growing of palm oil.

We expect our business partners to comply with the following conditions when sourcing palm oil:

## 2 Scope of application

Our Palm Oil Buying Policy applies to all food and non-food private brands using palm oil or palm kernel oil.

This includes, among others, glycerine, emulsifiers and stearin made from palm oil or palm kernel oil and applies independently of any legal duty to declare the use of palm oil.

## 3 Targets and requirements

The majority of the palm oil and palm kernel oil used in our products is already certified according to the RSPO standard. We strive to use only RSPO-certified palm oil from the physical supply chain systems Mass Balance (MB), Segregation (SEG) and Identity Preserved (IP) - provided certified material is available on the market.

- Food: All palm (kernel) oil used for our food products are sourced from certified sustainable sources since the end of 2015 using the Identity Preserved (IP), Segregation (SEG) or Mass Balance (MB) certification system. Fractions and derivatives, such as palm oil-based flavourings, are sourced with at least MB certification, provided that this is available on the market.
- Non Food: We aim to convert to RSPO-certified palm (kernel) oil and certified fractions and derivatives thereof with at least MB certification by the end of 2018. Due to the fact that fractions and derivatives are highly processed materials their market situation is very complex. That is the reason why we continuously increase the use of fractions and derivatives from physical supply chain systems depending on availability. As of 2019, all palm oil derivatives and fractions that are not available from certified supply chains must be covered by Book & Claim certificates. According to our research, certified fractions and derivatives for non-food products shall be completely available until 2025.



As the availability of certified palm oil on the market is increasing, we strive for a maximum use of certified sustainable palm oil using the supply chain systems SEG or IP in the medium

#### **4 Active implementation**

At ALDI SOUTH, we implement our sustainability requirements in close cooperation with our suppliers.

This Palm Oil Buying Policy and the confirmation of the use of certified palm oil form part of our contract terms.

Independent institutes regularly verify compliance with product specifications, among others, with respect to the use of palm oil.

At least once a year, suppliers using palm oil, palm kernel oil or other palm-based ingredients in their products report to ALDI SOUTH how much progress they have made in fulfilling these requirements. A product will only be considered sustainable if

- the supplier is an RSPO member
- a valid RSPO supply chain certificate of the last production facility has been submitted
- all used components of palm oil and palm kernel oil (including emulsifiers and glycerine) have been certified according to one of the acknowledged supply chain systems mentioned above

#### **5 Cooperation with key partners**

As an RSPO member, the ALDI SOUTH group is engaged in further developing the RSPO minimum standards in cooperation with acknowledged NGOs and other key partners.