



M&S Foods Palm Oil Policy

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What's changed?	Change in use of mass balance requirement
Who is it aimed at?	All direct manufacturers using palm oil

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1.0 AIM

The rationale and objectives of this policy are:

- To ensure all palm oil used by M&S meets the Roundtable on Sustainable Palm Oil production and supply chain requirements (*or equivalent, see definitions*).
- To enable M&S to meet its Plan A commitment to ensure zero deforestation from the use of palm oil in the manufacture of M&S products
- To promote transparent supply chains so only companies who share our commitment to zero deforestation and no exploitation are in our value chain and to allow us to exclude palm oil suppliers that M&S considers high risk.
- To provide clarity in respect to roles and responsibilities in relation to the sourcing of palm oil products for sale by M&S.
- To clarify use of Mass balance and Segregated Palm Oil

2.0 SCOPE

This policy applies to all palm oil, its fractions or its derivatives used in the manufacture of all M&S products including foods, homecare.

3.0 BACKGROUND

Palm oil is the world’s most widely used vegetable oil with a broad range of applications across Food, Personal and Homecare categories. Increase in global demand has resulted in palm oil making a substantial contribution to forest & peatland loss and degradation, particularly in the major producing regions in South East Asia. However, palm oil makes a positive contribution to economic development and poverty alleviation and has a productivity advantage over other oils that means it needs less than half the land of other vegetable oil crops to produce the same amount of oil.

M&S is committed to sourcing palm oil in an environmentally and socially responsible manner to ensure that companies that don’t contribute to deforestation produce the palm oil used in our products and that communities and workers in the palm oil industry are protected. Palm oil supply chains are complex, and M&S can be very distant from production. We expect all companies in our supply chain to contribute to positive palm oil development and to sourcing with integrity.

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We aim to ensure zero deforestation from the use of palm oil in the manufacture of M&S products . More information on what this means to M&S can be found on <https://corporate.marksandspencer.com/plan-a/our-approach/food-and-household/product-standards/raw-materials-commodities-and-ingredients/palm-oil>

4.0 DEFINITIONS

Palm Oil: means all materials derived from the fruit of the oil palm tree (*Elaeis guineensis*) including palm and palm kernel oil and all palm oil-based ingredients and derivatives

Palm Oil Derivatives: chemicals within palm oil which have been fractionated, or separated out, usually for very specific food applications. These can include fatty acids, glycerine, fatty nitrogen compounds etc.

Compound ingredients: purchased materials by your business containing palm oil when the product itself is not a palm product (e.g. chocolate chips)

First Importer: means those companies who import, process or supply substantial volumes of palm oil and palm oil derivatives upstream of the supply chain from M&S direct suppliers as the ‘first importer’ of palm products to Europe. The term is not proscriptive and may be extended to other companies using palm oil deemed to be material to M&S supply chains.

Roundtable on Sustainable Palm Oil: sustainability scheme for palm oil production and supply. RSPO standards are developed through multi-stakeholder input and are supported by Production and Supply Chain (chain of custody) certification.

RSPO equivalent: M&S accepts other schemes that meet or exceed RSPO principles and criteria, detailed below. Other schemes will be considered on request:

- **Rainforest Alliance certified palm oil, ISCC+**

Business Unit: area of within the M&S business – i.e. Foods, Clothing, Home, Beauty, Property etc

Validated Fresh Fruit Bunch: Fresh harvested palm fruit from a known and risk assessed source (applicable to first importers not direct suppliers).

Mass Balance: Certified palm oil is mixed with non-certified palm, but the volume of palm oil sold as RSPO matches the amount of certified palm oil purchased.

Segregated: Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout the supply chain

Identity Preserved: Sustainable palm oil from a single identifiable certified source is kept separately from other palm oil throughout supply chain

5.0 M&S PALM OIL POSITION

All palm oil must be

- Supplied by ingredient and final product manufacturers who are RSPO members and are currently RSPO supply chain certified.

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- From first importers of palm oil who have credible No Deforestation, No Peat, No exploitation policies (NDPE) and meet or are working to meet the following standards within a defined timeframe:
 - Not contribute to clearance of high carbon stock (HCS)
 - Not contribute to peatland expansion (regardless of depth) and use best management practices for existing plantations on peat
 - Be free from exploitation
 - Be traceable from refinery to extraction mill and from validated Fresh Fruit Bunches (FFB) sources.

Protect human rights in line with M&S Global Sourcing Principles

<https://corporate.marksandspencer.com/file.axd?pointerid=fdc4fb2ad28c4db7bac11e8bb64416a4>

By 31st March 2021 all Palm Oil used in M&S Foods must be from certified segregated supply chains. Mass balance will only be accepted for compound ingredients & derivatives for food where it is proved that alternatives are not available and in household and personal care products. This must be agreed in writing with your technologist and Head of Sustainability.

Our aim is that all remaining Palm, derivatives and otherwise will have moved to a segregated source by March 2022. Any use of mass balance after this point needs to be agreed by Marks and Spencer.

M&S are committed to working with suppliers to achieve conversion to segregated source. Please email hazel.culley@marksandspencer.com for support.

M&S' approach is not to remove palm oil for sustainability reasons. Selecting segregated RSPO (or equivalent) palm oil is preferred to removing palm oil or replacing with other fats unless for health, taste or other reasons not linked to sustainability.

6.0 RESPONSIBILITIES

- M&S Foods Commits to:
 - Work to ensure 100% RSPO /CSPO or equivalent in existing M&S product and achieving goal of close to 100% segregated palm oil supply chain
 - Manage the approved First Importers list to
 - annually review palm oil status (or more frequently as required)
 - achieve zero deforestation commitment
 - no planting on peatland
 - no exploitation
 - Submit data for internal and external reports, benchmarks, scorecards etc
 - Engage and consulting with external stakeholders on policy matters
 - Ensure that local processes exist to fulfil the requirements of this policy and that appropriate compliance and communication arrangements are in place
 - Any actual or potential policy breaches are assessed or investigated including where complaints are received in collaboration with the Plan A team
 - Action to be taken to manage risks associated with palm oil from sources which do not meet M&S minimum standards or to remove palm oil from unacceptable sources

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- New product development does not introduce non-compliant palm oil or palm oil derivatives
 - Working with suppliers to achieve conversion to segregated palm oil
 - Look at supporting small holder farmers in the production of palm oil
- Direct Suppliers to M&S:
- Establish processes to ensure that palm oil is sourced in compliance with M&S standards and meet M&S Foods segregated supply chain requirements
 - Comply with RSPO (or equivalent) requirements in relation to product and company claims (www.rspo.org)
 - Submitting information on palm oil usage and supply chains on an annual basis, providing all requested information in a timely manner including
 - Identifying and disclosing upstream supply chains to first importer (this is now a condition of supplier that all direct suppliers disclose their first tier suppliers of palm oil)
 - Providing appropriate documented evidence to support declarations & disclose whether derivatives are PO or PKO based in line with new RSPO reporting requirements
 - Exclude any organisation considered high risk from their palm oil supply chain within an agreed timeframe in agreement with M&S.
 - Foods suppliers see Appendix 1 for further detail
- M&S Accepted First Importers:
- Ensure that palm oil supplied into the M&S supply chain:
 - Does not contribute to deforestation
 - Does not contribute to clearance of high carbon stock (HCS)
 - Does not contribute to peatland expansion (regardless of depth) and use best management practices for existing plantations on peat
 - Is traceable from refinery to extraction mill and from validated Fresh Fruit Bunches (FFB) sources
 - Is exploitation free
 - Annually respond to the Palm Oil Transparency Coalition Questionnaire and show progress or an equivalent 3rd party formal review of commitment and progress in sourcing sustainable palm oil

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APPENDIX 1: FOODS SUPPLIERS SPECIFIC REQUIREMENTS

Minimum Controls

All M&S foods suppliers must buy only RSPO (or equivalent, see Definitions) certified palm oil for use in M&S products for existing products. In order to appropriately manage palm oil sourcing:

- Raw material specifications should declare if the palm oil is RSPO/ CSPO or equivalent.
- Sustainable palm oil should be included within the site Integrity and Segregation Risk

Assessments

During new product development suppliers should also ensure that palm oil and compound ingredients containing palm oil adhere to RSPO or equivalent standards. Any deviation from the above needs to be agreed with the M&S technical lead for palm oil, and can only be allowed for business critical products where it is not possible to source certified segregated sustainable palm oil, and there is limited exposure and low risk, e.g. very small ingredients in a seasonal line.

Foods Specific Scope

Specific to supplier manufacturing food products i.e. household and non-food products are excluded from the food’s specific requirements.

Due to the low total impact and complex nature of small composite ingredients this policy only applies to palm oil and palm oil derivatives which are listed in the finished food product.

Further Policy Requirements by Usage:

Foods suppliers (by site) are categorised according to their annual consumption of palm oil. Specific obligations for each category of supplier are detailed below. Suppliers must tell M&S immediately if their usage increases or decreases to the extent that it is likely to affect their classification.

CATEGORY	USAGE CLASS	ANNUAL CONSUMPTION	REQUIREMENTS
CATEGORY A	HIGH USE	GREATER THAN OR EQUAL TO 150 TONNES	<p><u>M&S palm oil policy PLUS</u></p> <ul style="list-style-type: none"> • Supplying sites must undergo RSPO (or equivalent) supply chain certification. • Engage with first importers to promote compliance with M&S minimum standards within the palm oil supply chain - this must be demonstrated through documentation • Adhere to M&S Approved Supplier (first importer) list • All palm oil should be segregated RSPO/CSPO supply by March 31st 2021 • Mass Balance is only acceptable when a fraction or derivative is shown not to be available as Segregated • For non food suppliers, please out line to M&S how we can work together to achieve

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			segregated supply chain
CATEGORY B	MEDIUM USE	GREATER THAN ONE TONNE BUT LESS THAN 150 TONNES	<u>M&S palm oil policy PLUS</u> <ul style="list-style-type: none"> • Supplying sites must undergo RSPO supply chain certification • Adhere to M&S Approved Supplier (first importer) list • All palm oil should be segregated RSPO/CSPO supply by March 31st 2021 • Mass Balance is only acceptable when a fraction or derivative is shown not to be available as Segregated • For non food suppliers, please out line to M&S how we can work together to achieve segregated supply chain
CATEGORY C	MINIMAL USE	LESS THAN OR EQUAL TO ONE METRIC TONNE	<u>M&S palm oil policy</u> <p>Palm Oil should be RSPO or equivalent. M&S does not require Minimal Use Suppliers to become members of RSPO or become RSPO supply chain certified</p> <ul style="list-style-type: none"> • Supplier must show delivery notes showing the purchase of segregated material for use in M&S products by March 31st 2021 • Mass Balance is only acceptable when a fraction or derivative is shown not to be available as Segregated • For non food suppliers, please out line to M&S how we can work together to achieve segregated supply chain

APPENDIX 1: ACCEPTED FIRST IMPORTERS OF PALM OIL

At this stage we do not have a preferred list of first importers of palm oil but expect all first importers to meet the requirements detailed above in the roles and responsibilities section We expect all first importers of palm oil commitment to sustainable and traceable palm oil to be assessed by a credible 3rd party e.g. the Palm Oil Transparency Coalition

If you have any queries please contact Hazel.Culley@marksandspencer.com

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