

## Whitbread Responsible Sourcing Policy Palm Oil

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## 1. Context

Whitbread recognises it has a responsibility to source with integrity and ensure sound social, ethical and environmental practices within its own operations, supply chain and in every market in which it operates. We are committed to ensuring that all our procurement practices are carried out in the most sustainable and responsible way possible and this includes responsible procurement of all raw materials sourced to produce any product involved in the Whitbread business.

Whitbread understands the environmental obligation large-scale consumers of palm oil have, to work towards achieving sustainable supply. We also understand the considerable challenge of this undertaking. The complexity of palm oil supply chains makes it challenging to trace and influence the conditions under which 100% of palm oil supply is sourced. However, considering the significant social and environmental risks palm oil production poses, including land conversion leading to loss of biodiversity and carbon dioxide generation, Whitbread is committed to continually working towards increasing the amount of sustainable palm oil in our supply base and will use independently verified credible, international multi stakeholder certification processes to that end.

All Whitbread procurement is subject to compliance with the Whitbread Responsible Sourcing Policy which outlines that 'suppliers may in addition be required to comply with additional sub-policies or standards relevant to the products that we source from that supplier and specific risks or issues associated.' Whitbread considers the procurement of palm oil to be an area of such risk and has therefore created this policy document to sit alongside the Responsible Sourcing Policy.

## 2. Scope

Throughout this document, the term 'palm oil' refers to any product sourced through the Whitbread supply chain which contains palm oil or palm kernel oil, including all raw materials, intermediate ingredients, fractions and derivatives used in food and personal care products.

## 3. Policy Requirements

Whitbread recognises the progress RSPO has made in ensuring sustainable palm oil production and require our suppliers to commit to sourcing 100% RSPO certified palm for all Whitbread products (see certification section). We look forward to the new RSPO criteria being published and our policy will remain in line with the standards laid out within.

Specific standards we require our suppliers commit to, beyond RSPO certification:

### 3.1 Transparency

Whitbread requires honesty and transparency from all suppliers. We recognise the complex nature of global palm oil supply chains and the

subsequent challenge associated with assuring 100% traceability from primary production level to finished product. In order to ensure sustainable sourcing throughout the supply chain, we require our palm oil to be traceable back to the refinery and encourage our suppliers to continue mapping down to the primary production level, wherever possible. All information relating to the supply chain and the environmental and social impacts pertinent to Whitbread sourcing must be available for Whitbread's review upon request.

### 3.2 Legal compliance

Sourcing methods will operate in compliance with all applicable local, national and ratified international laws and regulations, including ILO conventions and suppliers must have the legal right to conduct activities on the area of land, water or coastal environment.

### 3.3 Deforestation

Sourcing operations or production will not take place in areas where new clearance of primary forest has taken place

New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.

### 3.4 Protection and conservation of natural biodiversity and ecosystems

- Sourcing operations or production will not take place in areas deemed to be, to include, or be responsible for the maintenance of, high conservation value areas as defined by RSPO.
- The potential impact of sourcing operations on the existence and conservation of any rare, threatened or endangered species will be identified and where relevant, the risk of direct and indirect negative impact will be mitigated.
- Sourcing operations will ensure that the local biodiversity, natural habitat and ecosystem functions in the local environment are protected at all times.
- Waste will be reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.
- A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.

### 3.5 Traditional, civil & human rights and labour standards

Whitbread will not accept violations of traditional, civil and / or human rights or non-compliance with labour standards as set out in the Responsible Sourcing Policy and in line with the UN Guiding Principles for Business and Human Rights.

No production, primary or otherwise will be established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent.

### 3.6 Community Engagement

Whitbread encourages suppliers to ensure there are open and effective lines of communication with key stakeholders in the local communities in which sourcing takes place, including smallholders. This communication should be known to the local community and used to inform the supplier on pertinent local issues relating to palm oil production and also as a means for workers and farmers to report any issues or grievances to the Whitbread supplier. Community engagement will also be used to identify opportunities to provide local employment where possible.

## 4. Certification and Accreditation

Whitbread considers RSPO to be the most comprehensive and widely accepted sustainable palm oil certification system globally and therefore is committed to supporting and giving preference to palm oil and palm oil based products that are RSPO certified.

Whitbread will support their suppliers in this commitment and aim to continually increase the amount of RSPO certified palm oil used in Whitbread product. We are committed to working with our suppliers of palm oil product to ensure that by 2020 we have met a target of 100% certified supply. We will achieve this through a combination of Segregated and Mass Balance RSPO certified palm oil.

More information on RSPO is available on the following links:

<http://www.rspo.org/>

## 5. Principles of Implementation

As a form of good practice Whitbread keeps a record of all palm oil and palm oil based product suppliers and systematically monitors the performance of all suppliers of products covered by this policy through direct communication, desk based certification review and, where relevant, third party verification. We are committed to periodically reviewing this policy to ensure it is up to date, relevant and conducive to driving continuous improvement throughout our supply chain.

In order for suppliers to effectively implement this policy, Whitbread requires them to:

- Communicate this policy throughout their own supply chain, to refinery level at a minimum.
- Confirm in writing a willingness to comply with this policy.
- Report where palm oil is used and how much is used in Whitbread product.
- Report what percentage of this palm oil is certified to mass balance or segregated RSPO standard and provide documentary evidence to confirm this.
- Demonstrate traceability and legality of all palm oil sources to refinery level, at a minimum.

- Provide evidence of efforts to ensure that palm oil is not procured from controversial or high conservation value sources.
- Ensure Whitbread representatives, including third party auditors are given uninhibited access to sites used to produce Whitbread goods and that all documentation is accurate and complete.
- Accurately and transparently communicate when these standards are not being met or are unlikely to be met and when support is required to meet these standards.
- Ensure transparency of performance against Whitbread’s 2020 target to sustainably source critical commodity products and demonstrate a proactive commitment to support Whitbread in achieving its targets through conformance with this policy.

**Signed:**

..... Title: Date:

I declare that I have received and acknowledge in full Whitbread Plc’s Palm Oil Policy and agree to work with Whitbread towards full compliance abiding by the Principles of Implementation.

**On behalf of:** *(Company name)*

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