

Tesco Group Sustainable Palm Oil Supplier Requirements	
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Document Overview

The Tesco Group is committed to achieving zero-net deforestation in our sourcing of palm oil. The terms “palm oil” or “oil palm ingredients” used in this document includes refined palm oil, palm kernel oil, palm kernel expeller and other palm-based derivatives/fractions. Suppliers of Tesco Own Brand products (**including Booker, Jack’s and One Stop Own Brands**) and In-Store Bakery/Delicatessen materials containing palm ingredients must read this document, understand their responsibilities and comply with all requirements. These requirements apply to all markets of sale and all business units listed below.

Business Unit/Market Of Sale	Business Area Main Area/Sub Area
United Kingdom	Food : Grocery Non Food , General Merchandise Booker, One Stop, Jack’s
Republic Of Ireland	
Hungary	
Slovakia	
Czech Republic	

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1. Purpose & Scope

This document sets out our requirements for the sourcing of palm oil and oil palm ingredients used in Tesco Own Brand products. It applies to all suppliers of Own Brand products containing palm oil and oil palm ingredients. The document also outlines concrete actions required of suppliers to meet Tesco’s sustainable palm oil commitments.

2. Background

Palm oil is a common ingredient used in many food and non-food products. Palm oil is a high yielding vegetable oil, producing more oil per land area with less inputs, and so can have a lower environmental impact when compared to other equivalent vegetable oils. However, as global diets change, demand for palm oil is increasing, leading to the expansion of oil palm plantations, which in turn is putting more pressure on forests and biodiversity.

The world has already lost approximately half of its forests and what remains is increasingly under threat. Preventing further deforestation and degradation is critical to mitigating climate change and protecting biodiversity. It also protects the communities who live in forests or depend on them for their livelihoods.

As members of the Consumer Goods Forum, Tesco is committed to zero-net deforestation and ensuring no forced labour/exploitation in our sourcing of palm oil. As part of the Roundtable on Sustainable Palm Oil (RSPO), we aim to achieve 100% RSPO certification of the palm oil used in our Tesco Own Brand products. The RSPO certification covers strict standards on deforestation, other environmental impacts, land rights and labour standards.

We also expect our suppliers of products containing palm oil to consider the company-wide zero deforestation performance of the importers/producers from whom they source. We are members of [The Palm Oil Transparency Coalition](#) (POTC) and we use the POTC’s annual ranking of palm oil importers/producers on zero deforestation and exploitation-free to track progress and encourage improvement across their entire operations.

3. Responsibilities for Implementation

Tesco and Booker Technical and New Product Development will ensure that relevant suppliers are aware of these Requirements and must ensure suppliers' compliance to these Requirements at all times.

Suppliers must comply with these Requirements at all times as per the processes advised by Tesco and Booker Technical and New Product Development. Suppliers are required to inform Tesco immediately of any changes to a product's compliance to these Requirements.

4. Requirements scope

These Requirements apply to Tesco Own Brand products. This includes:

- All Own Brands within the Tesco Group (**Tesco, Jack's, Booker, One Stop**).
- Tesco In-Store Bakery and Delicatessen materials.

Tesco Own Brand products are in scope of these requirements if:

- They contain oil palm ingredients (including refined palm oil, palm kernel oil, palm kernel expeller and other palm-based derivatives and fractions) and;
- The oil palm ingredients are above 0.1% of the finished product specification.

Processing aids and other substances that are not identified on pack are excluded from these requirements

5. General requirements for all suppliers

Tesco expects all our suppliers to have a zero-net deforestation policy and human rights commitments across their own operations and we would want that policy to be publicly available. Suppliers must inform Tesco of any Human Rights concerns or allegations against their organisation or supply chain as soon as they are made aware.

For more information and guidance on developing an appropriate policy please see follow the links below:

Accountability Framework Initiative Website (Deforestation): <https://accountability-framework.org/the-framework/topics/deforestation-and-conversion/>

Accountability Framework Initiative Website (Human Rights) - <https://accountability-framework.org/the-framework/topics/humanrights/#:~:text=The%20Accountability%20Framework%20is%20a,free%20of%20human%20rights%20abuses>

Ethical Trading Initiative (ETI) base code - <https://www.ethicaltrade.org/eti-base-code>

Employer Pays Principle -

<https://www.ihrb.org/employerpays#:~:text=No%20worker%20should%20pay%20for,worker%20but%20by%20the%20employer.>

In addition to the above policy expectations, all suppliers in scope of these requirements must adhere to the following:

- All oil palm ingredients must be RSPO certified (**the type of RSPO certification required depends on market of sale as detailed in Section 6 below**). Information about the different types of RSPO certification are included in Appendix 1.
- Must report at the end of the calendar year the following:
 - Volume of oil palm ingredients used in the calendar year.
 - Certification status of the volume of oil palm ingredients used.
 - Name of companies importing/producing oil palm ingredients.
 - The respective volumes from each of the identified importing/producing companies.
- Suppliers who do not complete their annual reporting declaration by the start of February each year will be classified as non-compliant with these Requirements and their non-compliance escalated within Tesco.
- Ensure all palm oil related questions are completed accurately in the product specification in [Tesco Quality Connect](#) or Booker Compliance.

Consider the POTC zero deforestation and exploitation-free performance ranking of the palm importers/producers from whom you source your palm oil/ingredients (e.g. the company who imports the palm oil into the UK/EU or who produces it domestically in Thailand and Malaysia).

6. Market specific requirements for suppliers

We recognise the availability of RSPO certified Segregated and Mass Balance materials varies between the different markets we operate and therefore have set market specific requirements as outlined below.

UK and Republic of Ireland (ROI)

- From January 1st 2021, all oil palm ingredients used in Tesco UK and ROI Own Brand products (including Booker, Jack's and One Stop) must be certified RSPO Segregated.

- RSPO Mass Balance will only be permitted once the supplier has demonstrated to Tesco that Segregated is not currently feasible. Suppliers permitted to use Mass Balance must also submit their time-bound action plan for transitioning to Segregated certification.

Central Europe (Czech Republic, Hungary, Slovakia)

- From January 1st 2021, all oil palm ingredients used in Tesco CE Own Brand products must be certified RSPO Segregated or Mass Balance.
- Suppliers must preference Segregated oil palm ingredients where feasible.
- Suppliers using Mass Balance must submit their time-bound action plan to Tesco for when they will transition to Segregated.

7. Roles and Responsibilities

Role	Responsibility
Tesco Group Responsible Sourcing Manager (Forests)	Tesco suppliers should contact their local Tesco and Booker Technical team with questions about these Requirements.

8. Glossary

Acronym	Definition
N/A	Not applicable

9. Associated Documents

Document No.	Document Title
N/A	Not applicable

10. Revision History

Date Effective	Version	Document Section	Change Summary
July 2021	2.1	All	Changed owner and author, removed countries where we no longer operate, section 2: deleted a misleading sentence, section 5: added expectation for suppliers to have zero net deforestation and human right policies

11. Appendices

Appendix 1 – FAQs about RSPO

Q1. What is the RSPO?

The Roundtable on Sustainable Palm Oil (RSPO) is a not-for-profit organisation that unites stakeholders from the seven sectors of the palm oil industry: oil palm producers, processors or traders, consumer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organisations (NGOs), to develop and implement global standards for sustainable palm oil.

The RSPO has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

The RSPO has more than 4,000 members worldwide who represent all links along the palm oil supply chain. They have committed to produce, source and/or use sustainable palm oil certified by the RSPO.

More information at www.rspo.org

Q2. What is RSPO certification?

The RSPO has created three main ways companies can certify their palm oil use: 1) RSPO Credits, 2) RSPO Mass Balance and 3) RSPO Segregated. Below is a table summarising the differences and benefits of each.

Certification option	Explanation	Benefits
<i>Credits</i>	A company can purchase RSPO credits directly from RSPO certified producers equivalent to the volumes they use without any requirements for the grower's palm oil to be physically present in the company's supply chain (e.g. 1 credit = 1 tonne of palm oil)	-Enables companies to cover or offset their physical sourcing of uncertified palm oil if physically certified palm oil supply chains are not feasible. -Signals market demand for more sustainable palm oil so supply increases
<i>Mass Balance</i>	A company can purchase sustainable palm oil from certified sources but it is mixed with uncertified palm oil. While uncertified and certified volumes are mixed, the volume of certified palm that can be claimed is monitored throughout the supply chain (e.g. 500 tonnes sustainable within 1000 tonnes mixed)	-Supports the development of a physical supply chain link between growers and buyers while avoiding major costs needed for segregation of uncertified and certified. -Signals market demand for more sustainable palm oil so supply increases
<i>Segregated</i>	The certified sustainable palm oil is physically separated from any uncertified palm oil throughout the supply chain. The certified oil is 100% from a certified sustainable source.	-Strongest claim that a company's physical palm oil used is sustainable
<i>Identity Preserved</i>	The certified sustainable palm oil is physically separated from any uncertified palm oil throughout the supply chain and can be traced back to plantation.	-Strongest claim that a company's physical palm oil used is sustainable -Also provides traceability to plantation

More information at <https://rspo.org/certification/supply-chains>

Q3. How to get RSPO certification?

Information about how to get the different types of RSPO certification is available here:

<https://rspo.org/certification#how-to-get-certified>

Q4. What do suppliers need to do to pass on the RSPO claim to retailers?

In order to pass on the claim of RSPO certification to retailers, suppliers need to do three steps:

1. [Become a member of RSPO](#)

2. Obtain RSPO Chain of Custody Certification (this involves having their site audited by independent auditor against the RSPO Supply Chain Certification Standard)
3. Purchase RSPO certified palm oil/palm kernel oil/palm derived ingredients from certified RSPO suppliers

More information about steps available here: <https://rspo.org/certification#how-to-get-certified>

Q5. What happens if a supplier reports the use of uncertified oil palm ingredients?

If a supplier reports the use of any uncertified oil palm ingredients they will be deemed as non-compliant with these Requirements. Non-compliant suppliers will have to take the following actions for each market:

Action required for non-compliant suppliers

UK and ROI

- UK and ROI suppliers who report any uncertified oil palm ingredients will be required to buy RSPO Smallholder Credits by end of March each year in order to certify the volumes of uncertified palm oil used in during the given reporting year.

Central Europe

- From January 1st 2021, CE suppliers who report any uncertified oil palm ingredients will be required to purchase RSPO Credits by the end of March each year in order to certify the volumes of uncertified palm oil used in during the given reporting year.

Non-compliant suppliers who do not complete the above-required actions by end of March will have their non-conformances escalated within Tesco for further action.

Q6. How can suppliers buy RSPO credits?

Supplier can buy credits through using the RSPO Palm Trace website: <https://rspo.org/palmtrace>. Please note RSPO credits only permitted as detailed in above Requirements.