

	<h1>Palm oil Procurement Policy</h1>	Documents referring to this policy :		
Approved by:  Diego Bevilacqua MCC Chief Customer & Marketing Officer 15/10/12		Documents referred to in this policy :		
Approved by:  Peter Overbosch Head of Quality Assurance – MCC 11/10/12				

## Purpose and Scope

The use of sustainable palm oil and thus reducing the environmental and social impacts along the supply chain is an important component of the company's business practices and sustainable procurement strategy.

The METRO Cash & Carry (MCC) Palm oil Procurement Policy applies to all MCC Operations and business support functions, across all locations, and to all products purchased and sold by MCC with the priority for own brand products (common and local sourced).

MCC has the target of purchasing all of its products containing palm oil with the 'segregated' or 'identity preserved' system of the Roundtable for Sustainable Palm oil (RSPO) by 2020 according to the market availability. These both methods have the greatest benefit in terms of environmental protection and full traceability.

## Policy

MCC is committed to the sustainable use of palm oil resources in environmental, social and economic terms.

**Environmental** – MCC will continuously seek to optimize our assortment with palm oil as ingredient in accordance with:

- protection of valuable ecosystems (protection and conservation of habitats which are of high importance for the global biodiversity and the global climate)
- international recognized standards/ certifications
- the needs of our current and future customers

**Social** – MCC is committed to socially acceptable practices in accordance with the norms of the International Labour Organization (ILO) as well as RSPO.

**Economic** – MCC is committed to continuously optimizing the efficiency and profitability of our business, for the benefit of our customers, business partners and shareholders.

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## Responsibilities

Primary responsibilities under this Policy are with:

- Sustainability Management – develop clear sustainable strategies and support and maintain contact with all relevant stakeholders within and outside the company in accordance with the MCC commitments and to the benefit of MCC.
- Supplier – to provide proof of full traceability of products containing palm oil.
- Buying department – to assure buying practices in accordance with this MCC Procurement Policy and work with suppliers who do not fully comply with the policy to assist them to improve their sustainable practices under support of the Sustainability Management.
- Quality Assurance – to incorporate concrete requirements into Requirement Profiles and Product Passports, to develop and maintain supplier qualification standards and to support supplier development.
- Own Brand Management – to assure that the MCC commitments are appropriately reflected in the own brand profiles.
- Communication and Marketing - The relevant departments of the MCC Chief Customer and Marketing Officer as well as External Relation Department are responsible for the maintenance and communication of this Policy, internally to facilitate understanding to our employees, externally to raise our customers' awareness for a sustainable consumption and towards our suppliers to assure their understanding and compliance.





## Implementing the Policy

All involved units within MCC are requested to develop an implementation plan for this Policy, to be agreed with applicable line management latest 12 months after publication of this Policy.

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## 1. Objectives and Measures

For the ongoing optimization of our assortment MCC is committed to implement practices that make the palm oil MCC uses in its products, progressively more environmentally and socially responsible. Therefore, MCC is requesting from its suppliers to provide a proof of having their supply chain certified by a third party [verified certification scheme](#) of the RSPO. RSPO has the objective to promote the growth and use of sustainable palm oil products through credible global standards and engagement of stakeholders. Palm oil or palm oil derivatives certified by the RSPO can be purchased through four supply chain systems: "Identity Preserved", "Segregation", "Mass Balance" and "Book and Claim". Each of these systems comes with its own advantages, requirements and pre-approved consumer claim.

RSPO certification schemes	Requirement	Advantage	Consumer Claim
<b>Identity Preserved</b>	<ul style="list-style-type: none"> <li>- Certification from plantation to end consumer</li> <li>- Certification on a yearly basis</li> <li>- All suppliers in the supply chain need to be member of RSPO</li> </ul>	<ul style="list-style-type: none"> <li>- Palm oil is kept apart</li> <li>- Fully traceable to a uniquely identifiable RSPO certified point of origin.</li> </ul>	
<b>Segregation</b>	<ul style="list-style-type: none"> <li>- Strict separation from conventional and sustainable palm oil along supply chain</li> <li>- Certification from oil mill to end consumer on a yearly basis</li> <li>- All suppliers in the supply chain need to be member of RSPO</li> </ul>	<ul style="list-style-type: none"> <li>- Mix of RSPO certified palm oil from a variety of RSPO certified points of origin</li> <li>- Full traceable</li> </ul>	
<b>Mass Balance</b>	<ul style="list-style-type: none"> <li>- Mix of sustainable palm oil together with conventional along supply chain</li> <li>- Companies cannot sell more sustainable palm oil than they purchase</li> <li>- All suppliers in the supply chain need to be member of RSPO</li> </ul>	<ul style="list-style-type: none"> <li>- Percentage of sustainable palm oil can be adapted individually according to market availability (1 – 99 %)</li> <li>- Certification of the administration rather than each factory</li> <li>- preparation for segregation</li> </ul>	
<b>Book &amp; Claim</b>	<ul style="list-style-type: none"> <li>- Provides tradable "green palm certificates" for RSPO certified palm oil to the palm oil supply base.</li> <li>- These certificates are offered to end users, who choose to support specific volumes of RSPO certified palm oil and or their derivatives.</li> </ul>	<ul style="list-style-type: none"> <li>- No involvement in the entire supply chain</li> <li>- Costs for this model may be the lowest</li> </ul>	

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Also, other certifications or standards can be used until the achievement of the final target, if the following requirements are met:

- Compliance with local, national and ratified international laws
- Commitment to full traceability and transparency by providing clear proof of origin
- Proof of implemented environmental ([RFA](#)) and social standards ([MPS Socially qualified](#), [Fair Trade](#), [BSCI Primary production](#)). In case of a separate local scheme, this will be judged by the Sustainability and Environment Management.

## 2. Key Performance Indicators (KPI's)

MCC will make this Palm oil purchasing policy publicly available and will inform on the progress of implementation, through the annual METRO GROUP Sustainability Report. Our progress will be measured on the basis of the following parameters:

- The amount and percentage of products containing palm oil in accordance with third-party verified certification schemes (RSPO, RFA, MPS, BSCI Primary production, Fair Trade).
- The percentage of own brand products with Book & Claim certification, Mass Balance and Segregated palm oil

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