

Responsible Palm Oil

Sourcing Policy

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1. INTRODUCTION

Palm oil is a type of vegetable oil that is derived from the fruit of oil palm trees, which are primarily grown in tropical regions. It is a versatile oil that is used in a wide range of products including food, cosmetics and candles. However, the production of palm oil has been associated with a number of environmental and social issues, including deforestation, habitat destruction, greenhouse gas emissions, human rights abuses and labour exploitation [1].

Our palm oil policy intends to address these issues and promote sustainable palm oil production. This policy includes commitments to sourcing sustainable palm oil, supporting certification programs, promoting transparency and traceability in the palm oil supply chain and working with stakeholders to address social and environmental issues related to palm oil production. We aim to mitigate the negative impacts of palm oil production while supporting sustainable development and responsible business practices.

2. VISION

Our palm oil policy envisions to promote sustainable palm oil production and trade, which considers the social, environmental, and economic impact of palm oil production. We recognize the need for balance between economic development and poverty reduction in palm oil producing countries with the protection of natural resources, including biodiversity and forests and the promotion of decent working conditions with respect for human rights.

The policy is based on the principles of transparency, accountability and stakeholder engagement to ensure that all actors along the palm oil supply chain are held accountable for their actions and can contribute to a sustainable and responsible palm oil industry. Ultimately, our vision is to enable palm oil production and trade to contribute to a sustainable future for both people and the planet.

3. SCOPE

The scope of our commitment includes all products containing palm oil, palm kernel oil and palm oil derivatives as an ingredient in our own private label and white label products. This will include all our seasonal and fixed assortment products.

Although not directly in scope, we do encourage A-brands who produce products containing palm oil to have a sustainable palm oil sourcing policy in place which should include clearly defined ambitions and targets.

4. TARGETS

We have defined our short term palm oil targets per category with the aim of sourcing the products containing palm oil within the categories according to a minimum of RSPO Mass Balance (see page 5, Appendix A, for the RSPO sourcing options).

a) **Food and Drinks**

All food and drinks containing palm oil as an ingredient needs to be 100% sustainably sourced by the end of 2024 with a minimum of RSPO mass balance.

b) **Decoration**

All candles containing palm oil as a primary ingredient are to be 100% sustainably sourced

by the end of 2024 with a minimum of RSPO mass balance.

c) **Personal Care**

All personal care products containing palm oil as a primary ingredient are to be 100% sustainably sourced by the end of 2025 with a minimum of RSPO mass balance.

Our longer term ambition, which we are in the process of creating will include longer term targets for a potentially broader scope of products as well as investigating how we can further strengthen our sourcing routes.

5. POLICY COMMITMENTS

Our palm oil policy is a set of guidelines and commitments that Action follows to ensure that the palm oil used in our products is produced in a sustainable and responsible manner. We have a clear commitment to using only sustainably produced palm oil that has been certified by a third-party organizations such as the Roundtable on Sustainable Palm Oil (RSPO) The RSPO standard includes the following important criteria suppliers need to adhere to.

1. No deforestation: We also aim to prohibit sourcing palm oil from plantations that have been established through the clearing of natural forests or other high conservation value areas.
2. Respect for human and labour rights: We require our take out and suppliers to respect the human and labour rights of workers and local communities, including the rights to free, prior, and informed consent, and freedom of association.

6. LEGAL COMPLIANCE

Action strives to promote adherence to local, national, and international laws and regulations throughout its supply chain. All palm oil-based products are compliant with the relevant legislation.

In particular, no deforestation in line with the latest EU Deforestation Regulation which requires goods produced to not have contributed to deforestation after the cut-off date of December 31, 2020

7. CERTIFICATION AND ACCREDITATION

Action is a member of the Roundtable for Sustainable Palm Oil (RSPO). Action will require its suppliers and importers of our palm oil-based products in scope of our targets to purchase RSPO certified palm oil.

8. COMMUNICATION

Suppliers and importers that want to use the RSPO trademark(s) [2] [3] need to comply with the relevant requirements of the RSPO Rules on Market Communications & Claims

(link: <https://rspo.org/rspo-rules-on-market-communications-and-claims-2022--revised-and-approved/>)

APPENDIX A

RSPO Supply Chain Models

The RSPO (Roundtable on Sustainable Palm Oil) provides guidelines for suppliers to establish and implement sustainable supply chain models. These guidelines aim to support our suppliers in sourcing and using certified sustainable palm oil (CSPO) and palm kernel oil (CSPKO) in their operations.

Action accepts the following RSPO supply chain models:

1. **Mass Balance (MB):** This model allows for mixing of certified sustainable palm oil with conventional palm oil throughout the supply chain. The amount of CSPO used and traded is tracked, but it may be mixed with non-certified palm oil at various points. Suppliers using this model need to keep accurate records to ensure the RSPO volume sourced matches the volumes in Action products.
2. **Segregated (SG):** In this model, the certified sustainable palm oil is kept separate from non-certified palm oil at all stages of the supply chain. Each stage of the supply chain must be RSPO-certified, and the product can be labelled and sold as RSPO-certified sustainable palm oil. This model ensures traceability and the integrity of CSPO.
3. **Identity Preserved (IP):** This model requires full traceability and segregation of certified sustainable palm oil from a specific identifiable source. The CSPO is kept separate throughout the supply chain, and the product can be traced back to specific plantations or mills. This model offers the highest level of traceability and transparency.

[1] O.-M. Lai, E.-T. Phuah, Y.-Y. Lee and Y. Basiron, "Palm Oil," in Bailey's Industrial Oil and Fat Products, 2023.

[2] RSPO, "Our Standards," 2023. [Online]. Available: <https://rspo.org/as-an-organisation/our-standards/>.

[3] RSPO, "Our Trademark," 2023. [Online]. Available: <https://rspo.org/as-an-organisation/our-trademark/>.