

Volac Wilmar Feed Ingredients & Volac Joint Palm Oil Sustainability Policy for Feed Fats

Introduction

We believe that vegetable-based feed fats play a vital role as key ingredients in sustainable and productive livestock nutrition. We believe that palm-based fats give the biggest benefits and are the best choice for a sustainable global food system. We aim to be the agents for change advocating certified and responsibly sourced palm oil and palm oil derivatives. It is our ambition is to lead the discussion on feed fats and the use of sustainable palm oil.

Benefits of palm oil

Palm is the most efficient oil-producing crop available today, producing more metric tons of oil per hectare than any other vegetable crop. They are a particularly attractive commercial crop for smallholders, because they can grow on a range of soils, require relatively little fertilizers and pesticides, and bear fruit all year-round.

Currently, oil palms is grown on approximately 7.49% of land devoted to vegetable oil crops, yet palm oil makes up 41.1% of all vegetable oil production (Oil World 2018) (1)

For our Feed fats we use palm oil derivatives as a base for most of our products. Through their specific fatty acid profile, they offer unique benefits for various productive livestock and other species. This is because fatty acids derived from oil have very high energy densities — more than 2.5 times the energy concentration of cereal sources. The additional benefit of replacing carbohydrate sources of energy with palm-oil derived fat is that the production of the greenhouse gas methane is reduced. Research has demonstrated the effect of increasing fat concentration of dairy diets on methane production. Andrew et al. (1991) (2) determined methane production of dairy cows following substitution of maize grain with rumen-protected fat, reporting a 13.7% reduction in methane output per unit of milk production.

Global context

It is predicted that the global population will rise to more than nine billion by 2050, which in turn is expected to result in significant increase in the demand for palm oil. We recognise that whilst plantation development has contributed significantly to economic development in countries where palm oil is produced, and while a great deal of improvement has been achieved, in some cases the production of palm oil can still be linked to sustainability challenges like deforestation and exploitation of people and local communities. If palm oil is to play a leading role in the future of farming, then we are convinced that it must be produced in a sustainable and responsible way.

Policy aims

Guide us in our strategic, daily operations, but also our future activities

Help shape our broader sustainability agenda

Serve as a **promise** to our customers and other stakeholders

Educate and **Inform** people about our use of palm oil and our vision and strategy to become a leader in sustainable feed fats

Apply to all the palm oil and palm oil derivatives we supply and purchase for use in our feed fats business

Our commitments

1. To only use palm oil derivatives in our products from sources that fulfil NDPE sustainability criteria or RSPO

Certified Sustainable Palm Oil

We source palm oil derivatives primarily from Wilmar and we share their commitment to the sustainability criteria of 'No Deforestation, No Peat and No Exploitation' (NDPE) with respect to plantation development and the palm oil supply chain. When any material is sourced from outside the Wilmar supply-chain we will ensure that the criteria of those supplies are equivalent to those specified in the Wilmar NDPE Policy and are members of the RSPO.

The NDPE criteria are: -

No Deforestation

No development of High Carbon Stock (HCS) forests.

No development of High Conservation Value (HCV) areas.

No burning in the preparation of new plantings and re-plantings.

Progressively reduce greenhouse gas (GHG) emissions on existing plantations.

No Development on Peat

No development on peat, regardless of depth.

Best Management Practices (as defined by RSPO) for existing plantations on peat.

Where feasible, explore options for peat restoration by working with expert stakeholders and communities.

No Exploitation of People and Local Communities

Respect and support the Universal Declaration of Human Rights.

Respect and recognise the rights of all workers including contract, temporary and migrant works. No unlawful retention of wages or personal documents

Facilitate the inclusion of smallholders into the Supply Chain.

Respect land tenure rights.

Respect the rights of indigenous and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold legal, communal or customary rights.

2. 100% transparency and traceability for all the palm oil derivatives and final products within our supply chain.

We define 'traceability' as the ability to trace palm oil throughout the supply chain back to mills.

3. To actively promote the benefits of sustainable palm oil within the animal feed industry in accordance with RSPO objectives.

We only supply products aligned to NDPE criteria. The NDPE compliance in the Wilmar supply chain is secured through Wilmar's leading Supplier Monitoring programs. (3)

We are committed to working with RSPO. We will actively promote RSPO certified palm oil and will supply RSPO certified product to our customers if requested.

We have strong business and sustainability ambitions; however we acknowledge that in relation to the global palm oil production, the impact we can have as individual businesses is relatively modest. Therefore, we will do all we can to influence our industry and will collaborate with partners (customers, suppliers, processors, retailers, governments, NGOs and broader stakeholders) to further develop the sustainability, traceability and

responsible sourcing of palm products, including those certified by the Roundtable on Sustainable Palm Oil (RSPO).

Policy implementation

This policy, is effective immediately. It applies to all suppliers from whom we purchase palm oil derivatives. We will work with stakeholders to improve the performance of suppliers who are not immediately able to comply with this policy, but who are willing to take appropriate and immediate remedial actions on areas of non-compliance. We will cease to do business with suppliers who are in violation of this policy and/or refuse to comply.

Grievance procedure

For potential violations reported in our supply chain, we will follow the grievance procedure as established by Wilmar. This procedure can be accessed on the Wilmar International website (4) By utilising Wilmar's Grievance Procedure, we are ensuring that grievances will be dealt with in a timely manner, and all investigations and findings will be reported. If any violation is raised in the RSPO grievance process, then we will follow the RSPO procedure.

Reporting

We will provide regular traceability and other relevant news updates to inform stakeholders of our progress towards our goals and commitments from this Policy.

References:

- (1) <https://www.oilworld.biz/>
- (2) Andrew, S. M., Tyrrell, H. F., Reynolds, C. K.Erdman, R. A. (1991). Journal of Dairy Science Vol. 74.
- (3) <https://www.wilmar-international.com/sustainability/supply-chain-transformation>
- (4) https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/grievance/grievance-sop/grievance-procedure_final.pdf?sfvrsn=7670cea2_2

Signed:



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Volac Wilmar Feed Ingredients
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