

# Deforestation Statement

## Bakkavor Group Plc

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## Managing Global Supply Chains

**Scope: Bakkavor UK**

**Commodities: Palm Oil, Soy, Cocoa, Extensive Livestock Grazing (Beef), Wood Pulp**

### **Our target: zero net deforestation in our supply chain**

Every year, millions of hectares of forest are lost. Forests help the planet breathe by sequestering carbon dioxide and contain much of the world's biodiversity. The United Nations' Food and Agriculture Organisation (FAO) estimates that 10 million hectares of forest have been lost each year since 2015<sup>1</sup>. The causes of deforestation are varied but include human activities such as extensive livestock farming, large scale commercial agriculture, unsustainable logging, plantations of trees for wood pulp, mining and loss from fire.

Deforestation and land use change contribute to biodiversity loss, climate change, desertification, soil erosion, reduced crop yields, flooding and elevated levels of atmospheric greenhouse gases. It is widely recognised that preventing forest loss and degradation and supporting restoration could contribute more than a third of the required climate change mitigation actions that will be required to meet the objectives of the Paris Agreement<sup>2</sup>.

The contribution of agriculture as one of the drivers of tropical deforestation is driven in the main by commodity crops; soy, palm oil, cocoa farming, wood pulp and extensive livestock grazing for meat products such as beef.

At Bakkavor, we recognise our responsibility to procure ingredients and materials in a way that is as environmentally sound as possible, appreciating that we do not own or manage the land that is used for the cultivation of these forest risk commodities. Environmental sustainability is one of the core pillars of our Responsible Sourcing strategy to ensure the long-term sustainability and resilience of our supply chain. In addition to our own approach for responsible sourcing, we also support our customers' commitments.

The volume of forest risk commodity crops that we procure is – on a global scale – very limited and as such our leverage to effect change within these supply chains is also relatively small. As a result, we seek to work collaboratively with industry partners. Also, where possible, we source through internationally recognised commodity-specific sustainability standards to help achieve zero net deforestation.

The following pages outline our use of certain forest-risk commodities and how our Responsible Sourcing approach will support our zero net deforestation commitment.

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<sup>1</sup> FAO. 2020. Global Forest Resources Assessment 2020 – Key findings. Rome. <https://doi.org/10.4060/ca8753en>

<sup>2</sup> International Union for Conservation of Nature (IUCN): <https://www.iucn.org/resources/issues-briefs/forests-and-climate-change>

## Palm Oil

### Introduction

The oil palm tree grows in tropical climates and its fruit contains the world's most versatile and widely used vegetable oil. Because of this worldwide production has been steadily increasing. Palm oil gives the highest yield per hectare of any vegetable oil crop - around 3.3t/ha compared to rapeseed at around 0.7 t/ha - with fewer inputs such as fertilisers. Therefore, its cultivation can have a lower environmental impact than other intensively farmed oil seed crops. As a result of the low costs of production, palm oil and its derivatives have many uses, including as a direct ingredient in food products, as a frying oil, in personal care and cosmetics, biofuel, animal feed, pharmaceuticals and wider industrial uses. Despite being an efficient crop, the ideal areas for the cultivation of palm oil are also those which are covered by the world's most biodiverse forest biome, the rainforest. The rapidly increasing demand and cultivation of palm oil is a major driver of rainforest deforestation and conversion of forested peatlands to plantations. Both activities destroy the habitat of already endangered species and are significant contributors of environmental greenhouse gases by removing the carbon sink potential of forests and peatlands.

Palm oil can be a driver of economic prosperity for rural communities in producing countries. However, there are also risks of worker exploitation and the potential for child labour.

### At Bakkavor

Within Bakkavor, palm oil derivatives and ingredients are used within desserts and ready meals and to a lesser extent in bread, pizza, and salads.

Through our membership of the Roundtable on Sustainable Palm Oil (RSPO), Bakkavor is committed to sourcing only sustainably produced palm oil (including derivatives and fractions), in which the human rights of the communities and workers are protected. Additionally, we require that the first importers shall have credible company-wide No Deforestation, No Peat and No Exploitation (NDPE) policies in place.

### Our approach

- Suppliers of raw materials and ingredients purchased by Bakkavor, which contain refined palm oil, palm kernel oil, and other palm-based derivatives and fractions shall ensure that the palm oil and palm oil-derived components are sourced from RSPO certified, segregated supply chains. Where compliance is not initially feasible, the supplier shall provide Bakkavor with a timebound plan outlining the steps that will be taken to deliver policy compliance. This will be evaluated by Bakkavor to determine acceptability or otherwise.
- Suppliers shall work within their supply chain to source refined palm oil, palm kernel oil and other palm-based derivatives and fractions that are fully traceable from the refinery to the extraction mill and then to validated fresh fruit bunches.

## Soy

### Introduction

Soy is the general term that relates to soybeans and the materials made from them. Soybeans are a global crop, cultivated in North America, South America, Europe and Asia. The two main soy producing countries are the USA and Brazil. In Brazil, the cultivation of soy has been associated with deforestation in biomes with a high biodiversity value, including the Amazon Rainforest, the Atlantic Forest and the Cerrado region.

### At Bakkavor

There are two ways soy can find its way into the products we manufacture – direct and ‘embedded’. As a direct ingredient, our consumption is relatively minor and, due to the need to maintain a non-GM status, the soy we directly procure is not usually grown in the areas at high risk of deforestation. The majority of Bakkavor’s soy footprint comes from ‘embedded’ soy. This is soy that has been fed to farmed animals and farmed fish as part of their compound feed. We use a number of animal-derived ingredients in our products, for example, meat, eggs, farmed fish, milk, butter, cream and cheese. We both use these ingredients and purchase items that see them combined with other raw materials, for example, chocolate.

Bakkavor is committed to sourcing sustainably produced, zero-deforestation soy. We work towards this through our membership of the Roundtable on Responsible Soy (RTRS) and have covered our usage of embedded soy with RTRS credits gained through our contribution to the Retail Soy Initiative study in 2020.

### Our approach

- Our ambition is that the animal ingredients that we source are fed only from soy meal sourced from zero deforestation regions and verified by sourcing through appropriate certification standards.
- Bakkavor works with our suppliers of animal ingredients to ensure that they are able to provide the following detail: -
  - The country of origin of the soybeans used to produce the soy meal
  - Where possible, the region or municipality of that country;
  - Details of any valid certification linked to the soybeans.

## Cocoa

### Introduction

The cultivation of cocoa plays a major role in the ongoing deforestation of certain West Africa countries, including Ghana and Cote d'Ivoire. Its cultivation is very different in comparison large industrial crops such as palm oil and soy. Cocoa production is typically grown by smallholder farmers, often across relatively small, scattered plots that are linked to complex land tenure issues. There have also been several examples of large-scale deforestation in the Amazon linked to the development of commercial cocoa plantations. Cocoa yields in West Africa are among the lowest in the world. Therefore, increasing productivity and boosting farmer income are essential to reduce the pressure for agricultural encroachment into forested lands.

### At Bakkavor

At Bakkavor, we use cocoa within chocolate that we source as an ingredient for use in many of our dessert products. Recognising that our leverage to effect meaningful change within the cocoa supply chain is limited, Bakkavor sources cocoa derived ingredients and raw materials to comply with our customers' specifications and the sustainability schemes that they approve.

### Our approach

- Suppliers of raw materials and ingredients purchased by Bakkavor, which contain cocoa derived ingredients shall ensure that, where specified, these materials are sourced in compliance with recognised cocoa sustainability schemes.
- Retailer own brand products manufactured by Bakkavor containing cocoa derived ingredients shall, where specified, be sourced from retailer-approved cocoa sustainability schemes.
- Suppliers shall work within their own supply chains to source cocoa derived ingredients that are fully traceable to their origin.

## Extensive Livestock Farming (Beef)

### Introduction

As the global demand for meat rises, so does the number of animals needed to produce that meat. Those animals require space, food and water, and, as a result, every year millions of acres of land are cleared to make room for grazing pastures and feed crops.

Approximately 60% of all deforested lands in the Brazilian Amazon are used for pasture, typically extensive, low productivity production systems (usually one animal per hectare), making livestock farming a major driver of deforestation. Additionally, rearing cattle on the land replaces the trees with animals that produce greenhouse gases. Beyond forest conversion, cattle pastures increase the risk of fire and are a significant degrader of land and aquatic ecosystems, causing soil erosion, river siltation and contamination with organic matter.

Cattle farming is an industry that sees thousands of small-scale ranchers cutting forest, burning it and turning it to pasture. These fires make way for cattle-ranching, and in many cases this land is then taken over for soy farming. This pushes cattle ranchers to new forested areas and so the frontier moves ever onwards.

### At Bakkavor

The product portfolio manufactured by Bakkavor and supplied to our customers means that Bakkavor is not a significant buyer of beef.

### Our approach

- Our food integrity practices ensure that we source to the exacting standards of our customers. We also make sure that the beef we purchase does not originate from higher risk areas such as Brazil.

## Wood Pulp

### Introduction

The pulp and paper industry have a significant influence on global forests and are said to use around 40% of all industrial wood that is traded globally. Unsustainable pulp and paper operations contribute to the conversion of forests of High Conservation Value (HCV), illegal harvesting, human rights abuses and unsustainable plantation development.

There is a strong hierarchy of interaction between types of agriculture in forested areas. In areas such as the Amazon, cattle ranches begin operating in areas of limited infrastructure. Subsequently, infrastructure such as roads and power develop around the ranch, increasing the value of the land and enabling the cattle ranchers to profit from selling it to a pulp company for conversion into plantations of (for example) Acacia or Eucalyptus. The cattle ranchers then move on to find cheaper forested land, which can be deforested, resulting in an ongoing cycle of deforestation.

In Indonesia there is a different model of deforestation that sees companies clearly felling and draining large areas of the rainforest and peatlands. These ecosystems store billions of tonnes of carbon and their destruction releases very large emissions into the atmosphere. Due to this, Indonesia is now one of the world's largest emitters of greenhouse gases, with significant emissions coming from rainforest and peatland fires and degradation. The resulting cleared land area can then be converted into monoculture pulp wood plantations.

### At Bakkavor

In selecting the right packaging for our products, we and our customers, under whose brand our products are sold, must consider a number of factors, including food safety, quality and implications for food waste. However, we must also balance these considerations with the environmental impact of our packaging choices.

### Our approach

- Bakkavor will procure only corrugated papers and carton board made from wood pulp sourced according to the Programme for Endorsement of Forest Certification (a global alliance of national forest certification schemes – PEFC) or using pulp from Forest Stewardship Council (FSC) certified sources.