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EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

FEDIOL 2023 Annual Report

Name in full + acronym	EU Vegetable Oil and Proteinmeal Industry FEDIOL
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N° in the transparency register*	8507600232131
Date of signature of the Code	5 th July 2021
Step of the food chain represented (ex: primary production, production, processing, trade, retail, ...)	Primary processing of agricultural commodities -
Who do you represent? (e.g. number of members, companies, SMEs)	70 companies, 180 processing sites, 11 national associations

* if available

When endorsing the Code in 2021, FEDIOL highlighted the four aspirational objectives, as being relevant for the sector:

- Aspirational objective 1: Healthy, balanced and sustainable diets for all European consumers, thereby contributing to:
- Aspirational objective 3: A climate neutral food chain in Europe by 2050
- Aspirational objective 4: An optimised circular & resource-efficient food chain
- Aspirational objective 7: Sustainable sourcing in food supply chains

Regarding the objectives 2, 5 and 6, which we have been requested to comment on, the following can be said:

- Aspirational objective 2 Prevention and reduction of food loss and waste (at consumer level, within internal operations, and across value chains) – At the primary processing of agricultural commodities stage, the totality of the raw material gets used to the full and finds an application in either food, feed, energy, biochemical or other non-food uses. At worst, the 2% stones and sticks that are sieved out before crushing can be considered waste if they do not find a use.
- Aspirational objective 5: Sustained, inclusive and sustainable economic growth, employment and decent work for all. – FEDIOL does not have labour laws or employment within its remit. This is more for companies to take care of.

- Aspirational objective 6: Sustainable value creation in the European food supply chain through partnership – For the time being, partnerships developed and sustained among players in the supply chain are focused on ensuring that legislation, existent or future, is implemented in a manner that is conducive and effective for all players in the supply chain.
- *promote and disseminate this Code with(in) the constituency;*

The **FEDIOL implementation action plan** for the Code of Conduct, which had been decided upon in autumn 2021, was regularly reviewed within the FEDIOL governance bodies with a view to assessing progress in the implementation.

Workstream 1 of the FEDIOL action plan extended to the Understanding of the sustainability challenge. Indeed, it was felt that the Code of Conduct may not be easy to understand for FEDIOL members that are not closely involved in the regular working activities. Companies may have questions about the implications for the day-to-day work, on how to address future challenges, on how to adapt company strategies.

- The three FEDIOL working groups discussed during each of their meetings (three times a year) the relevant aspects of the FEDIOL Code of Conduct Implementation Action Plan that relate to their specific areas of responsibility.
- The FEDIOL Executive Board, at each of its meetings, took stock of progress or issues in the implementation up to final approval.
- Exploring specific questions and challenges could best be addressed during dedicated webinars to feed the reflection on how to reach aspirational objectives and, more broadly, look at the Green Deal implications for companies. This year the workshops were held under the remit of the Primary Food Processors (reported in the PFP annual report).
- The theme of the FEDIOL annual event in June 2022 was "*Transitioning to sustainable food systems: The role of environmental life cycle assessment*". The hybrid event allowed to address, with speakers from the Commission and several stakeholders, the challenges of the transition and the tools that support companies in this direction.

The FEDIOL Insider, a newsletter published three times a year for members, featured highlights on the individual initiatives related to the Code or to the FEDIOL implementation action plan.

Workstream 7 of the FEDIOL implementation action plan entailed the communication about CoC related FEDIOL work. In the course of 2022, a dedicated webpage has been set up within the FEDIOL website to illustrate the different actions implemented in support of the Code's aspiration and to offer a one-stop-reference where tools can be found [here](#).

- *encourage members to align sustainability actions and/or business practices to the aspirational objectives and targets of the Code and invite them, on a voluntary basis, to adhere to this Code;*

The different workstreams part of the **FEDIOL Code of Conduct implementation action plan** have been further pursued, implemented and mostly concluded. These workstreams link to the different aspirational objectives.

Aspirational objective 1: Healthy, balanced and sustainable diets for all European consumers. - b) A food environment that makes it easier to choose healthy and sustainable diets, ... and in particular: Provide transparent, voluntary product information to consumers, e.g. through digital means.

- Workstream 2 of the FEDIOL action plan has focused on **nutrition-related communications'** tool which could support better consumption of oils through information on oils and fats targeting consumers through opinion leaders. FEDIOL experts have developed a website with information on the role of vegetable oils and fats and their nutrition, safety and functionality aspects. The objective of the initiative is to support sustainable consumption through enhanced availability of oils related information involving nutrition, safety and functionality. The content of the website has been developed over 2022 and the site called Facts on Vegetable Oils started running live at the end of 2022. It can be reached here: <https://www.vegetableoils.eu/home>.

Comment: The exercise received strong support from all companies involved in the nutrition working group. There is a commitment to provide up-dates, additions, and to consider possible improvements to the website twice a year. The language of the website is in English and it is foreseen to enable its translation, for a broader availability of information in other languages.

- Workstream 2 of the FEDIOL action plan also contained the initiative to develop a FEDIOL recommendation on the labelling of frying oils with a view to complement available guidance on the use of frying oils and on deep frying. Further to describing the legal requirements applicable today, the recommendations worked out in the course of 2022 provide guidance for the voluntary labelling of oils destined for frying. The recommendation can be found [here](#).

Comment: There are no specific EU requirements as regards the labelling of vegetable oils and fats destined for frying. But not all oil is suitable for frying. The exercise started from an inventory of existing professional guidance regarding the use and labelling of vegetable oils to identify possible gaps and help operators provide voluntary labelling indication. All relevant FEDIOL working groups were involved in this exercise.

Aspirational objective 3: A climate neutral food chain in Europe by 2050. - Reducing net emissions from own operations, contributing to a 55% GHG emission reduction target in the EU food chain by 2030 (following a science-based approach)

- Workstream #4 of the FEDIOL action plan and in response to the reduction of Green House Gas Emissions aspirations, FEDIOL experts first explored the options of gathering data from members' own activities, to monitor progress and to have a better understanding of efforts and achievements. In the course of 2022, they agreed under confidentiality and anonymity rules, to voluntarily collect company data for CO₂ emissions by the installation (scope 1) as well as emissions because of electricity or steam used that is produced by a third party (scope 2). This will be monitored from 2019 to 2021, per ETS and non-ETS installation. Per reporting year, FEDIOL will add up the CO₂ emissions of the individual installations to come to the aggregated emissions by all the FEDIOL installations participating in the monitoring programme. FEDIOL will also add up the amounts of oilseeds processed to come to an aggregated number of products processed. The aggregated number of CO₂ emissions and of products processed gives an indication of CO₂ emitted per weight unit of product.

Comment: The initiative stems from the recognition that "it is impossible to set a reduction path, if you do not know where you stand". The whole discussion in preparation of the data collection provided ample opportunity to raise awareness and to expand on the challenges ahead. Nine companies, a number of these covering multiple production sites, large and medium-sized, have committed to participating in this exercise. It will provide them with average values and a possibility for each participating company to compare

performance with the average and to assess improvement over time. The outcome of the first data collection is expected for early June 2023.

Aspirational objective 6: Sustainable value creation in the European food supply chain through partnership –

b) Continued progress towards sustainable production, contributing to sustainable management and efficient use of natural resources by 2030 and improved animal welfare – by stimulating sustainable production

- Workstream #5 of the FEDIOL Code of Conduct Implementation Action Plan focused on the monitoring of corporate environmental engagement. After having made a first attempt to put together an overview of company commitments in the areas of GHG emission reductions, no-deforestation commitments and water related objectives in the first year, this year focused on deforestation and traceability. The overview can be checked out in the annex to this document.

Comment: The exercise allowed collecting more company commitments and the information showed a stronger convergence of objectives and of timelines, although there are obviously important differences depending on commodities used. More awareness had been raised on the topic since the first attempt. 14 companies actively supported putting together the overview with their comment and input.

- Workstream #6 of the FEDIOL action plan to implement the Code related to the promotion of sustainable sourcing of commodities. FEDIOL resumed the monitoring of the uptake of certified sustainable palm oil and produced a factsheet reporting about the state of play. Similarly, the monitoring of responsible soy has been updated (soy compliant with FEFAC soy sourcing guidelines) together with the monitoring of soy with low and high deforestation-risk. FEDIOL's objective is to continue providing information and enhance transparency on the situation highlighting the sustainability of soy and palm oil sourcing through maintained data collection and reporting on soy and palm. The outcome of the monitoring can be found [here](#) and [here](#).

Comment: Company commitment to provide data has been maintained. Data confirms difficulty to sell responsible and/certified sustainable products on the EU market, because premiums drive prices up.

- *explore the possibility of developing sector-specific tools and resources in support of this Code;*

Aspirational objective 4: An optimised circular and resource-efficient food chain in Europe - a) Improving resource-efficiency within own operations - Consider the use of environmental footprint or other Life Cycle Assessment (LCA) methodologies for products and/or companies to measure impacts.

- Workstream #3 of the FEDIOL action plan focused on the **Life Cycle Assessment using EU PEF**. The work has been concluded in June 2022. After data collection with participating companies, the final work package provided an LCA study with average sector values and a tool allowing each FEDIOL member to assess its own performance compared to the sector's average. This can help identify hotspots, implementing actions, or pathways, to reduce emissions in own operations, through for example a reduced energy use and improved energy efficiency for production, through the use of less energy-intensive and low-carbon technologies compared to reference levels. The LCA related tool can also provide the basis for responding to customer requests for environmental performance information. The study can be found [here](#) on the FEDIOL website.

Comment: The exercise was educational (understanding the challenges of LCA work) as much as operational (resulting in tools for companies to assess their comparative performance and potentially respond to specific customer requests). The study required data inventory in which 10 companies participated, representing 28 production sites representing 33% of the sector.

- *continue to engage in dialogue with other food chain/systems actors and EU and international policy-makers*

FEDIOL has regularly and frequently exchanged with numerous EU and non-EU associations and stakeholders on various legislative and non-legislative matters. This is, for example, the case with the associations involved in the Primary Food Processors (PFP) on challenges encountered for the decarbonization of our sectors on the potential for but also the impediments to adaptation.

Annex:

FEDIOL companies' commitments on no-Deforestation/Deforestation and Conversion Free (DCF) and on traceability

Annex to FEDIOL 2023 Code of Conduct Annual Report

FEDIOL companies’ commitments on no-Deforestation/ Deforestation and Conversion Free (DCF) (and traceability)

Revision February 2023 – complemented/reviewed 6 March 2023

- This voluntary inventory collects commitments by company members regarding the traceability and the responsible sourcing of deforestation-free/conversion-free agricultural raw materials, with a specific focus on palm oil and soybeans.
- The monitoring provides a short overview of the nature of the commitment, the target date, the performance according to the latest benchmark, and sources where the commitments have been publicly reported per company.
- Participation in the FEDIOL inventory of responsible sourcing commitments is voluntary; companies are free to decide whether to join the inventory and whether to be listed for public release.
- Commitments may depend on the company’s activity and involvement in commodity specific supply chains.
- Their commitments and benchmarks do not provide any indication, nor assurance, as to the companies’ ability to meet new EU legislation which will enter into application within the next years.

Company	Commitments	Target date	Latest benchmark	Web link to relevant documents
AAK	Verified deforestation- and conversion-free <ul style="list-style-type: none"> • 100 percent verified deforestation-free for palm and soy 	2025	Latest 2021 benchmark: for palm oil verified deforestation and conversion free increased to 67%% (+38); while soy reached 30% (-3%) Traceability to palm plantation increased to 81% (+11%)	AAK sustainability report 2021 AAK sustainability report 2020
ADM	ADM aims to eliminate all deforestation in its supply chain by 2025. Engaged in Soft Commodity Forum (SCF) action in 61 priority municipalities for soy production in the Cerrado.	2025	In Brazil, ADM mapped 100% of direct suppliers to farm (polygons). This database enabled to measure the DCF (Deforestation + Conversion Free) footprint, which in 2020 was 97% DCF. SCF report 22: Second disclosure of verified deforestation- and conversion-free (DCF) <u>soy</u> volumes:	COP27 Agriculture sector Roadmap SCF Report December 2022 ADM report 2021 (p.16) ADM Soy Progress Report H1 2022

	ADM is a signatory to the Agri-Commodity Sector Roadmap, an agreement to remove deforestation from supply chains by 2025 while protecting global food systems and producer livelihoods.		100% traceable to the first point of aggregation in the 61 municipalities for indirect suppliers. 78% is verified DCF soy in the Cerrado.	
Bunge	<p>After COP26 commitment to setting emissions' reduction targets including (LUC) based on science new Roadmap at COP27; 100% deforestation and conversion-free from all of supply chains in 2025.</p> <p>Engaged in Soft Commodity Forum (SCF) action in 61 priority municipalities for soy production in the Cerrado. Monitoring Chaco and over 330 municipalities of Cerrado</p>	2025	<p>Soy SCF report 22: Second disclosure of verified deforestation- and conversion-free (DCF) <u>soy</u> volumes: 100% traceable to the first point of aggregation in the 61 municipalities for indirect suppliers. 92% is verified DCF soy in SCF municipalities and over 95% in Brazil overall. Monitoring over 100% of direct sourcing in Cerrado and Chaco, and over 64% of indirect sourcing of Cerrado. Compliant with Amazon Moratorium (no sourcing from areas deforested after June 2008) Palm oil: 98% traceability to mill, 77% traceability to plantation.</p>	<p>COP27 Agriculture sector Roadmap</p> <p>Bunge 2021 no-deforestation report</p> <p>SCF Report December 2022</p> <p>Bunge progress report 2020</p>
Cargill	<p>After COP26 commitment to setting emissions reduction targets including (LUC) based on science new Roadmap at COP27: 100% deforestation-free from all of supply chains by 2025.</p> <p>Engaged in Soft Commodity Forum (SCF) action in 61 priority municipalities for soy production in the Cerrado.</p> <p>Commitment to transparent, traceable, and sustainable palm oil supply chain around a comprehensive 2025-2030 roadmap.</p>	2025 (new)	<p>SCF report 22: Second disclosure of verified deforestation- and conversion-free (DCF) <u>soy</u> volumes: 100% traceable to the first point of aggregation in the 61 municipalities for indirect suppliers. 90% is verified DCF soy.</p> <p>Palm oil: 99% global traceability to mill; 65% traceability to plantation, globally. 93% volume covered by NDPE policy</p>	<p>COP27 Agriculture sector Roadmap</p> <p>Cargill Sustainability Report 2022</p> <p>SCF Report December 2022</p> <p>South American Soy Sustainability report 2021</p> <p>Cargill 2021 palm oil report</p> <p>Cargill policy on forests</p>
FUJI Oil	NDPE policy since 2016 with traceability engagement	2025 2030	2021: 100% traceability to mill; 85% traceability to plantation (through self-	<p>Fuji Oils sustainability report 2022</p> <p>Fuji Oils sustainable soybean policy 2021</p>

	<p>For palm oil the traceability target is 100% traceability to plantation by 2030.</p> <p>For Palm Oil, The Fuji Oil Group is also preparing to engage for zero deforestation with suppliers in the southern part of the Peninsular Malaysia.</p> <p>Since June 2021 responsible sourcing policy on soybeans with traceability engagement to mill and plantation:</p> <p>1.traceability to 1st collection point by 2025</p> <p>2.traceability to community level by 2030</p> <p>Or 100% certified RTRS soy procurement, or equivalent standard.</p>	<p>1. 2025</p> <p>2. 2030</p>	<p>assessment tools with satellite monitoring).</p> <p>2021: On soy, at least 90% of the targets completed through self-assessment tools.</p>	<p>Fuji Oils responsible palm oil sourcing policy</p>
LIPSA (Lipidos Santiga)	<p>NDPE policy since 2019 on palm oil with traceability engagement</p>		<p>H1 2022 – 100% traceability to mill; 56% traceability to plantation; 52% verified deforestation-free palm tree products</p>	<p>LIPSA palm oil sustainable policy 2019</p> <p>LIPSA Dashboard 2022</p>
LDC	<p>After COP26 commitment to setting emissions' reduction targets including (LUC) based on science new Roadmap at COP27: 100% deforestation-free from all of supply chains by 2025.</p> <p>Engaged in Soft Commodity Forum (SCF) action in priority municipalities for soy production in the Cerrado.</p> <p>NDPE policy implementation in palm oil.</p>	<p>2025</p>	<p>SCF report 22: Second disclosure of verified deforestation- and conversion-free (DCF) soy volumes: 98% traceable to the first point of aggregation. 80% verified DCF soy. Palm (2021 report) Near 100% traceability to mill for all LDC traded palm oil. 90% palm oil sourced by LDC coming from verifiably responsible suppliers.</p> <p>Other targets in progress.</p>	<p>COP27 Agriculture sector Roadmap</p> <p>LDC sustainability report 2021 (Environment KPIs p. 34)</p> <p>LDC Zero deforestation & conversion commitment</p> <p>SCF Report December 2022</p> <p>LDC sustainability report 2020</p>
Saipol (Avril)	<p>100% sourcing of palm and soya supplies come from sustainable agriculture by 2030.</p>	<p>2030</p>	<p>As of 2021, 100% traceability to mill for palm oil.</p>	<p>Avril's Annual Report (Rapport Annuel Intégré 2021)</p>
Sime Darby	<p>100% verified No Deforestation, No Peat and No Exploitation (NDPE) supply chain, inclusive of smallholders.</p>	<p>2025</p>	<p>As of Q1 2021, 75% of supplying mills are 'delivering' and 'progressing' on NDPE commitments.</p>	<p>Sime Darby Annual Report 2021</p>

	Revised target: 100% traceability to plantation across our supply chain	2025	Achieved 73.5% traceability to plantation, up from 47.4% in 2019 (26.1% improvement).	Also " Raising the bar on sustainable growth "
Sovena	Responsible sourcing/traceability (olive, oilseeds...) Committed to making Purchasing Policy known to all suppliers. Commitment to have 55% paper board FSC till end 2023.		Responsible sourcing/traceability In 2021, 445 of suppliers endorsed Purchasing Policy In 2021, 71% of our cardboard boxes were FSC certified.	Sovena Sustainability Commitments
Viterra	After COP26 commitment to setting emissions' reduction targets including (LUC) based on science new Roadmap at COP27: 100% deforestation-free from all of supply chains by 2025. Engaged in Soft Commodity Forum (SCF) action in 61 priority municipalities for soy production in the Cerrado Sustainable sourcing implementation plan for palm oil	2025 (New)	SCF Report 22: Second disclosure of verified deforestation- and conversion-free (DCF) soy volumes: 100% is traceable to the first point of aggregation (indirect suppliers). 91.6% is verified DCF soy.	COP27 Agriculture sector Roadmap SCF Report December 2022 Sustainable palm oil sourcing implementation plan 2022 Sustainable Soy sourcing implementation plan South-America Soy sustainability policy for South America
Wilmar	After COP26 commitment to setting emissions' reduction targets including (LUC) based on science new Roadmap at COP27: 100% deforestation-free palm oil by 2025. Target: 90% traceability to plantation level across our global operations by 2023.	2025	Palm oil: 98,2% traceability to mill and approximately 80% traceability to plantation across global operations; 88.3% of palm oil and lauric volumes to Wilmar's origin refineries and 83.5% across Wilmar's global supply chain are from suppliers that have at least company group-level commitments and/or action plans in place to address the No Deforestation requirements.	COP27 Agriculture sector Roadmap Wilmar sustainability report 2021 Wilmar sustainability dashboard