



**Food as it should be.™**

### **Palm Oil Sourcing Update (November 2015)**

As part of Panera Bread's Food Policy, the Company has been engaging leading experts, NGOs and suppliers to understand how we can best reduce the impacts of palm oil. While Panera does not directly purchase palm oil, the Company recognizes the current environmental and societal impacts of sourcing palm oil and/or palm oil derivatives.

Since July 2014, Panera has been committed to adopting and implementing new sustainable palm oil sourcing standards throughout its supply chain. This included auditing hundreds of menu items to identify all sources of palm oil and derivatives, working with suppliers and sub-suppliers to provide transparency about how and by which standards palm oil is sourced, developing new supplier standards, and ultimately finding ways to replace or reformulate ingredients where necessary.

For more than a year, the Company has worked diligently to trace and substantiate sourcing practices for palm oil/and or derivatives purchased by our suppliers and vendors. Through our research, we found that Panera suppliers and vendors purchase a relatively small volume of Palm Oil but it cuts across many of our bakery products. In 2015, Panera will source approximately 4,000 tons of palm oil out of an industry that produces 60 million tons.

Throughout that process, Panera has identified significant complexity regarding the issue. In particular, the Company identified challenges around the availability of the sustainable palm derivative supply in the U.S., even despite the limited use of palm oil and derivatives across the supply chain.

As of November 2015, palm oil or palm oil derivatives were found in 57 ingredients and/or derivatives that are used across Panera's menu. Approximately, 75% of the total volume purchased through the supply chain meets a certification as rigorous as the principles and criteria of RSPO. 28 ingredients have a certification as rigorous as the principles and criteria of RSPO. 14 ingredients will be removed due to Food Policy reformulations by the end of 2016, 3 have commitments to be RSPO certified by 2020, and the remaining 12 will be reformulated.

While Panera has made progress, the company recognizes the difficult work ahead especially in regards to palm oil derivatives. Moving forward, Panera will exclusively source palm oil that meet a certification as rigorous as the principles and criteria of Roundtable on Sustainable Palm Oil (RSPO) for all new products. In addition, by the end of 2016, consistent with available supply, the Company will also work aggressively toward ensuring that all existing palm oil ingredients and/or derivatives used across the menu also:

- have independent verification they have not contributed to the degradation of peatlands, High Carbon Stock forests or High Conservation Value areas;
- do not have significant conflicts related to land tenure;
- come from sources that do not use forced or child labor, slavery or human trafficking;
- support the protection of indigenous rights throughout our palm oil supply chain

The palm oil commitment is one element of Panera's broader responsibility efforts. Panera will continue to work with its suppliers to improve the sustainability of palm oil and/or derivatives used as an ingredient in products. The company expects to share additional purchasing guidelines and progress against sustainable palm oil sourcing in 2016 and to annually report on progress towards its commitments.

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### Palm Oil Sourcing Update (December 2016)

As part of Panera Bread's Food Policy, Panera has continued to work with suppliers to source responsibly grown palm oil and palm oil derivatives. While Panera does not directly purchase palm oil, we recognize the current environmental and societal impacts of sourcing palm oil and/or palm oil derivatives. Over the past year, we have:

- Continued to outreach to suppliers to confirm certification status of their palm oil and palm oil derivatives.
- Discontinued or reformulated many products to eliminate use of palm oil derivatives listed on our [No No List](#) in support of our Clean food commitment.
- Updated our sourcing standards to require that palm oil or palm oil derivatives in new products, consistent with available supply, come from certified sources which meet certification standards as rigorous as the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO).

In 2016, Panera sourced an estimated 2,500 tons of palm oil out of an industry that produces almost 65 million tons. This represents a 38% reduction in total volume from 2015, largely due to the discontinuation or reformulation of several products under our Clean food initiative. Over the course of the year, we reduced the number of ingredients containing palm oil or palm oil derivatives from 57 to 29. Seventy-nine percent of those ingredients use palm oil or palm oil derivatives that meet a certification standard as rigorous as the principles and criteria of RSPO. And 75% of the total volume, approximately 1,900 tons, met a certification as rigorous as the principles and criteria of RSPO.

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## **Palm Oil Sourcing Update (December 2017)**

As part of Panera Bread's Food Policy, Panera continues to work with suppliers to source responsibly grown palm oil and palm oil derivatives. While Panera does not directly purchase palm oil, we recognize the environmental and societal impacts associated with palm oil production. Each year, we work with suppliers to confirm certification status of palm oil or palm oil derivatives in our ingredients. Our sourcing guidelines also require that these items in any new products, consistent with supply availability, meet our criteria for responsible sourcing—that palm oil and palm oil derivatives come from sources which meet certification standards as rigorous as the principles and criteria of the Roundtable on Sustainable Palm Oil (RSPO).

Since last year, we have made significant progress. In 2017, Panera sourced approximately 1,450 tons of palm oil out of an industry that produces over 65 million tons.<sup>i</sup> Of this total, over 92%, or 1,300 tons, met a certification as rigorous as the principles and criteria of RSPO. This is up from 75% in 2016.

In an effort to consolidate our responsibility reporting efforts, we plan to publish our next update in mid-2019 as part of our 2017-2018 Panera Responsibility Report.

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<sup>i</sup> This represents a 42% reduction in total volume compared to 2016. This decrease is due to three factors: the discontinuation or reformulation of several products under our Clean food initiative, changes in product mix, and an incorrect volume for one ingredient that led to overestimate of palm oil purchases by approximately 300 tons.