



## 9.003 Forest and Agriculture Products Sourcing and Procurement (Public)

Relates to: Fonterra Environmental, Procurement and Sustainability Global Policies

### 1. Purpose

This Global Standard defines the requirements for sourcing and procuring forest and agriculture products

Protection of [forests](#) and other natural ecosystems is critical for maintaining biodiversity, mitigating, and adapting to the impacts of climate change, and sustaining livelihoods. The forest and agriculture products that Fonterra sources – including palm, soy, paper, and bioenergy – can pose risks for deforestation and human rights violations. Fonterra is committed to the elimination of [deforestation](#) and the [conversion](#) of all other natural ecosystems as they apply to our operations and supply chains. All suppliers of forest and agriculture-related products must be committed to human rights including protecting the rights and livelihoods of local communities, indigenous peoples, and the rights of workers.

Fonterra commits to no deforestation across its [primary deforestation-linked commodities](#), with a target date of December 31, 2025. Any deforestation which has occurred after 2020 will be counted as a non-conformance against this 2025 commitment.

### 2. Scope

- 2.1 This Global Standard applies to all the entities and individuals outlined in the Scope section of the Fonterra Global Policy Principles and Framework.
- 2.2 This Global Standard applies to the sourcing and procurement of all [forest and agriculture products](#).

### 3. Requirements

#### 3.1 Supplier Environmental and Social Performance

- 3.1.1 To meet Fonterra's stated commitments all suppliers must meet the expectations outlined in the [Fonterra Supplier Sustainability Code of Practice](#). Additionally, we will work within our own operations and through our suppliers to achieve the following requirements, where applicable.
- 3.1.2 Protection of forests and natural ecosystems:
  - a. Support the long-term protection of indigenous forests in the company's operations or area of influence, including protection of these forests' conservation and cultural values, and recognition of the overall importance of forests and other natural ecosystems;
  - b. Be publicly committed to "No Deforestation, No Peatland Development, and No Exploitation" and have business processes in place to enact these commitments;
  - c. Respect, protect and enhance legally designated protected natural areas, including no conversion of High Conservation Value areas;
  - d. Where applicable, use the High Carbon Stock Approach (HCSA) to guide site planning that protects natural forests and other natural ecosystems;
  - e. No development on peatlands (regardless of depth), and actively invest in restoring and enhancing peatland in the landscapes in which they operate;
  - f. No clearance of land by burning;
  - g. Work collaboratively with communities, farmers or other stakeholders to value and protect biodiversity and ecosystem services; and
  - h. Where relevant, support and invest in the restoration of natural ecosystems including conducting or supporting restoration or compensation in cases where the company has caused or contributed to deforestation after 2020.
- 3.1.3 Respect for human rights:
  - a. Support existing human rights commitments including respect for farmers' and communities' land rights, free prior and informed consent, and the rights of indigenous and forest-dependent people;

- b. Engage in victim centred remediation when human rights infringements are identified;
- c. Ensure a fair, safe, and healthy working environment for all employees, including the inclusion of women in plantations; and
- d. Ensure that suppliers take appropriate steps to measure, identify, prevent, and address all human rights infringements including but not limited to child labour issues, forced labour, debt bondage and unlawful recruitment.

### 3.2 Supplier Transparency and Traceability

- 3.2.1 Fonterra expects suppliers to provide transparency over the supply of forest and agriculture products, with raw materials being traceable to a point where compliance can be known, preferably point of harvest (i.e., species of tree where applicable).
- 3.2.2 Suppliers of palm products must be able to trace all products to mills, and:
  - a. have time-bound plans in place and demonstrate meaningful progress towards traceability of all products to plantation, with an aim of full traceability to plantation<sup>1</sup>;
  - b. provide maps and coordinates of their operations, including all owned and third-party supplier mills and refineries, and concession maps where legally permissible;
  - c. publicly report progress on compliance towards traceability; and
  - d. use credible third-party verification or certification of environmental and social performance.

### 3.3 Engagement and Collaboration

- 3.3.1 Fonterra business units within the scope of their control are expected to:
  - a. work with partners to identify new and innovative opportunities to improve the sustainability of forest products within their supply chain;
  - b. prioritise sourcing from those organisations demonstrating an active commitment to sustainability, and those actively managing the risk of deforestation and conversion; and
  - c. continue to review and implement change to ensure alignment with intent as new knowledge, technologies and practices emerge.

### 3.4 Sourcing Palm and Palm Related Products

- 3.4.1 Palm products must always be sourced from members of the [Roundtable for Sustainable Palm Oil \(RSPO\)](#) who are committed to the execution of the RSPO Principles and Criteria, including the use and protection of smallholders.
- 3.4.2 Business units which are not currently sourcing palm oil from RSPO certificated supply chains must commit to developing time-bound actions to meet this requirement. *Refer to 5.3 for further detail.*

### 3.5 Palm Oil Products

- 3.5.1 Palm oil products must always be RSPO certified products. Fonterra palm oil product specifications and purchase orders should specify “Segregated” Certification or higher.
- 3.5.2 Ingredients that Fonterra purchases (indirect palm oil procurement) that contain palm oil of less than 5% by total volume are not considered within the scope of this Global Standard.

### 3.6 Soy Products

- 3.6.1 Suppliers of [soy](#) must verify that soy is from deforestation and conversion free sources and meets the requirements of this Global Standard. This can be through a variety of standards and certifications, including but not limited to, The Roundtable for Responsible Soy, ProTerra, Sustainable Agriculture Network Sustainable Agriculture Standard, and the International Sustainability and Carbon Certification (ISCC 202).

Note: Ingredients that Fonterra purchases (indirect procurement) that contain soy of less than 5% by total volume are not considered within the scope of this Global Standard.

### 3.7 Forest Products (timber, building products, and biomass for bioenergy)

- 3.7.1 Suppliers of [forest products](#) must verify that any virgin woody fibres are sourced according to this Standard. Biomass for bioenergy sourced from wood-waste from the forest and timber industries and would otherwise become landfill are excluded from the scope of this standard.

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<sup>1</sup> Palm kernels are sourced from very wide catchment areas, may be transported across long distances from source, and may be passed through numerous traders before being processed. This complex supply chain presents a significant challenge for traceability. Fonterra recognises this challenge and will take this into consideration when verifying plans and demonstrated progress of suppliers

- 3.7.2 Fonterra prefers forest products which are Forest Stewardship Council (FSC) certified. Fonterra will also accept forest products which are certified under national schemes, such as those approved by the Program for the Endorsement of Forest Certification (PEFC), from countries which have robust legal enforcement.
- 3.7.3 Forest products sourced from small suppliers in New Zealand which are not certified due to scale may meet the standard if they comply with the requirements set out in the New Zealand sustainable forest management standard, and the New Zealand Forest Accord.

**3.8 Forest Products (Paper-Based Packaging Materials)**

- 3.8.1 Suppliers of [paper-based packaging materials](#) must verify that any virgin woody fibres are sourced according to this Standard. Repulped / recycled fibres may also be used in the manufacture of paper-based packaging materials and are excluded from the scope of this Standard.
- 3.8.2 Suppliers who manufacture packaging materials using a combination of virgin and recycled fibres must maintain a transparent supply chain which can ensure the virgin content meets the traceability requirements of this Standard.
- 3.8.3 To maximise availability, we are seeking to purchase packaging with the following valid product certification claims: FSC Mix or FSC 95%, PEFC X% - at least 70%, SFI CoC Credit or Percentage System – at least 70%.

**4. Accountability**

- 4.1 In addition to the accountabilities set out in Std 2.001 Leadership, Roles, and Responsibilities the following specifically applies to forest and agriculture product management:

Function	Accountability
Fonterra Management Team (FMT)	Accountable for ensuring appropriate policies and processes are in place to effectively manage Fonterra’s Forest and agriculture related risks and opportunities in pursuit of the Co-operative’s strategic objectives.
Business Unit Leaders	Accountable for overseeing and managing forest and agriculture outcomes and impacts within their business unit, site, or function, including embedding alignment with this Global Standard and sourcing commitments into strategic and operational planning.
Forest SME Functions (e.g., Procurement, forest product users)	Accountable for supporting effective consideration, management and oversight of forest and agriculture risks and opportunities within their area of subject matter expertise; maintaining and embedding appropriate best-practice guidance across the business; aligning with the expectations established in this Global Standard.
Environmental and Sustainability Managers	Accountable for managing forest and agriculture outcomes within their remit, including identification of opportunities to improve performance and effective management of environmental risks in collaboration with SME functions

**5. Compliance**

- 5.1 The Fonterra Global Policy Principles and Framework details the expectations to comply with this Global Standard.
- 5.2 Fonterra procurement will work with the supplier to ensure that compliance with this standard is met. Suppliers who do not meet the applicable requirements set out in section 3, will be required to explain to procurement why they have not met these requirements, and Fonterra will work with the supplier to improve and resolve any shortcomings.
- 5.3 Where a business unit is unable to comply with the requirements for primary-linked deforestation commodities (such as palm oil) the following process applies:
  - a. A time-bound transition action plan must be developed, submitted to (via the online exemption request process) and approved by the Forest Governance Steering Committee (SteerCo). At a minimum the action plan must ensure compliance by 31 December 2025.
  - b. If it is not feasible (as determined by SteerCo), for the business unit to develop a time-bound transition action plan and transition sourcing to 100% deforestation and conversion free sources, an exemption must be requested and approved by the Forest Governance SteerCo.

## 6. Monitoring

- 6.1 Compliance with this Global Standard is monitored via Fonterra’s Three Lines Model audit and assurance activities.
- 6.2 Fonterra will utilise monitoring mechanisms of suppliers to identify any areas of non-conformance with this Global Standard.
- 6.3 Fonterra will disclose and report annually (for example, via CDP and RSPO) against the use of forest and agriculture products and performance of forest and agriculture product suppliers in relation to this Global Standard, including steps taken to address non-compliance with this Global Standard.
- 6.4 Fonterra operates an independently administered whistle-blowing hotline for all stakeholders to report concerns, complaints, grievances, and breaches to this Global Standard. Our grievance mechanism is accessible through our [Code of Conduct](#).

## 7. Definitions

Term	Definition
Forest and Agriculture products	Any material derived from forestry, including both timber and non-timber forest products. This includes but is not limited to food, feed, fibre, wood and paper products, and their derivatives.
Primary deforestation-linked commodities	Direct procurement of cattle, soy, palm oil, wood fibre, cocoa, coffee, and rubber, where considered material for the Co-operative.
Deforestation	Any loss of indigenous forest (Including primary forest, regenerated forest and forest managed for timber harvest that retains its main natural characteristics) as a result of 1) conversion to agriculture or other non-forest land use, 2) conversion to a tree plantation, or 3) severe and sustained degradation
Conversion	The change of a natural ecosystem (Including natural grasslands, woodlands, savannahs, wetlands, and peatlands) to another land use, or a profound change in the natural ecosystem’s species composition, structure, or function
Forest	Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or other land use.
Free Prior and Informed Consent (FPIC)	The principle that a community has the right to give or withhold its consent to proposed project
Palm products	Include palm oil, palm kernel oil, palm kernel expeller and any other derivatives of the palm crop. This includes ingredients which contain palm oil.
Paper-based materials	Is limited to product packaging materials and excludes operational consumables such as office paper and hygiene products
Roundtable for Sustainable Palm Oil (RSPO)	The RSPO is an organisation set up to support manufacturers of palm oil products and palm plantations/mills to adhere to a set of standards to ensure palm oil and its directivities are grown and sourced in a sustainable manner with minimal detriment to the environment, people, and animals.
Soy and soy related product	Include, but are not limited to soy derivatives such as soy lecithin and soybean oil.

## 8. Related Information

[Fonterra Supplier Sustainability Code of Practice](#)

[Accountability Framework Initiative](#)

## 9. Approvals

This Global Standard is approved by the **Director Global Sustainability, Stakeholder Affairs & Trade**.