



# Palm Oil in the Foodservice Sector

**Info Briefing #1**  
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## 1. Introduction

This briefing note explores the use of palm oil and certified sustainable palm oil in the foodservice industry. It describes the market structure and some of the key market dynamics, before looking in more detail at the CSPO policies of many of the key players. This analysis sheds some light on the current state of awareness and action in the industry on sourcing CSPO, and allows us to assess where assistance is needed.

There are multiple definitions of the foodservice industry in use; for the purposes of this investigation, we include the delivery, preparation and sale of any food and drink or food related services that take place outside of the home, apart from food sold by large consumer-facing retailers like Tesco or Sainsbury's. This means that we encompass over 400,000 UK retail and foodservice businesses, from independent convenience stores to farm shops, hotels, schools, hospital kitchens, petrol stations, restaurants, cafes and staff canteens.<sup>1</sup>

Also included in this industry definition is the provision of facilities management and cleaning to the public and private sector estate by foodservice companies. Foodservice companies source both cleaning and food products that contain palm oil in their ingredients.

## 2. Market Structure

Traditionally, the sector has been split into the 'profit' and 'cost' segments, with various segments listed below. Overall, the value of sales to consumers is estimated at GBP 87.2 billion.

The Profit sector can be divided into several sub-sectors: retail, travel, leisure, hotels, pubs, and restaurants. Historically, potential business gains were the main motivator of this sector of the market. The majority of profit outlets can be classified as working within the hospitality industry.

The Cost sector represents business and industry, and the public sector. Traditionally, caterers within the cost sector did not derive substantial margins. Meal provision tended to be out of necessity, rather than as a result of a profit opportunity, and provision was governed by contract with controlled pricing: e.g., schools, hospitals, prisons, and specialist care homes. However, with the increasing move of large commercial contract caterers into the cost sector, this dynamic is changing.

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<sup>1</sup> <http://www.fwd.co.uk/content/8/Size-and-scale/>

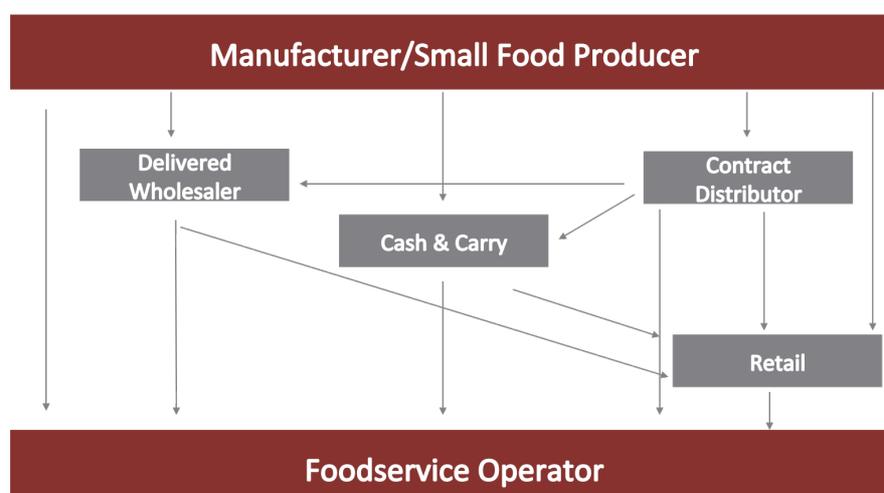
Foodservice market 2016 £87.2bn – 331,845 (value –outlets)								
Retail, Travel & Leisure: £19.9bn – 101,164			Hotels, Pubs & Restaurants: £63.0bn – 167,480				Cost Sector: £4.2bn – 63,200	
Retail	Travel	Leisure	Hotels	Pubs & Bars	Restaurants		Business & Industry	Public Sector
Coffee Shops	Roadside & MSA	Sport Clubs	Full Service	Branded and Managed	Service-Led	Fast Food	Contracted	Defence
Sandwich Bars	Petrol Forecourts	Event Catering	Budget	Tenanted and Leased	Fine dining	Branded Traditional	In-House	Justice
Bakery Stores	Railway Stations	Stadia	Guest Houses	Independent	Independent	Branded Emerging		Healthcare
Dep't Stores/ Supermarket Cafés	Airports	Visitor Attractions	Holiday Parks	Social Clubs	Branded	Independent Inc. Street Food		Local Authorities
Supermarket Grab & Go	Ports	Entertainment Venues	Conference Centres	Nightclubs				Oil Rigs
Convenience Store Grab & Go								Education

**Table: The Size and Complexity of the Foodservice Market, MCA 2017.**

In the UK, the Pub, Quick Service Restaurant (QSR) and Contract Catering sectors are mostly dominated by large group operators, such as Whitbread, SSP or the Compass Group. Within the QSR sector, businesses are often franchised, but deliver a set menu or product list linked to the brand's contract distributors (e.g. MacDonald's). Catering operators like the Compass Group are active across all sectors, from healthcare to workplace and travel. Operators with pubs and pub restaurants, such as Whitbread, hold the largest property estates.

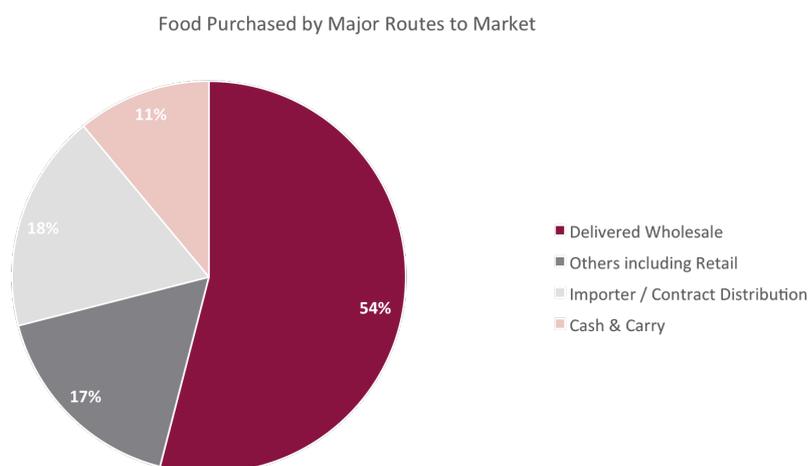
## 2.1 Routes to Market

The most common routes to market are listed below. Larger foodservice operators tend to purchase from wholesalers or source directly from manufacturers through contracted distribution in order to meet their branded menu requirements. Smaller, independent outlets, such as independent cafes, are likely to buy from cash and carry's or retail stores, or purchase stock through wholesalers or regional producers.



**Table: Routes to Market for UK Foodservice, USDA 2016.**

Currently over half of all food sold to foodservice operators is delivered by wholesalers that buy product in bulk and provide delivery services to operators.



**Chart: UK Foodservice, USDA, 2016.**

Supplying over 330,000 foodservice businesses, they are the first port of call for independent retailers and caterers on advice, information and support on menus, ingredients and nutrition. Unfortunately, recent research from the Federation of Wholesale Distributors also indicates that sustainability or sustainable sourcing is not one of the main concerns of wholesalers. Legislation, deliveries, social media, waste disposal, transparent pricing, training, staffing, stocking, nutritional information, dietary needs, and substitutions are higher priorities.

### 3. Palm Oil in Foodservice

The total amount of palm oil used by the foodservice sector is difficult to quantify, and up to date information is not available. According to a 2011 Defra report, the foodservice industry accounted for around 150,000 mt of palm oil use. Of this, it was estimated that 30-50% quantities of palm oil could be attributed to the public sector, equivalent to 45,000-75,000 mt of palm oil. This represented 7%-12% of the total import of palm oil and palm kernel oil into the UK in 2009.

As the company profiles in the section below illustrate, awareness levels of palm oil among foodservice companies and wholesalers are mixed. Several of the large multinational companies with UK franchises have policies and are performing well, likely due to their global presence. But the UK foodservice industry currently lags behind retail in terms of CSPO usage, especially when looking at the large number of SME's operating in the sector. According to the Business Services Association, a policy and research organisation whose members include business services companies involved in the contract catering and hospitality sectors, the main issue contract caterers face as they endeavour to move towards 100% sourcing of sustainable palm oil is the complexity of supply chains and, therefore, the traceability of ingredients, particularly when they are made from derivatives and are a component part of products.

It is also important to note that unlike retailers, some contract catering and hospitality companies do not manufacture any products, have any own label products, or purchase palm oil products directly. This means that whilst they can help to influence the product specifications that they purchase from suppliers, they do not have direct control of their composition/ ingredients sourcing. Some of the large operators however, like Whitbread, do have menu items that are manufactured specifically for their outlets, according to buying agreements.

Because consumers may be unaware of palm content in food, there may be a lack of consumer demand for change as well. Food labelling helps to drive demand, and in the foodservice sector, most food is served or sold without ingredient information.

In terms of the public sector, the Government implemented a Government Buying Standard (GBS) for food and catering in 2012, which included a requirement about sourcing sustainable palm oil, palm kernel oil and derivatives to RSPO or equivalent certification. All food and catering products bought by central government were required to meet sustainability requirements by 2015, which has created some change among Government contracts, detailed below. Uptake of the Food and Catering Government Buying Standard varies across central Government in the UK however. It is not mandatory for two of the biggest food service public sectors: health and education. It is also not mandatory for overseas defence operations.

### 3.1 Company Profiles - Foodservice

Important players in the foodservice industry are listed below, with their current efforts on palm oil. They span the pubs and bars, QSR, accommodation, contract catering, travel, leisure and restaurant sectors. They have been selected to show a range of companies, with the largest in each sub-sector included. Several of the large restaurant and pub operators in the UK do not have palm oil policies, while many of the large contract caterers have implemented buying policies already. The QSR companies linked to multi-national brands are also performing well.

<i>Company</i>	<i>Sectors</i>	<i>Description</i>	<i>CSPO Policy</i>	<i>RSPO Member/ RSPO ACOP</i>	<i>WWF Scorecard</i>
Whitbread	Accommodation, Restaurants, QSR	UK's largest operator of hotels, restaurants and coffee shops, owning Costa Coffee, Premier Inn, Beefeater Grill, Brewers Fayre, Table Table and Taybarns	Target of 100% CSPO by 2020. Say they will buy Book & Claim (B&C where necessary.	Not RSPO member	Did not respond to WWF palm oil scorecard questionnaire
Mitchells and Butlers	Restaurants, pubs and bars	One of the largest operators in the UK of 1700 restaurants, pubs and bars in the UK. Brands include Sizzling Pubs, Vintage Inns, Harvester, Ember Inns, Toby Carvery, Crown Carveries, Castle, Nicholson's, O'Neill's, Alex, All	No policy	Not RSPO member	Not asked to report

		Bar One, Miller & Carter, Browns, Innkeeper's Lodge, Oak Tree, Orchid Pubs, Premium Country Pubs.			
Greene King	Pubs, restaurants and accommodation	Leading pub retailer and brewer, with over 3000 pubs, restaurants and hotels and brewing beers such as Greene King IPA and Old Speckled Hen. Brands include Belhaven Pubs, Eating Inn, Farmhouse Inns, Flame Grill, Greene King Local Pubs, Hungry Horse, Loch Fyne, Meet & Eat, Metropolitan, Spirit Pub Company, Old English Inns	No policy	Not RSPO member	Not asked to report
J. D. Wetherspoon	Pubs, bars, restaurants and accommodation	Owns just under 1,000 outlets, including the chain of Lloyds No.1 bars and the chain of Wetherspoon hotels	Uses some RSPO segregated palm oil in their cooking oil. Working with food suppliers to ensure that any palm oil used as an ingredient is also segregated.	Not RSPO member	Not asked to report
The Restaurant Group (TRG)	Restaurants, QSR	Operates over 500 restaurants and pubs, which include Frankie and Benny's, Chiquito, Coast to Coast, Garfunkel's, Firejacks, Brunning & Price and Joe's Kitchen. Also operates a concession business, which trades over 60 outlets across more than 30 brands, primarily in UK airports.	"Supporters of RSPO and ensure all TRG products contain only RSPO certified sustainable palm oil." No further detail	Not RSPO member	Not asked to report
Greggs	QSR	Largest bakery chain in the UK	100% of boxed palm oil is CSPO. Requires all suppliers of bakery fats that use palm oil to be	Not RSPO member	Not asked to report

			RSPO members.		
McDonalds	QSR	1,264 outlets in the UK	Launched Global Sustainable Palm Oil Policy in 2016. Goal: by 2020, 100% of the palm oil used in restaurants worldwide and as ingredients in products will support sustainable production. In 2016, 99.82% of the total volume was certified as supporting sustainable production. 87.3% B&C, 11.7% Mass Balance (MB), less than 1% segregated. Aim to increase physical supply of RSPO-certified palm oil.	RSPO member since 2011, have submitted regular ACOP reports.	9 out of 9 on WWF scorecard Leading the way on essential actions, started journey on sourcing physical CSPO
Restaurant Brands International	QSR	Canadian multinational, third-largest operator of fast food restaurants in the world. Owner of Burger King in the UK.	100% of 17,544 tonnes used is CSPO, mixture of B&C, MB and segregated. Goal: by 2020, all palm oil sourced as well as palm oil and palm kernel oil used as an ingredient in branded products will be CSPO.	RSPO Member, One ACOP report.	9 out of 9 on WWF Scorecard. Leading the way on essential actions, started journey on sourcing physical CSPO
SSP Group	QSR, Travel, Restaurants	A leading operator of food and beverage concessions from quick service to fine dining. SSP's clients are typically the owners and operators of airports and railway stations. Brands include Upper Crust, Camden Food Co, The Pasty Shop, Millie's Cookies, Caffe Ritazza, Mi	No policy. Uses GreenPalm Certified palm oil in cookie dough at Millie's Cookies.	Not RSPO member	Not asked to report

		Casa Burritos, Delice de France, Whistlestop, The Beer House, Pumpkin, Breadbox, Sloe Bar, SOHO Coffee Co, Harry Ramsdens, City Bar & Grill, nam-po!, Starbucks			
Yum! Brands	QSR	Multi-national based in Canada, owns Pizza Hut, KFC, Taco Bell.	Goal to source 100% of palm oil used for cooking from sustainable sources by the end of 2017. Unclear if met. Does not address palm oil in food ingredients.	RSPO member since 2017, no ACOP	Did not respond to WWF scorecard questionnaire
Domino's	QSR	UK's leading pizza brand, multi-national based in the US. Over 1,000 stores, sells over 90 million pizzas per year.	US business used 2,181 tonnes in 2016, 100% CSPO, majority MB.	Member since 2016, submitted ACOP for US business.	Not asked to report
EI Group	Pubs, Restaurants	Largest portfolio manager of pubs in the UK, with over 4,500 properties, predominantly run as leased and tenanted pubs	No palm oil policy	Not an RSPO member	Not asked to report
Travel Moto	Travel, QSR, Restaurants	UK's leader in motorway service areas with 45 locations	No palm oil policy	Not an RSPO member	Not asked to report
Chester Zoo	Leisure, Visitor Attractions	UK's most visited zoo	Use 100% CSPO. Created the Palm Oil Challenge to raise awareness among visitors. Initiating Chester City Sustainability challenge as well, with focus on all deforestation commodities.	Not an RSPO member	
InterContinental Hotels Group	Hotels, restaurants	Large global hotel group with multiple UK locations. Brands include Holiday Inn, Crowne Plaza.	No palm oil policy	Not an RSPO member	Not asked to report
Compass Group	Contract FSM and Foodservice	Contract foodservice, cleaning, property management and	According to WWF Scorecard/ACOP, they only use 700	RSPO member since 2010, have submitted regular ACOP	4 out of 9 on WWF scorecard. Started journey on essential

		support services company, 15,000 locations across UK and Ireland. Brands include Chartwells, ESS, Eurest, 14forty, Instore, The Jockey Club Catering, Keith Prowse, Levy Restaurants, Lime Venue Portfolio, Medirest, Payne & Gunter, Radish, Restaurant Associates, Roux Fine Dining, White Oaks	tonnes. Working with suppliers to ensure that all palm oil in products they sell across Europe is 'sustainable' by end of 2017. Unknown if reached. Have goal to source 100% physical by 2022	reports.	actions in 2016
Sodexo	Contract FSM and Foodservice	Range of services from construction management, reception and food services through to asset maintenance, security and grounds maintenance for clients in offices, schools, prisons, hospitals, military bases, remote sites and hospitality events. 2,000 client locations across all market sectors in UK and Ireland. More than 4,300 suppliers.	According to WWF Scorecard/ACOP, they only use 1,805 tonnes, all CSPO, and over 75% of this is B&C. Have been purchasing GreenPalm certificates since 2012.	RSPO member since 2011	9 out of 9 on WWF scorecard Leading the way on essential actions, started journey on sourcing physical CSPO
Elior	Contract Foodservice	Contract catering and related services. More than 10,000 Elior people in the UK on 650 client sites.	As of 2016, government contracts purchase via a restricted buying list of products compatible with sustainable palm oil. For other business sectors the goal is to source 100% palm oil from sustainable sources by the end of 2016. Elior UK is working with nominated suppliers to map usage of palm oil and provide	Not RSPO member	Not asked to report

			information on all product lines that contain palm oil. Unclear if goal has been met.		
Aramark	Contract FSM and Foodservice	Provides food service, facilities and uniform services to hospitals, universities, school districts, stadiums and other businesses	Have a responsible sourcing policy but no mention of palm oil.	Not RSPO member	Not asked to report

### 3.2 Company Profiles – Wholesalers

In terms of the business-to-business wholesaling, the below companies represent significant portions of the market, selling to Catering and Hospitality (C&H) businesses and Independent and Convenience Retailers (IC&R). Their current efforts on palm oil are detailed. The IC&R category includes both unaffiliated retailers as well as symbol retailers, covering groups such as SPAR, Premier, Londis, Budgens, Costcutter and Nisa. Symbol retailers act as wholesalers, manufacturing own-brand products that are then supplied to franchised store operators. Wholesaler performance is mixed; none listed are RSPO members, though 2 do have CSPO sourcing policies, and one sources CSPO for selected own brand products. Nisa and SPAR, two of the largest symbol retail groups, do not have policies and are not RSPO members.

<b>Company</b>	<b>Sectors</b>	<b>Description</b>	<b>CSPO Policy</b>	<b>RSPO Member/ RSPO ACOP</b>
Brake's	Sell to FC&H	Part of the US giant Sysco, the global Brakes Group has more than 50,000 customers including some of the largest leisure, pub, restaurant, hotel and contract catering groups in the world. In 2015, approximately 100,000 of the Group's customer sites were in the UK and Ireland. Brakes Group has teams of dedicated buyers who source products, including the Group's own-brand products, from over 2,000 suppliers around the world. In 2014, they spent £1.8 billion in the UK alone.	Goal: All palm oil used in Brakes' own brand products must be certified segregated by 2018. In addition, if and when certified sustainable sources of palm oil derivatives become commercially available they will be used in Brakes own brand products.	Not an RSPO member.
Booker	Sell to FC&H	Booker has a specialist delivery service and a core cash and carry business. Extensive customer base amongst independent operators. The Group now comprises Booker Wholesale, Makro, Booker Direct, Classic Drinks, Ritter Courivaud, Chef Direct, Premier, Family Shopper, Budgens, Londis and Booker India. Booker Wholesale and Makro are the UK's largest cash and carry	All Chef's Larder, Happy Shopper and Euro Shopper biscuits and snacks 'support the production of CSPO by using palm oil sourced through RSPO-approved supply chain models.'	Not an RSPO member.

		operators, offering branded and private-label goods which are sold to customers including independent convenience stores, grocers, leisure outlets, pubs and restaurants.		
Bidfood	Sell to FC&H	The Bidvest Foodservice division of the company operates as a foodservice wholesaler supplying fresh, frozen, ambient and non-food products to customers in a wide range of sectors within the foodservice and catering industry; including local authorities, NHS trusts, defence contractors, hotel and restaurant chains as well as many independent operators in the hospitality industry. Bidvest Logistics provides distribution and supply chain services to larger operators in the foodservice industry, including many well-known restaurant and fast-food brands.	Bidfood supports the use of sustainably sourced ingredients including the use of sustainably sourced palm oil and palm derivatives. In Bidfood's own brand products, they will use only sustainably sourced palm oil or palm derivatives where commercially and technically viable.	Not an RSPO member.
Bestway	Sell to IC&R	UK's largest independent food and drink wholesaler. It is a supply partner to over 70,000 independent retailers and 40,000 catering and foodservice operators.	No palm oil policy	Not an RSPO member.
SPAR	Sell to IC&R	World's largest food retail chain. In the UK over 2,400 stores. Primarily franchisees. Sell own-label products.	No palm oil policy	Not an RSPO member.
Nisa	Sell to IC&R	1300 (approx.) members, operating almost 3,500 retail stores. Have a delivery network, large product range and own-label brand.	No palm oil policy	Not an RSPO member.

## 4. Next Steps

In summary, the foodservice sector lags behind retail in the UK in terms of CSPO uptake. This may be due to the lack of visibility among consumers of palm food ingredients that are used in preparation or contained in many items of foodservice outlets.

As the UK nears the Amsterdam Commitment 2020 deadline for 100% sustainable sourcing of deforestation commodities, it is important to drive change in sectors that have not fully embraced palm oil sustainability. Efeca will host a workshop for foodservice companies this spring, with the aim of gathering information on key obstacles and brainstorming solutions. This will be followed by a free webinar in the summer, to share knowledge and engage the sector. We will work with the food sector to implement these solutions.

In addition, Chester has recently bid to become the world's first sustainable palm oil city. The Chester Sustainable Palm Oil City campaign, led by Chester Zoo, is encouraging foodservice

businesses such as restaurants, cafes, hotels, fast food outlets, workplace and school canteens, council and hospital food outlets, and visitor attraction cafes, as well as other sectors across manufacturing and retail, to join the initiative by sourcing 100% CSPO. Efeca will provide on-going technical assistance and support, including for a launch event this summer at Westminster. As the initiative grows, knowledge and information on sourcing CSPO will be disseminated throughout the UK.