FLORA Food Group™

Responsible Palm Oil Sourcing Policy

SUS 1

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1. Overview

At Flora Food Group, we recognise the critical role we play in promoting sustainable and ethical sourcing practices across our supply chains. Palm oil is a widely used ingredient in many of our products due to its versatility, functionality and efficiency. We are also acutely aware of the environmental and social challenges associated with its production.

This Policy is a key component of our broader Sustainability Framework, our other sustainability-related policies, and reflects our alignment with international frameworks such as the United Nations Sustainable Development Goals (SDGs), the United Nations Guiding Principles on Business and Human Rights (UNGP), the United Nations Global Compact (UNGC) Ten Principles, the Paris Agreement, and the Accountability Framework Initiative (AFi).

We provide our consumers with choice, including both products with and without palm oil. We continue to research and innovate for new, natural, sustainable ingredients and oils that support functionality, taste, nutrition and address environmental impact.

This Policy outlines our commitment to meeting the expectations of our stakeholders, including consumers, partners and employees.

2. Flora Food Group's palm oil commitment

Palm oil is a key ingredient in our product portfolio. With a neutral taste and smell, palm oil contributes to the smooth, creamy and spreadable texture of our products. Palm oil is also a highly efficient crop, producing a very high yield per hectare of production. Therefore, we support the use of palm oil, when sourced responsibly.

This Policy outlines how we source palm oil in a way that protects forests, respects human rights, and supports livelihoods. It applies to all palm oil and palm kernel oil derivatives that Flora Food Group purchases throughout all its operations, including crude and refined palm oil, palm kernel oil, derivatives and fractions.

We are committed to working collaboratively with suppliers, industry partners, government, NGOs, local communities and the broader industry to drive sustainable practices in the palm oil sector. Through this policy, we aim to ensure that all palm oil in our supply chain is responsibly sourced, traceable, and aligned with the principles of no deforestation, no peatland development, and no exploitation (NDPE).

We committed to sourcing 100% deforestation-free palm oil by the end of 2025. We have delivered on this ambition, with nearly all volumes across our direct supply chain verified as deforestation- and conversion-free. We aim to maintain this level of performance going forward and continue to strengthen our due diligence, monitoring, and traceability systems to safeguard the forests and ecosystems our supply chains depend on.

3. Our Principles

We have laid out five principles which guide our approach to palm oil sourcing. We require suppliers to comply with the principles detailed in this Policy throughout their operations.

Our five core principles are:

1. **No deforestation or conversion of natural ecosystems.**

   a) No conversion of High Conservation Value (HCV) areas and no conversion of High Carbon Stock (HCS) forests.

   b) No conversion of natural grasslands, woodlands, savannahs, wetlands and other natural ecosystems

   c) No burning in the preparation of new plantings and re-plantings.

   d) A progressive reduction in greenhouse gas emissions. We apply a deforestation cut-off date of 1st July 2018, unless stricter regional or sector standards apply.

2. **No new development on peat**.

   a) No new development on peat, regardless of depth.

   b) Application of the Roundtable on Sustainable Palm Oil (RSPO)'s Best Management Practices for existing plantations on peat.

3. **Respect for human rights.**

   a) Adherence to Flora Food Group's Human Rights Policy and Responsible Sourcing Policy, which stipulate mandatory requirements on respect of human rights. This includes a focus on fair working conditions, with particular attention to the prevention on forced labour within our palm oil supply chain and relating to vulnerable workers on plantations. These policies are developed in line with the UN Guiding Principles on Business and Human Rights, ILO Core Conventions, the UNGC Ten Principles, and Universal Declaration of Human Rights.

   b) Application of the principles of Free, Prior and Informed Consent (FPIC) to ensure the protection and promotion of the rights of indigenous peoples and vulnerable communities.

   c) Addressing and elimination of any potential violence and threats against Environmental and Human Rights Defenders

   d) Zero-tolerance approach to child labour and forced labour following our Human Rights Policy.

   e) Responsible development of new land areas, which does not result in 'land grabbing' practices.

   f) Guaranteeing equal opportunities and not tolerate any discrimination.

4. **Driving positive social and economic impact for smallholders and vulnerable groups, while protecting forests**

   We support smallholders and vulnerable groups to enhance their livelihoods and resilience. We:

   a) Facilitate the inclusion of smallholders into the supply chain.

b) Support adherence by smallholders to the principles laid out in this policy

c) Support interventions to increase smallholder yields and incomes and address social and health issues, while protecting forests.

d) Encourage and support industry initiatives to ensure that processes and mechanisms are developed to scale social impact

5. Traceability and transparency

Transparency is key to responsible palm oil production. It enables traceability, strengthens accountability, and helps address environmental and social risks. We are committed to ensuring traceability, transparency and to operating with openness with all stakeholders.

a) Traceability - Flora Food Group commits to 100% traceability to mill. We will strive to increase traceability to plantation level over time. When the traceability to plantation is not available, we will use the proxy of a radius of 50km around the mill to monitor deforestation alerts and other potential impacts.

b) Transparency – We are committed to transparency including reporting status and progress in our annual reporting, mill lists and grievance mechanisms. We follow and report against recognised standards.

4. Implementation action plan

We apply a range of mechanisms to ensure the implementation of this policy, maintaining robust oversight, accountability, and continuous improvement throughout our palm oil supply chain. These steps include:

1. Enhanced due diligence

We maintain a robust due diligence process for all palm oil suppliers. This includes

A) We conduct due diligence assessments based on publicly available information and mandatory questionnaires prior to onboarding suppliers. The questionnaires contain questions with specific “pass/fail conditions” to ensure we only contract with compliant suppliers who adhere to Flora Food Group’s policies and existing regulations.

b We utilise recognised mechanisms including certifications (RSPO) to support independent verification that suppliers continue to meet our policy requirements on an ongoing basis.

2. Supplier collaboration

All suppliers must:

a. Provide evidence of commitments

- Suppliers must present a signed commitment to Flora Food Group’s Responsible Palm Oil Sourcing Policy.

- Suppliers must provide evidence and supporting documents to demonstrate compliance with this Policy. We hold companies responsible for compliance at group level.

b. Improve supply chain traceability

- Provide evidence of traceability to 100% of the mills (TTM) they are sourcing from and aim to achieve 100% traceability to plantation (TTP) or alternatively traceability to jurisdiction.
- Our direct suppliers must ensure their suppliers comply with these requirements.

c. Support the implementation of Flora Food Group's commitments

- We expect suppliers to adopt the AFi when implementing our – and their own – commitments.
- We expect suppliers to use satellite monitoring tools or other evidence-based methods to ensure no-deforestation and conversion targets are met.
- Suppliers must support activities that enhance sustainability in our supply chain.

d. Have a Grievance system

- Have a transparent and robust grievance mechanism in place for their own operations and supply chain, including a whistleblower system.
- Disclose any palm oil-related grievance against them or their parent group.
- Disclose any new planting.
- Report immediately any breach of this policy.

3. Monitoring and verification:

We have a robust monitoring and verification system to confirm suppliers are fully compliant with our Policies.

a. Satellite monitoring: We use imagery and data from satellite monitoring to assess deforestation risks and the impact and severity of cases. This informs our case prioritisation and engagement with our direct suppliers.

b. On-the-ground verification: If we have evidence via our grievance process, then on-the-ground verification by a trusted independent third party may be requested.

c. Ad hoc audits: We retain the right to randomly verify all elements of this Policy pertaining to our suppliers.

4. Creating impact through on-the-ground projects

We support on-the-ground projects that address environmental and social challenges in selected key palm oil sourcing regions. By working alongside local communities, governments, and other industry players, we aim to drive lasting change beyond individual supply chains. Through these partnerships, we contribute to protecting forests, improving livelihoods, and promoting sustainable agricultural practices. We

are committed to monitoring the impact of these initiatives to ensure measurable benefits for both the environment and local communities.

4. Our Grievance Mechanism

We acknowledge the potential for environmental or human rights issues in our supply chains, including our palm oil supply chain, and are committed to addressing these in a responsible way.

We have both proactive and reactive monitoring processes in place for sustainable palm oil. Any grievance is reviewed by Flora Food Group's Grievance Committee, and we further investigate each of them through our direct suppliers. Flora Food Group also collaborates with independent third-party partners to support us to investigate and review cases.

1. We commit to the responsible handling of complaints or breaches identified in our supply chain. We will be transparent about our open cases and provide regular updates on our corporate website.

2. We apply a cut-off date for compliance purposes of 1st July 2018, which was the date Flora Food Group was created.

3. We will support non-compliant companies in developing an action plan to prevent future non-compliances. We expect non-compliant companies to implement the action plan provide remediation where necessary. We monitor the progress of these action plans closely before deciding whether to continue sourcing from companies who have violated our policy.

4. After pursuing improvement via time-bound action plans, we commit to suspending partnerships with companies found to be in breach of our principles and commitments, in the case that sufficient improvements are not made.

5. Governance

Flora Food Group’s Chief Procurement Officer and Chief Sustainability Officer are responsible for implementing our Responsible Palm Oil Sourcing Policy.

The Compliance Committee which includes representatives of Flora Food Group’s Board and Executive Committee is involved in the approval process for our Responsible Palm Oil Sourcing Policy. The Compliance Committee is accountable for Flora Food Group’s policy framework.

6. Related documents

- Responsible Sourcing Policy
- Human Rights Policy
- Grievance Tracker (Commodities)
- Palm Oil Mill List
- Business Partner Code of Conduct
- Climate Policy

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