



## **Sustainable Palm Oil Policy**

Policy owner: Group Food Safety & Quality Assurance

## I. PREAMBLE

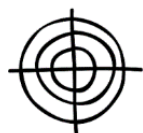
Lotus Bakeries uses palm oil across a range of its products. Palm oil is a highly versatile and efficient vegetable oil, offering important functional and nutritional benefits while requiring less land compared to alternative oils.

We recognise that the cultivation of palm oil can pose environmental and social challenges if not managed responsibly. Therefore, Lotus Bakeries is committed to sourcing palm oil in a way that protects forests, respects human rights, and supports sustainable livelihoods.

We aim to provide our consumers and customers with full confidence that the palm oil used in our products is responsibly and sustainably sourced. To achieve this, we carefully select our suppliers and require adherence to strict responsible sourcing criteria based on the **NDPE principles: No Deforestation, No Peat, and No Exploitation**.

Lotus Bakeries is a long-standing member of the **Roundtable on Sustainable Palm Oil (RSPO)** and is committed to sourcing certified sustainable palm oil.

## II. SCOPE



This policy applies to all palm oil and palm oil-derived materials used by Lotus Bakeries, including crude palm oil, palm kernel oil, fractions, and derivatives.

It covers all operations globally and applies to all suppliers, including direct suppliers and third-party production partners. Compliance with this policy is a fundamental requirement for doing business with Lotus Bakeries.

## III. PRINCIPLES FOR SUSTAINABLE PALM OIL

Lotus Bakeries requires that all palm oil used in its products is sourced in accordance with the following principles:

### 1. Certification and Supply Chain Integrity

- All palm oil must be **RSPO certified**.
- The preferred supply chain model is **Segregated**, with **Mass Balance** accepted as a minimum standard.

### 2. Legal Compliance

- Palm oil must originate from **legal and compliant sources**, adhering to all applicable local and international laws.

### 3. No Deforestation

- No deforestation, with a cut-off date of **31 December 2020**.
- No conversion of:
  - **High Conservation Value (HCV)** areas
  - **High Carbon Stock (HCS)** forests
- No development on **peatland**, regardless of depth.
- No use of **fire** for land preparation.

#### 4. Greenhouse gas emissions

Suppliers are expected to implement good practices to **reduce greenhouse gas emissions**.

#### 5. Additional European Requirements

For palm oil supplied to Lotus Bakeries production sites in Europe:

- Segregation is mandatory
- Enhanced deforestation cut-off dates apply:
  - **November 2005** for primary forests
  - **November 2018** for secondary forests
- **Traceability to mill level** is required.

#### 6. Human Rights and Social Responsibility

Suppliers must respect internationally recognised human rights standards, including:

- **The UN Universal Declaration of Human Rights**
- **The UN Guiding Principles on Business and Human Rights**
- **The ILO Declaration on Fundamental Principles and Rights at Work**
- **The OECD Guidelines for Multinational Enterprises**

In addition, suppliers must:

- **Respect Free, Prior and Informed Consent (FPIC)** of indigenous peoples and local communities
- Prevent land conflicts and protect community rights
- Uphold fair labour practices and prohibit exploitation

Further details are outlined in the Lotus Bakeries Human Rights Policy.

#### 7. Landscape and Smallholder Engagement

Lotus Bakeries encourages suppliers to contribute to sustainable landscape development and to:

- Support the **conservation and restoration of forests and biodiversity**
- Improve **smallholder productivity and livelihoods**
- Promote **smallholder inclusion** through sustainable practices
- Engage in **jurisdictional and landscape-level initiatives**

Suppliers are expected to allocate resources to these efforts and to report regularly on progress.

## IV. IMPLEMENTATION

Lotus Bakeries implements this policy through a combination of responsible sourcing, supplier engagement, and transparency:

- **Responsible sourcing:** RSPO-certified purchases to mitigate deforestation and exploitation risks

- **Supplier engagement:** working with suppliers to drive continuous improvement and support landscape initiatives
- **Grievance mechanism:** providing access to the Lotus Bakeries whistleblowing line for reporting concerns (<https://lotusbakeries.integrityline.com/>)
- **Remediation:** requiring suppliers to address and remediate any non-compliance with this policy
- **Monitoring and reporting:** regularly tracking progress and publicly disclosing performance

## V. GOVERNANCE

Oversight of this policy is the responsibility of the **Lotus Bakeries Executive Committee (EXCO)**, supported by relevant functions including **Group Food Safety & Quality Assurance, Procurement, and ESG**.

Lotus Bakeries is committed to continuous improvement and will regularly review and update this policy to:

- Ensure alignment with applicable laws and regulations
- Reflect evolving industry best practices
- Strengthen its contribution to sustainable palm oil production

## VI. CONCLUSION

Through this policy, Lotus Bakeries reaffirms its commitment to responsible sourcing and to contributing to a more sustainable and ethical palm oil sector. We expect our partners to share this commitment and to actively contribute to achieving these goals.