

## Sustainable Palm Oil Sourcing Policy

**Bega Group (Bega)** is committed to sourcing palm oil<sup>1</sup> in a socially, environmentally responsible and sustainable manner. Bega has adopted the Roundtable on Sustainable Palm Oil (RSPO) as our standard for certification of palm oil. RSPO is a not-for-profit that aligns stakeholders within the palm oil industry to develop and implement global standards and accredited certification. Bega is committed to strive for 100% palm oil used in Bega branded products to be RSPO Certified Sustainable Palm Oil (CSPO).

The RSPO standards help minimise the negative impact of palm oil production on the local environment, wildlife, and communities, and guides stakeholders to follow the principles of:

- PROSPERITY: Behave ethically and transparently. Operate and respect rights. Optimise productivity, efficiency, positive impact and resilience.
- PEOPLE: Respect community and human rights and deliver benefits. Support smallholder inclusion. Respect workers’ rights and conditions.
- PLANET: Protect, conserve and enhance ecosystems and the environment.

### Our Commitments

Bega commits to source and use only certified sustainable palm oil in all Bega products manufactured by the company.

Bega and its subsidiaries will:

1. engage with suppliers to ensure the sourcing of Segregated or Identity Preserved Certified Sustainable Palm Oil (CSPO) products to support meeting this policy
2. monitor raw material suppliers through our vendor assurance program to identify areas of concern and resolve any issues arising
3. report annually on our progress against our policy and targets
4. ensure any claims made with respect to the use of sustainable palm oil products by Bega are transparent
5. where Bega has direct responsibility for product formulation, instruct third party manufacturers to use palm oil that meets this policy. In other cases, Bega will influence alignment to this policy.

Bega expects that all its suppliers of palm oil products shall:

1. supply CSPO products as defined in the RSPO Principles and Criteria (2018) with a preference for Segregated and Identity preserved model materials.
2. provide validation through accredited certification to ensure product integrity as defined in RSPO Supply Chain Certification standard (SCCS:2020).

We will work with our suppliers to progress to only using palm oil that is manufactured from Identity Preserved or Segregated certified sources<sup>2</sup>. Bega’s initial focus is on products manufactured directly by the company, however, as we continue to strive to create great food for a better future, our commitment will extend to include products manufactured through third parties on our behalf. Further evolution of the program will include working with our customers on influencing their alignment to Bega’s commitment.

<sup>1</sup>Palm oil in this policy refers to both palm oil and palm oil products/derivatives.

<sup>2</sup> Bega considers a company with a published palm oil program that claims zero deforestation and traceable supply chain as the equivalent of segregated/identity preserved model certification.

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## Background

Palm oil is the world’s most widely used vegetable oil, with a broad range of applications across the food industry. It has the highest productivity of all vegetable oils, producing more oil per land area than any other equivalent vegetable oil crop. Globally, palm oil supplies 40% of the world’s vegetable oil demand on just under 6% of the land used to produce all vegetable oils. To get the same amount of alternative oils like soybean, coconut, or sunflower oil would require between 4 and 10 times more land. This efficiency and adaptability has generated an enormous increase in demand over the last few decades. Such rapid demand has led to unacceptable practices, such as high levels of tropical deforestation and peatland drainage, plus human rights abuses, and exploitation of indigenous people on plantations and mills.

In addition to its efficient farming, palm oil gained popularity as an alternative to unhealthy hydrogenated and partially hydrogenated fats. Like other natural seed oils, palm oil contains less than one percent trans fats. In producing countries, millions of farmers and their families work in the palm oil sector. Palm oil plays an important role in the reduction of poverty in these areas. In Indonesia and Malaysia, a total of 4.5 million people earn their living from palm oil production. Stopping the production of palm oil altogether would create significant problems for these people who support their families by working in this industry.

When palm oil is not responsibly sourced, major environmental and social impacts occur. Responsible and transparent sourcing can tackle the challenges related to palm oil production - plus help ensure that its sourcing and manufacture continues to support livelihoods, while protecting forests and other ecosystems.

*Rob Grima*

**Rob Grima**  
**Executive General Manager**  
**Operational Excellence**

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