

SOCIAL AND ENVIRONMENTAL PALM OIL PRODUCTS PURCHASING POLICY

1. PURPOSE

GPA formalizes through this document its Social and Environmental Palm Oil Products Purchasing Policy, that is, it guides the existing relationships between the Private Label and Exclusive Brands department and its suppliers that use palm oil and its derivatives in products, in addition to presenting the general criteria and also criteria of compliance, integrity, and sustainability required from these suppliers.

The purpose of this document is to outline the standards for compliance with applicable legal, environmental, and social regulations pertaining to the palm oil supply chain for GPA's Private Label products, providing guidance for both employees and suppliers.

This Policy reaffirms GPA's commitment to implementing measures to prevent deforestation, uphold human rights, and tackle climate change via its improved supply chain.

2. SCOPE

This Policy applies to all GPA suppliers of Private Label products that use palm oil and/or its derivatives in the composition of Private Label and Exclusive Brand product lines, both food and non-food, whether produced in Brazil or abroad.

3. GLOSSARY

Palm oil: it is an oil extracted from the fruit of the palm tree, also known as the dende tree (or “dendzeiro” in Brazil). In this Policy, the term “palm oil” refers to both crude palm oil and all its derivatives;

RSPO – Roundtable on Sustainable Palm Oil: RSPO, an international non-profit organization, aims to foster the growth and use of sustainably produced palm oil products by establishing and promoting globally accredited standards;

Supply Chain Certificate (SCC): this is the category of RSPO certification for facilities that handle, transform, or grind palm oil. It guarantees conformity to all sustainable palm oil chain of custody standards and that oil sold as sustainable palm oil has been produced by certified plantations;

Certified Sustainable Palm Oil (CSPO): palm oil with sustainable production certificate, which guarantees that the oil was produced according to legal requirements, complying with the principles of respect for human rights, impacted communities and workers involved, as well as the protection and conservation of the environment;

Private Label and Exclusive Brands: they comprise GPA's diverse portfolio of proprietary brands, they are made by outsourced and approved suppliers;

Deforestation/ Conversion of native vegetation: total or partial removal of natural and/or native vegetation (in the case of Conversion of native vegetation), resulting from: (i) conversion to agriculture or other non-forest land use; (ii) conversion to a planted forest; or (iii) severe and continuous degradation;

Importer: a company that is part of the supply chain responsible for importing palm oil of foreign origin into Brazil;

4. GUIDELINES

4.1. Context

Palm oil is the world's most prevalent vegetable oil, a ubiquitous ingredient in numerous food and non-food products, including those produced by GPA Private Labels. Global production is predominantly concentrated in Indonesia and Malaysia; Thailand, Colombia, and Nigeria represent the next tier of production. Although Brazil holds the 9th position globally in production, it supplements domestic supply with imports; in 2015, domestic production accounted for 60%, while imports comprised 40% of total supply (Brazilian Ministry of Agriculture, Livestock Breeding, and Supply (MAPA), 2018).

Being highly productive, palm oil crops can produce up to 10 times more oil than other oil crops; in addition, it has interesting organoleptic properties for the industry, such as a longer shelf life of products and numerous possibilities of application, since the refining process of palm oil makes it a neutral oil. Thus, palm oil began to be present in the composition of various types of products and today is found in most supermarket products such as cookies, snacks, ice cream, chocolates, soups, margarine, soap, and shampoo, among others.

While palm oil enjoys widespread use, its production's inherent risks, including rainforest clearance for agricultural expansion, are frequently overlooked. This generates great environmental damage, particularly regarding biodiversity and greenhouse gas emissions, with tropical rainforests in Southeast Asia being the most damaged biome, where over 80% of the world's palm oil production is concentrated. [Source: Brazilian Ministry of Agriculture, Livestock Breeding, and Supply (MAPA), 2018.]

Importantly, however, native forests and vegetation are essential providers of ecosystem services necessary for the continuation of life on Earth. In addition to providing habitat for half of all known plant and animal species and livelihood for millions of people in rural and traditional communities, rainforests play a role in distributing rain that feeds rivers and regulates climate.

The cultivation of palm trees is well-suited to the typical climatic conditions of humid tropical zones and displays adaptability across diverse soil compositions, encompassing anthropogenically modified environments (i.e., that have already been influenced by human beings) such as deforested areas. In this context, the Brazilian Amazon presents itself as the most important area for cultivating palm trees in Brazil, with the State of Pará having a privileged situation for good production results and for the wide availability of already deforested areas that would be suitable for palm tree cultivation.

Between 2004 and 2010, the area of Brazilian land allocated for palm tree cultivation doubled, considering only previously degraded land, indicating industry expansion and substantial future growth potential. (Biodieselbr, 2018)

The palm chain involves several stages, often with more than one industry involved, according to the simplified process below.



4.2. Commitments by GPA

GPA strives to serve as a transformative force within society, adopting best business practices. Since 2018 we have been periodically carrying out studies on critical chains that aim to identify a social and environmental risk matrix of our value chain, listing raw materials and priority risks. To achieve this result, an analysis performed on internal and external data (public sources and documents) of the primary chains that allowed crossing the levels of social and environmental risks with relevance of these products/categories in relation to the volume and origin of purchases of products associated with these chains, rating them as low, medium, and high.

We have determined that the degradation of native ecosystems, including deforestation, soil erosion and degradation, damage to estuaries and mangroves, and river and lake siltation, constitutes a high-priority risk within the palm oil supply chain. As a result, thereof, policies and procedures were established, such as this Social and Environmental Palm Oil Products Purchasing Policy.

In line with its purpose of making supply chains more responsible, in 2016 GPA started efforts to engage its suppliers of Private Labels and, since then, it has been monitoring the presence of palm oil and derivatives in products. GPA's Social and Environmental Palm Oil Products Purchasing Policy is hereby established and applies to all suppliers of Private Label and Exclusive Brand products.

Considering the Brazilian and global scenarios about palm oil and its close connection with risks in the social and environmental spheres, GPA is strategically positioned about this topic.

In line with the purpose of making its supply chains more responsible and sustainable, we collaborate to mitigate social and environmental risks and build a relationship of trust with our customers and stakeholders. GPA establishes this Policy for the purchase of products with palm oil and derivatives for all its suppliers of Private Label and Exclusive Brand products, aiming at the implementation of the following commitments:

1. Ensuring the transparency of the palm oil supply chain used for Private Label and Exclusive Brand products from the refinery (and whenever possible from the plantation itself);
2. Assisting in the training and development of suppliers of Private Label and Exclusive Brand products by providing them with training and engagement and contextualization workshops for them to comply with the Policy;
3. Monitoring the performance of suppliers of Private Label and Exclusive Brand products regarding compliance with this Policy, through the development of performance indicators on the presence of palm oil in products and the compliance with GPA's Policy;

4. Require our suppliers to purchase palm oil and derivatives whose production is free of deforestation and/or conversion of native vegetation, and that respect local communities and workers' rights, as explained in section 5.4;
5. Encouraging socially and environmentally responsible production practices with Brazilian palm producers, together with GPA suppliers;
6. Providing transparency on the implementation and progress of this Policy to stakeholders, through performance indicators that state the amount of palm oil contained in products and their corresponding information, such as the amount of oil used, disclosed origin, and CSPO certification;
7. Strengthen multisector alignment in relevant forums for the chain in order to foster the adoption of collaborative and synergistic practices to eliminate deforestation.

4.2.1. Types of RSPO certification:

- *Book & Claim* (Tracked CSPO certificates): when buyers can purchase certificates for a certain amount of palm oil that is produced sustainably to offset the use of conventional palm oil. This certification type is not subject to monitoring; therefore, auditing of plants for SCC is unnecessary.
- *Mass Balance*: when there is blended oil from both certified and non-certified plantations. The amount shown on the certificate is only that of oil from the certified crop. This type of certification has administrative monitoring.
- *Segregated*: when the oil comes from a number of 100% certified suppliers, but information on plantations is not clarified. This type of certification is physically monitored.
- *Identity Preserved*: when the oil originates from a single supplier that is 100% certified, with complete traceability from crop origin and from all players in the supply chain duly informed. This type of certification is physically monitored.

4.3. Governance

The highest governance and monitoring body for the Social and Environmental Palm Oil Product Purchasing Policy is the Management, People and Sustainability Committee, which advises GPA'S Board of Directors.

4.4 Monitoring and Controls of Supplier Adherence

The company monitors its suppliers to check whether they are adhering to the Policy through controls, data monitoring, and audits.

GPA maintains for each supplier updated documentation regarding adherence to the Policy, the business agreement that contains Ethics Charter for Suppliers, and pieces of evidence such as documents and purchase certificates of palm oil and derivatives.

GPA structures the suppliers' responsibilities into four principles as detailed in chapter 5. We have developed Key Performance Indicators (KPIs) for the periodic monitoring of compliance with the Policy and of the suppliers

themselves. This allows for performance comparison and subsequent valuation of top-performing suppliers, encompassing:

- **Number of suppliers complying with the Policy;**
- **Number of Private Labels and Exclusive Brand products containing palm oil and derivatives;**
- **Total volume of palm oil in products of Private Label and Exclusive Brands adhering to the Policy;**
- **% of the volume of palm oil with domestic and international origin;**
- **% of the volume of certified palm oil in Private Label and Private Label products.**

4.5. Disclosure of Results and Transparency

GPA understands the importance of sharing its progress, challenges, and achievements related to the implementation of the Social and Environmental Palm Oil Product Purchasing Policy and, therefore, it undertakes to publicly report the Policy, the implementation plans, and the progress reports related to it, including the publication of KPIs (audited by third parties).

GPA also undertakes to determine goals, deadlines, and results in its Annual and Sustainability Report, also through extraordinary reports whenever required, ensuring transparency with its stakeholders.

In parallel to this process, internal forums, encompassing all involved departments, monitor the progress indicators of each stage. From these results, we determine the continuous improvement action plans that involve working with suppliers.

GPA engages in continuous improvement by periodically revising its programs and controls.

4.6. Social investments for the preservation of forests

GPA aims at being a transformative force within society, with a positive impact on the entire supply chain. It understands the importance of small producers and family farming in the preservation and conservation of environmental resources such as Brazilian forests.

Accordingly, its brands, through the GPA Institute, develop projects that seek to value small producers and thus contribute to the long-term protection of native forests and vegetation.

Learn more about [GPA Institute](#)'s initiatives.

5. GUIDELINES FOR SUPPLIERS

The commitment to responsible palm oil brings GPA closer to its suppliers. It is acknowledged that this is a continuous-learning process, which is why we seek to establish long-term, business-oriented, and value-sharing relationships.

To secure this level of commitment from Private Label and Exclusive Brand product suppliers, the Policy's implementation hinges on four key principles:

- 1. Adherence to this Policy;**
- 2. Transparency on the presence of palm oil;**
- 3. Traceability;**
- 4. Monitoring social and environmental criteria.**

5.1. Adherence to this Policy

All suppliers of Private Label and Exclusive Brand products must adhere to the Policy by signing the contract. In addition, all resale suppliers must comply with all current laws and regulations, know the values, and respect the ethical principles set forth in GPA's Ethics Charter for Suppliers and GPA's Human Rights Policy across the Value Chain.

According to the Ethics Charter for Suppliers, all GPA suppliers must follow the standards set forth therein, under all circumstances, within the Group's supply chain, its subsidiaries and subcontractors, in order to ensure respect, dignity, health and safety at work, in addition to comply with legislation and management standards on environmental issues, besides eliminating active or passive corruption by public agents, extortion or fraud, and ensuring the promotion of human rights of traditional/native communities and peoples, such as indigenous peoples and quilombolas.


To check the compliance with the social and labor principles of the Ethics Charter for Suppliers, each supplier of Private Label and Exclusive Brand products is required to carry out a social audit under the ICS (or equivalent) methodology.

GPA believes that achieving adaptation and transformation within any raw material's value chain necessitates the complete engagement of all participating entities. For this reason, GPA encourages suppliers to adopt internal policies regarding the social and environmental vulnerability chain in which palm oil is found.

5.2. Transparency on the presence of palm oil

The Transparency principle deals with the suppliers' level of knowledge about the presence of palm oil in Private Label and Exclusive Brand products.

When registering a new product, every supplier must provide specifications on the presence of palm oil and/or derivatives in the product, as well as the list of ingredients.



Every supplier must report when information on purchases of palm oil and/or derivatives used in Private Label and Exclusive Brand products is required, such as information on the plant(s), purchase volume, origin, and palm oil certifications.

Every supplier must pay attention to the diversity of ingredients derived from palm, and always keep GPA updated on any changes made to product ingredients.

5.3. Tracking and traceability

The Traceability principle deals with the supplier's knowledge of the origin of palm oil used in recipes of Private Label and Exclusive Brand products. The origin is a determining point of GPA's Policy, because, depending on the origin, the palm oil certification will be required as explained in principle 5.4.

Every supplier must have information on the origin of palm oil and/or derivatives and inform GPA if it is of domestic or foreign origin. In the case of an imported palm oil, it is mandatory to trace it to the importer and identify the country or countries of origin. If the product is of domestic origin, its source refinery or refineries should be identified. Tracking to the plantation is considered a good practice.

Every supplier must ensure that the production process allows full traceability between the raw materials and the Private Label and Exclusive Brand products manufactured, keeping records that enable the monitoring of the quantities of palm oil used and related information. Every supplier is recommended to seek RSPO sustainable chain of custody (SCC) certification, with "mass balance" being the minimum level, with the aim of ensuring the integrity of the certified palm oil supply chain.

5.4. Monitoring social and environmental criteria

The Monitoring principle addresses the social and environmental criteria bound to the production of palm oil used in Private Label and Exclusive Brand products. Considering the context of palm oil production as explained in section 4.1, the pillar unfolds in two possibilities depending on the palm oil origin:

A. Every supplier is recommended to buy, whenever possible, palm oil or derivatives of domestic origin in view of the geographical proximity and the lower social and environmental risk associated with the purchase of domestic palm oil compared to the risks involved in foreign products. The use of CSPO certified palm oil of domestic origin is advised to guarantee responsible practices from the outset of cultivation;

B. If purchasing palm oil of foreign origin, the supplier of Private Label and Exclusive Brand products must ensure that the entire volume of palm oil used is RSPO-certified with the Mass Balance, Segregated, or Preserved Identity level. This criterion aims to guarantee responsible practices since cultivation.

5.5. Audits/ Due diligence procedures

GPA reserves the right to perform audits within its suppliers' supply chains to guarantee complete transparency and traceability for the entire chain. This is mandatory for all suppliers of Private Label and Exclusive Brand products that use palm oil and/or derivatives, and is a condition precedent for providing goods to GPA and maintaining long-term relationships with the Group's business units.

If a supplier is not complying with the Policy, a corrective action plan will be presented. If it does not comply with said corrective action plan, GPA may terminate the business relationship with such supplier.

6. PENALTIES

GPA makes the Whistleblowing Channel available to all its employees, suppliers, service providers, customers, social organizations, partners, and defenders of the environment and human rights, as well as the wider community.

It is the official tool for receiving and handling complaints, expressions of dissatisfaction, and violation reports regarding non-compliance with the Social and Environmental Policy for Purchasing Products with Palm Oil.

Any violations of this Policy, the Company's Code of Ethics, or any provision in the Ethics Charter for Suppliers must be reported (with anonymity being an option).

Whistleblowing office

Monday to Saturday, from 8 am to 8 pm: 08000 55 57 11

ouvidoria@gpabr.com

<https://www.gpabr.com/en/ouvidoria>

7. REFERENCES

This Policy is in line with the United Nations (UN) Principles and the 17 Sustainable Development Goals (SDGs), contributing directly to the SDGs:

- Goal 12 - Responsible consumption and production: ensure sustainable production and consumption standards.
- Goal 13 - Take urgent measures to tackle climate change and its impacts.
- Goal 15 - Protect, restore, and promote the sustainable use of land ecosystems; manage forests sustainably; eliminate desertification; prevent and recover land degradation, and halt biodiversity loss.

It is also based on some guiding and normative documents of the partner associations or of which we are signatories:

- Federal Pact for the Eradication of Slave Labor in Brazil;
- UN Declaration on the Rights of Indigenous Peoples;

- UN Guiding Principles on Business and Human Rights;
- The fundamental human rights described in the UN International Human Rights Charter (which consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights);
- Eight fundamental Conventions of the International Labor Organization (ILO);
- Declaration of Fundamental Principles and Rights at Work by the International Labor Organization (ILO);
- Registration Tool for Employers that have kept workers under conditions similar to slavery - “Dirty List” (Interministerial Ordinance MTE/SDH number 2/2011).

Internal references:

- GPA's Code of Ethics
- Diversity, Inclusion, and Human Rights Policy
- Environmental Management Policy
- Ethics Charter for Suppliers
- Human Rights Across the Value Chain Policy

8. POLICY UPDATE AND VALIDATION

GPA acknowledges that full compliance with the goals of this Policy is a continuous improvement process. The first version of it was published in 2023, with an update and validation by Executive Directors in 2025.

The company seeks to meet the most demanding standards regarding the establishment of purchasing policies (such as the Accountability Framework Initiative).