

INTRODUCTION

Forests are a critical part of the natural ecosystem and an important global carbon sink due to their ability to absorb and store greenhouse gases from the atmosphere. Protecting forests helps mitigate climate risks, improve climate change resiliency, safeguards biodiversity and can provide livelihoods and economic opportunities for forest-based communities and Indigenous Peoples. However, deforestation and ecosystem conversion continue to be major global challenges with broad and far-reaching implications for generations to come.

Deforestation, ecosystem conversion and encroachment into protected areas is a manifestation of a complex set of root causes that vary from location to location. For example, in some palm growing communities, poverty, the absence of land titles, a lack of clarity on land and tree tenure arrangements, limited knowledge of sustainable farming practices and poor law enforcement can place pressure on local forest systems. Furthermore, smallholder farmers, forest communities and Indigenous Peoples who may rely on forests for their livelihoods, can be more at risk of shocks from climate change and extreme weather events. Given that these impacts are often felt by the world's most vulnerable first, these important environmental issues can lead to human rights issues as well. Kapachim's products rely on a global supply chain and agricultural ingredients. We have a role to play in combatting deforestation and its associated impacts on commodity-producing landscapes and the communities where we live, work and source our ingredients. We are declaring our ambition and taking a comprehensive approach to ensure the long-term sustainability of our business and to do the right thing for our shared planet.

Experts around the world now consider deforestation and climate change to be a major strategic threat, one which could affect each of us and how we live day-to-day. As a socially responsible company, KAPACHIM SA is committed to addressing deforestation. This deforestation policy, based on our core values, is an integral part of the Company's strategy to combat climate change and biodiversity loss.

Our Commitment

This commitment applies to our major forest commodity: palm oil and derivatives. KAPACHIM SA aspires to build a transparent and responsible supply chain, and contribute to industry level transformation. We commit to eliminating exploitation and deforestation or conversion of native vegetation from our supply chain, and promote the protection of areas of significant environmental and social value.

Our overall commitment includes:

- No deforestation and no conversion of native vegetation
- No exploitation of people or local communities
- Legal Compliance
- Reduction of Greenhouse Gas Emissions
- Adoption of good agricultural practices

No deforestation and no conversion of native vegetation

We commit to eliminating conversion of native vegetation with significant environmental or social value from our supply chain. Conversion is the removal of natural forest by human activity, without subsequent regeneration. Conversion may occur due to changing land use (e.g. agriculture, urban development, etc.) or where forest has been cleared by forest management practices and not regenerated. This commitment prohibits both deforestation of forested biomes, and conversion of native vegetation in grassland or savannah biomes. Wherever possible, production should occur on already converted or degraded land. Sustainably managed selective logging of natural forests does not constitute conversion. Our no deforestation and no conversion commitment includes the following areas:

- **Protection of High Carbon Stock Forests**
 - High Carbon Stock (HCS) forests encompass primary forests as well as High, Medium, Low Density and Regenerating forests. Young Scrub, Cleared/Open Land areas, existing plantations or other land already in agricultural production may be developed. We recognize and support the HCS Approach developed by the HCS Steering Group.
- **Protection of High Conservation Value Areas**
 - High Conservation Value (HCV) areas are lands that have particularly high environmental and social significance, with attributes such as significant concentration of biodiversity, rare, threatened or endangered ecosystems and areas critical to the cultural identity and needs of a local community. These areas should not be cleared nor, for forest-based products, should they be harvested in a manner that threatens the HCVs.
 - We will use HCV concepts to guide implementation of this commitment. We expect suppliers to identify and protect areas with attributes aligned with the six HCV values, including significant concentrations of biodiversity; landscape level ecosystems; rare, threatened or endangered ecosystems; areas providing important ecosystem services; and areas critical to the cultural identity and needs of local communities. Kapachim encourages landscape approaches and multi-stakeholder land use planning to identify areas of significant social and environmental value.

No Use of Fire for Land Clearance

We will only source from suppliers who prohibit the use of fire as part of land preparation, replanting or other developments.

No New Development on Peatlands, Regardless of Depth

We will not accept new development of any peatland, regardless of its depth. In instances of existing plantations on peat, best management practices should be followed and, where possible, peat restoration should be attempted.

Respect Land Rights

Kapachim will respect indigenous peoples' and local communities' formal and customary rights to lands, territories and resources where proven in the context of our operational activities. This includes where the rights to own, occupy, use and administer these lands, territories and resources are proven. This is done in cognizance of the national obligations, constitutions, national and local laws and regulations of the country in which we are operating.

Respect the Rights of Indigenous and Local Communities to Give or Withhold their Free, Prior and Informed Consent (FPIC) to Operations on Lands to Which They Hold Proven Legal, Communal or Customary Rights

Kapachim pledges to respect and recognise the long-term formal and customary rights and individual rights of indigenous and local communities in accordance with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the HCSA Social Requirements. Kapachim commits to ensuring legal compliance as well as international best practices in FPIC are implemented, in accordance with the full scope of this policy, prior to commencing any new operations or activities. Kapachim will engage with local and international stakeholder communities to ensure FPIC processes are correctly implemented and continuously improved.

No Exploitation of People or Local Communities

Kapachim commits to a supply chain that respects and upholds the rights of workers, indigenous peoples and communities.

Respect for Human and Labor Rights

Guided by the UN Declaration on Human Rights and the UN Guiding Principles on Business and Human Rights, under a policy of no exploitation, Kapachim requires its suppliers at all tiers and across all global operations at a corporate group level to commit to: no child or forced/bonded labor; no unethical recruitment practices; and no discrimination or harassment in its supply chain. Suppliers must be compliant with all relevant laws and regulations and additionally commit to working conditions, health and safety, hours and wages that are in accordance with International Labour Organization standards.

Kapachim supports protection for environmental and human rights defenders and prohibits threats, harassment, intimidation, the use of violence, or retaliation against anyone who raises a concern, lodges a complaint or participates in an investigation or whistleblowing. Finally, Kapachim maintains a clear and strong commitment to non-violence and will do whatever possible, in all contexts, to prevent the use of force or the threat or real application of violence.

Conflict Resolution:

- KAPACHIM SA suppliers will resolve complaints and conflicts through a mutually agreed upon and transparently documented system that is implemented and accepted by all relevant parties.
- Violence or retaliation by suppliers or upstream producers against human rights defenders or local communities will not be tolerated.

Legal Compliance

KAPACHIM commits to compliance with all applicable laws and regulations at the national and international levels. Suppliers must demonstrate compliance with legal requirements.

Reduction of Greenhouse Gases

Suppliers are expected to work continuously to reduce greenhouse gas emissions and pollutant emissions from existing mills and agricultural activities.

In addition to the above commitments and expectation; additional commodity specific requirements and commitments may apply and can be found in our individual commodity policy sections. Our suppliers will be expected to apply this policy at the corporate group level across all operations including landholdings, joint ventures and third-party suppliers. Furthermore, it is expected that all suppliers of forest risk commodities, including palm oil; implement a NDPE policy aligned with this policy, our individual commodity policies and broader industry norms such as the Roundtable on Sustainable Palm Oil (RSPO) principles and criteria for palm oil.

KAPACHIM will work closely with employees, customers, suppliers, NGOs and other key stakeholders to increase awareness and commitment to our no deforestation policy and to build our capability to achieve compliance with this policy. The policy expectations will be included in the KAPACHIM supplier selection process. Annual progress against our goals and commitments will be updated in our commodity policies and implementation plans and through our annual Sustainability Report.

DIMITRIS KAVADAS

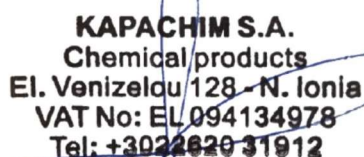
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