



Sustainability Action Plan 2017-2018

III Progress Report

March – June 2018

REPSA (Reforestadora de Palmas de El Petén, S.A.) presents the **III Progress Report** of its **Sustainability Action Plan 2017-2018** with the objective of communicating in a transparently on the implementation of the activities and tasks carried out during the period March – June 2018.

The Sustainability Plan contains 21 activities, subdivided in 97 tasks, which are being implemented to achieve the following results (components):

- 1) The company is transparent with workers and stakeholders about its institutional policies, corporate values, plans, operations, and nonconformities.**
- 2) Human Rights are respected and promoted.**
- 3) The natural resources for the production of palm oil are responsibly managed by the company, based on best practices for the reduction/mitigation of possible impacts to the natural environment (water, soil, and air).**
- 4) The company contributes to the generation of local development.**

*This report only covers the activities programmed and executed during the months of March, April, May and June 2018.

EXPECTED OUTCOME	ACTIVITY	TASK
<u>1. TRANSPARENCY AND STAKEHOLDER ENGAGEMENT</u> <i>The company is transparent with workers and stakeholders about its institutional policies, corporate values, plans, operations and grievances.</i>	1.1 Standardize internal and external socialization processes of institutional policies and corporate values.	1.1.1 Structure an Internal Training Unit within the Human Resources Department responsible for the communication with and training of workers.
		1.1.2 Design a training methodology appropriate for the target audience.
		1.1.3 Generate training material on key policy and corporate values, according to the methodology designed.
	1.2 Make the Sustainability Action Plan accountability processes and their execution transparent.	1.2.1 Submit the draft of the new Sustainability Action Plan and invite stakeholders to provide comments and contributions.
		1.2.2 Submit the draft of the new Sustainability Action Plan and invite NGOs to provide comments and contributions.
		1.2.3 Analyze and incorporate stakeholders' input to the new Sustainability Action Plan.
		1.2.4 Publish final version of Sustainability Action Plan in the website.
		1.2.5 Publish periodic reports on Action Plan progress: quarterly progress reports
		1.2.6 Publish final report on Plan of Action implementation.
		1.2.7 Socialize new policies generated by the company and updates/modifications to existing policies with local stakeholders.
		1.2.8 Publish report on implementation of responsible production of palm oil policy (share with clients, stakeholders and enable them in REPSA website).
	1.3 Systematize the complaints mechanism to improve attention and resolution of complaints and questions.	1.3.1 Evaluate the effectiveness of the complaints mechanism to identify opportunities for improvement.
		1.3.2 Re-design the grievance mechanism procedure for attending labor, community and public complaints.
		1.3.3 Socialize the new grievance mechanism procedure with stakeholders and invite them to give their contributions and suggestions.

		1.3.4 Create an implementation plan to implement the new grievance mechanism procedure.
		1.3.5 Implement new procedure of grievance mechanism.
		1.3.6 Create an integrated sustainability section (dashboard) on the company's website.
		On a regular basis, feed the sustainability section to strengthen it with information interesting to stakeholders.
		1.3.8 Publish a report on claims/complaints of public interest, directly addressing the statements of the Open Letter to NGOs of April 17, 2017.
		1.3.9 Periodically update the claims dashboard according to the status of each case.
		1.3.10 Re-structure the strategy to address not-yet-resolved past claims.
		1.3.11 Implement plan of attention to past claims.
	1.4 Strengthen strategic engagement and communication with stakeholders.	1.4.1 Review and update stakeholders mapping.
		1.4.2 Analyze the current situation of company's relationship system with stakeholders.
		1.4.3 Create and engagement strategy implementation plan with stakeholders.
		1.4.4 Identify opportunities for establishing a dialogue to promote stakeholder participation in a multisectorial process focused on tackling development issues (based on the recommendations of the CBI and TFT study).
		1.4.5 In consultation with local and national stakeholders, develop a roadmap for generating a multisectorial dialogue.
		1.4.6 Re-design 2016 social impact studies.
		1.4.7 Conducting social impact studies based on a new methodology design.
		1.4.8 Re-define social investment based on the results of the new Social Impact studies.

	1.5 Execute commitments acquired through cooperation agreements and strategic alliances.	1.5.1 Comply with the execution of the actions set forth in the Governance Pact of Sayaxché, the cooperation agreements with the Municipality of Sayaxché, the Association of Friends of Development and Peace, and the Social Progress Institute.
	1.6 Implement a compliance system.	1.6.1 Perform gap diagnosis and identification.
		1.6.2 Design Gap Closing Plan (based on the diagnosis).
		1.6.3 Gap Closing Plan implementation.
<u>2. HUMAN RIGHTS AND WORKING CONDITIONS</u> <i>Human rights are respected and promoted.</i>	2.1 Create and implement a Human Rights Policy, with a Security chapter aligned with the Voluntary Principles of Security and Human Rights (VPSHR).	2.1.1 Prepare a draft of the Policy via external consultancy (ABHR).
		2.1.2 Internally and externally socialize the policy draft to receive input and validation.
		2.1.3 Monitor the implementation of the Human Rights Policy.
	2.2 Within the framework of human rights, develop security standards and procedures aligned with internationally accepted standards and principles.	2.1.2 Develop a training workshop to strengthen management and heads skills and protocols on risk evaluation processes.
		2.2.2 Develop a training workshop to review and validate the matrix of risks identified in the previous workshop (2.1.1), and tackle the expectations listed in the VPSHR with managers and heads.
		2.2.3 Develop a Security Management Plan based on the risks identified and aligned to the VPSHR.
		2.2.4 Based on the Security Management Plan and the Human Rights Policy, review and adapt the contents and methodology of the security guards training.
		2.2.5 Implement training for guards based on the Security Management Plan readjusted contents and methodology and the Human Rights Policy.
		2.2.6 Share with Public Security the relevant expectations of the VPSHR and the Human Rights Policy (Security Chapter).
	2.3 Verify progress on respect and protection of human rights through regular monitoring.	2.3.1 Perform an external assessment to identify gaps on respect and protection of human rights, and risks and impacts of the company's approach to human rights.

		2.3.2 Socialize the results and recommendations of the human rights external assessment with managers and area heads of REPSA.
		2.3.3 Carry out capacity building workshops on HR issues for managers and area heads, based on the recommendations of the external assessment.
		2.3.4 Validate the Non Violence and Intimidation Policy with an entity expert in the field of human rights
		2.3.5 Review the methodology and materials designed by the consultant for the training workshop for the staff in charge of implementing the policy.
		2.3.6 Carry out training workshops (3 days) to strengthen the capabilities of the staff in charge of implementing the policy (with special emphasis on the promotion of tolerance towards local organizations and people who criticize the company.).
		2.3.7 Define the training contents and methodology to train workers on their fundamental human rights.
		2.3.8 Train workers on their fundamental rights, based on the content and methodology designed.
	2.4 Promote dignified and respectful conditions for workers to ensure access to safe and hygienic facilities in accordance with best industry practices.	2.4.1 Complete the renovation of all workers' dormitories to standardize living space in all bedrooms (3.8 meters per worker).
		2.4.2 Refurbish damaged infrastructure in housing complexes.
		2.4.3 Implement evaluation program for the maintenance of hygienic conditions in housing complexes.
		2.4.4 Evaluate vital spaces on a regular basis to ensure 3.8 meters per worker.
		2.4.5 Supervise the water purification system operation to guarantee access and supply of drinking water for all workers in the workplace.
		2.4.6 Periodically monitor the quality of water for human consumption.

<u>3. ENVIRONMENTAL MANAGEMENT</u> <i>The natural resources for the production of palm oil are managed responsibly by the company, based on best practices for the reduction/mitigation of possible impacts to the natural environment (water, soil and air).</i>		2.4.7 Finalize biometric systems installation for recording work entry time of company's operational level workers.
		2.4.8 Periodically Evaluate the internal and external transport of personnel service to verify coverage and quality.
	3.1 Protect and restore key conservation values to recover biological diversity.	3.1.1 Register the Tamarindo conservation area within the system of private natural reserves.
		3.1.2 Establish a biological diversity monitoring mechanism in REPSA's conservation areas.
		3.1.3 Implement forest management plan of riparian zones according to best practices and legal requirements.
	3.2 Responsible management of water resource.	3.2.1 Execute the plans contained in the Wastewater Technical Studies for residential Wastewater Treatment Plants (WWTP).
		3.2.2 Conduct four efficiency monitoring of PTARs exercises, two internal and two external.
		3.2.3 Implement a wastewater management program for the oil extraction process in the Wastewater Treatment Systems (STAR) and reuse of the treated water in the palm plantations.
		3.2.4 Record, monitor and conduct efficiency and quality analysis of water treated in STAR.
		3.2.5 Check the efficiency of the wastewater treatment systems (STAR AND WWTP).
		3.2.6 Develop a participatory program with local communities and other stakeholders for monitoring water quality of surface water bodies adjacent to REPSA's operation.
		3.2.7 Execute the water quality participatory monitoring program. (1 in the last two-month period)
		3.2.8 Communicate the periodic results of STARs operational efficiency to stakeholders, including designs, studies and corresponding permits.
	3.3 Establish the strategy to communicate to government institutions and stakeholders about the implementation of	3.3.1 Comply with the administrative requirements of the 8 environmental instruments of the company (6 agricultural and 2 industrial) before MARN and CONAP.

	environmental management plans contained in the environmental instruments.	3.3.2 Implement environmental management plans in accordance with the environmental resolutions of the approval.
		3.3.3 Structure the Visits Scheme for presenting to communities and other stakeholders the Good Environmental Practices in agricultural areas and mills.
		3.3.4 Implement the schedule of visits to communities and other stakeholders.
	3.4 Responsible handling of waste and solid waste and agrochemicals use.	3.4.1 Implement the Waste and Solid Waste Comprehensive Management Plan in each area of the operation.
		3.4.2 Twice a year evaluate the operational efficiency of the plan, focused on Reduction, Reuse and Recycling criteria.
		3.4.3 Perform review of use of chemicals in the agricultural production operation by defining the points of efficiency for reducing synthetic products use.
		3.4.4 Every six months, update the list of chemicals allowed in the palm farming operation.
		3.4.5 Carry out a training and awareness program for responsible use of chemicals with company's application teams.
		3.4.6 Carry out a training and awareness program for responsible use of chemicals with company's external fruit providers.
		3.4.7 Communicate the list of products allowed in the palm plantations (internal and with external fruit suppliers) to ensure third-party plantations do not use prohibited products.
		3.4.8 Perform quarterly inspections in internal warehouses and those of external suppliers of fruit to check the chemicals stocks and the records of use and application of chemicals controls.
	3.5 Reduce greenhouse gases, odors and particulate materials emissions in the palm oil operation.	3.5.1 Prepare the Carbon Footprint for the quantification of Greenhouse Gas emissions and update the emissions reduction plan.
		3.5.2 Perform at least two annual air quality monitorings in the mills and the communities of El Pato and La Torre.

	3.6 Promote good agricultural, environmental and social practices in third parties' plantations.	3.6.1 Integrate the communication and advisory implementation team to third parties on topics of good Agricultural and Socio-Environmental practices.
		3.6.2 To structure the work plan for training third-party producers on RFF sustainable production practices.
4. CONTRIBUTION TO LOCAL DEVELOPMENT <i>The company contributes to the generation of local development.</i>	4.1 Strengthen community leaders' capacities in the area of influence.	4.1.1 Implement a leadership course for COCODES, young people, agricultural promoters and health facilitators.
	4.2 Implement comprehensive and inclusive human development training programs.	4.2.1 Train health promoters on the rational use and disinfection methods of water for consumption.
		4.2.2 Implement plans for lot and Housing Management.
	4.3 Support the Ministry of Education in the implementation of Comprehensive Schools.	4.3.1 Donate food to schools to support nutritional project (450 students benefitted).
	4.4 Continue investing in education, water, and sanitation infrastructure projects.	4.4.1 Carry out water and sanitation projects in neighboring communities.
		4.4.2 Carry out health infrastructure projects with neighboring communities.
		4.4.3 Carry out schools circulation projects to contribute to the safety of students in neighboring communities schools.
		4.4.4 Carry out classroom construction projects to provide dignified facilities for the teaching-learning process in neighboring communities.
	4.5 Increase the number of permanent jobs to contribute to generate employment among the Sayaxché local population.	4.5.1 Design the methodology for working-age population census in the communities defined as within the scope of the census.
		4.5.2 Carry out a census to define labor supply within identified the area of influence.
		4.5.3 Implement the conclusions of the census, communicate to those involved and carry out the technical recommendations.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>		
ACTIVITY 1.1 Socialization of Policies and Values	ACTIVITY 1.2	ACTIVITY 1.3	ACTIVITY 1.4	ACTIVITY 1.5	ACTIVITY 1.6

During this period REPSA restructured its **Training Unit**, which was strengthened by hiring additional personnel that speaks Q’eqchi’, to spread corporate policies and values (among them the *Policy to Prevent Violence and Intimidation*), as well as the grievance mechanism and information on working conditions and rights, with employees and communities.

The members of the Unit received training to reinforce their abilities to design appropriate methodology and supporting materials, as well as to improve their skills to communicate messages efficiently. The training was accompanied by personnel from the Ombudsman’s Office (PDH in Spanish), who conducted a workshop about successful experiences of Human Rights training to people with low educational attainment.

The Training Unit will start to implement its communication plan with employees in July.

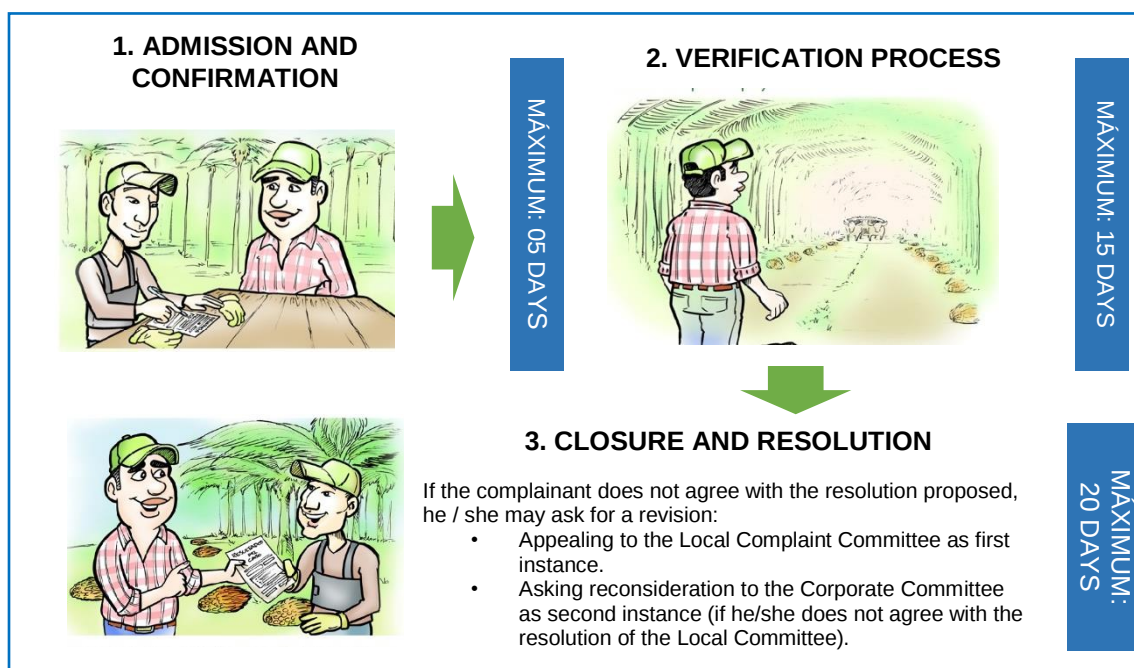


Workshops for members of the Training Unit, June 2018.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 1.1	ACTIVITY 1.2	ACTIVITY 1.3 Grievance Mechanism	ACTIVITY 1.4	ACTIVITY 1.5	ACTIVITY 1.6

In order to adopt a **transparent approach to answer questions and manage complaints** from employees, communities and stakeholders, in a fair and timely manner, the **new Grievance Mechanism** was released on April and started operating in May 2018.

The mechanism is open to all individuals and / or groups who have been affected by the company's operations or by members of its supply chain. To be able to handle each case adequately, the company designed a procedure that entails different phases with specific times to address grievances and queries, as well as the use of registration forms to document the process and the insurance of providing constant feedback to the complainant. Additionally, REPSA created a new position, the "Administrator of Grievances and Queries", who is in charge in charge of building trust in the procedure by guaranteeing each case (query and/or complaint) is managed according to the mechanism.



Read more at: <http://repsa.com.gt/descripcion-general/>

In April 2018, REPSA published its **Grievance Log**, with a description of each accusation and the actions taken to address them. You can read more at <http://repsa.com.gt/listado-de-reclamos/>.

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ACTIVITY 1.1	ACTIVITY 1.2	ACTIVITY 1.3 Grievance Mechanism	ACTIVITY 1.4	ACTIVITY 1.5	ACTIVITY 1.6

In March, REPSA conducted **workshops for groups of employees** of all areas to socialize the mechanism procedure –channels, process, timing-, and get their perception through a survey – in Spanish and in Q’eqchi’-. More than 90% of the 240 employees that participated in the workshops showed a positive opinion about the mechanism as a platform that could help improve the way the company interacts with employees and communities in its area of influence.

In April and May, REPSA hosted 37 **participative workshops in 29 communities** of its area of influence to share the mechanism with 776 community leaders and obtain their comments, questions and observations. According to what leaders stated, the mechanism is now easy to use, mainly because it was translated to Q’eqchi’ and the Administrator of Grievances and Queries is bilingual, which will allow complainants to submit grievances and/or queries in their own language. In addition, according to the participants confidentiality in the way information is managed adds value to the mechanism.



Socialization of the Mechanism with Community Leaders at *Escuela de Campo Agroambiental (ECA)*.

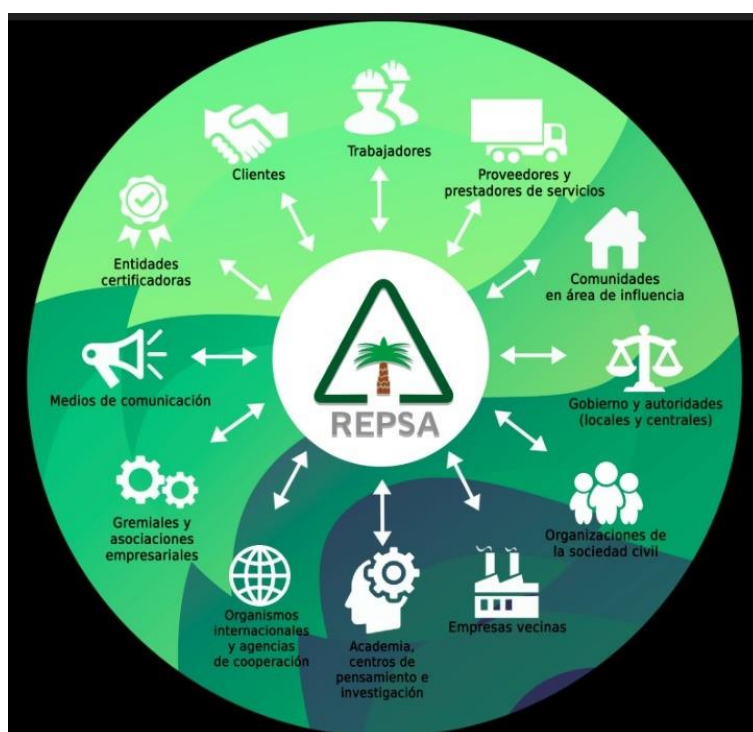
The new mechanism was also shared with other **stakeholders**, including the Ombudsman’s Office, *Asociación de Amigos para el Desarrollo y la Paz -ADP-* (Association of Friends for Development and Peace, local NGO), *Acción Ciudadana* (Guatemalan Chapter of Transparency International) and other NGOs (one local and one international). Their questions, observations and suggestions were registered and taken into consideration to enrich the procedure.

**For confidentiality reasons and to respect the privacy requirement of these organizations, we have omitted their names in this report.*

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>		COMPONENT 3 <i>Environmental Management</i>		COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 1.1	ACTIVITY 1.2	ACTIVITY 1.3	ACTIVITY 1.4 Stakeholder engagement	ACTIVITY 1.5	ACTIVITY 1.6		

In May 2018, REPSA started the second phase of the consultancy to **strengthen its social management system**, in which the company has been working since 2017 through a collaboration agreement with an international NGO.

Stakeholder engagement is a key element of this consultancy, therefore, with the consultant's advice; the company continues working to reinforce its relations with different entities with a transparent and open approach aiming to build trust. Although REPSA started to interact with stakeholders some years ago, this consultancy has allowed the company to formalize / systematize and broaden the scope of this process.



During the past months, REPSA worked on its **Roadmap for Stakeholder Engagement**, which intends to guide the company's actions, identifying challenges and opportunities to approach different entities in order to start a dialogue. Taking into account the results of the Social Scoping Report done by the Consensus Building Institute (CBI) and The Forest Trust (TFT) in 2016-2017¹, describing the conditions identified as necessary to engage in a multi-stakeholders dialogue and promote a collective approach to common concerns in the region.

¹ See study: <http://www.tft-earth.org/resources/addressing-social-environmental-conflict-sayaxche-guatemala/>

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>		COMPONENT 3 <i>Environmental Management</i>		COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 1.1	ACTIVITY 1.2	ACTIVITY 1.3	ACTIVITY 1.4 Stakeholder engagement	ACTIVITY 1.5	ACTIVITY 1.6 Compliance System		

In this Roadmap, the company identifies key milestones it needs to achieve in order to strengthen engagement and dialogue with stakeholders, among them the resolution of previous complaints and the update of its social impact studies. Although, the company defined these milestones individually, REPSA expects that approaching stakeholders will contribute to promote mutually agreed upon milestones towards a shared vision of development.

In May-June 2018, REPSA started to work with the social management system consultant on the update of its **social impact studies**. The purpose is to identify the impact caused by the company's operation on its area of influence and define mitigation actions, as well as a monitoring mechanism; all through a participative approach involving local stakeholders.

With the consultant support, during the last months, the company designed the draft of the terms of reference (TOR) for this project and started interviewing organizations that are interested in conducting the studies. The draft of the TOR will be shared with stakeholders to know their perspectives. The studies are expected to initiate on August-September 2018.

With the purpose of creating a *Compliance System*, the company hired the international firm *Benites, Vargas y Ugaz* to **assess its administrative and financial procedures**. The first visit to Guatemala was on March 2018 and the results of the evaluation were received on May-June 2018.

The next step is to develop an **action plan** in order to close the gaps identified on the assessment and design the Compliance System.

In addition, REPSA signed a **Cooperation Agreement with *Acción Ciudadana* (Guatemalan Chapter of Transparency International)** that includes training for administrative staff, as well as accompaniment on the implementation of the action plan to create the Compliance System.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>
ACTIVITY 2.1 Human Rights	ACTIVITY 2.2	ACTIVITY 2.3	ACTIVITY 2.4

REPSA is currently working on its **Human Rights Commitment**, which takes the *United Nations Guiding Principles on Business and Human Rights* as basis and has the purpose of reflecting the company's approach towards respect and promotion of HR, as well as to guide its actions on this matter.

This is part of the new *Policy on Responsible and Sustainable Palm Oil Production* that consolidates company's view on sustainability through specific chapters on environmental and labor management, prevention of violence and intimidation, and transparency. Currently, the company works on a **Private Security Commitment** (aligned with the Voluntary Principles of Security and Human Rights -PVSDH)-² and a **Commitment on Labor Matters**.

The policy will be socialized with stakeholders to know their perspectives and identify effective strategies to implement it. The Community Affairs Department of REPSA will spread the policy and its commitments to the neighbor communities and the **Training Unit** will train the employees on these, addressing issues such as respect for human rights, labor rights and working conditions.



² Voluntary Principles of Security and Human Rights
: http://voluntaryprinciples.org/files/principios_voluntarios_espanol.pdf

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>
ACTIVITY 2.1	ACTIVITY 2.2 Security Standards and Procedures	ACTIVITY 2.3	ACTIVITY 2.4

As part of the initiative to align the security procedures and risk management actions of the company to the Voluntary Principles of Security and Human Rights (PVSDH) and with the purpose of preventing incidents related to HR, in March 2018, REPSA received the final visit of the expert on this matter (McFetridge Consulting). During such visit, the consultant reviewed REPSA's risk assessment matrix and conducted a workshop on risk management to corporate staff. As a result, REPSA created its **Risk Mitigation Plan**, aligned to the promotion and respect of human rights.

In addition, as established in its communication plan, the Training Unit of REPSA will train security personnel on human rights and prevention of violence and intimidation.



Workshop on risk management to corporate staff, February-March 2018.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>
ACTIVITY 2.1	ACTIVITY 2.2	ACTIVITY 2.3 Prevention of Violence and Intimidation	ACTIVITY 2.4

In April 2018, REPSA had training workshops for the teams responsible of socializing the **Policy to Prevent Violence and Intimidation (PPVI)**. The workshops were conducted by the Consensus Building Institute (CBI), as part of an initiative to reinforce the content and implementation of such policy, supported by a client of the company.

The training was focused on providing participants with knowledge and abilities to design the policy implementation plan, with appropriate methodology and supporting materials. It was also oriented on how to give follow up using systematized tools to register the policy trainings and evaluate workers level of comprehension.

CBI worked with REPSA's Human Resources, Community Affairs and Security teams, and Corporate Staff (Human Resources, Community Affairs, Security, Communications and Sustainability).

As a result of these workshops, the content of the policy was modified to include staff's input and the messages identified as essential elements to be emphasized during workers' training – among them respect and tolerance to critical organizations / persons-.

This latest version of the policy was integrated as a commitment on REPSA's new *Policy on Responsible and Sustainable Palm Oil Production* (see Activity 2.1.)



Workshops for REPSA's Administrative, Human Resources and Community Affairs teams.

COMPONENT 1: <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>
ACTIVITY 2.1	ACTIVITY 2.2	ACTIVITY 2.3	ACTIVITY 2.4 Working Conditions

With the purpose of guaranteeing decent working conditions, REPSA adopted the commitment of **assuring a minimum space per person of 3.8m²** to the agricultural workers accommodated in the company's camps. This exceeds the standard of the International Labor Organization (ILO), which sets forth a minimum of 3.6m² per person³. The nine camps are audited on a quarterly basis to check the amount of people per camp. According to the Minimum Space Compliance Report, during the months of March, April, May and June 2018, 100% of the camps assured the minimum space of 3.8m² to each worker.

In order to improve camps and housing sites infrastructure, REPSA carries out periodic repairs based on the needs of each camp. In this period, six of the nine camps were repaired (doors, outlets, laundry sinks, showering water valves, etc.)

To guarantee **hygienic conditions at the camps**, cleaning is monitored through daily verification, weekly supervision and quarterly inspections made by the department of Health and Occupational Safety (SSO in Spanish).

The water purification system is also supervised at the nine camps and the two housing sites to assure access to drinking water to all employees. In April 2018, an independent laboratory (ECOQUIMSA) conducted a quarterly evaluation and results showed that 100% of the systems comply with the requirements established by the *Consejo Guatemalteco de Normas* –COGUANOR- (NTG29001).⁴

We continued monitoring transportation services, through weekly inspections by the Logistic Department to randomly chosen units in order to review coverage of the service and assure they meet conditions for **safe transportation of employees**. This also includes verifying that units comply with programmed trips and evaluating their conditions (checking lights, tires, seats, etc.). During this period, 100% of the units were evaluated and among the main findings were the lack of key elements such as tools, extinguisher, and spare tires. The supervisor is responsible of giving follow-up to assure corrective measures are adopted; otherwise, the unit receives a warning letter with a deadline, or else is dismissed as service supplier.

³ See standard ILO: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/--multi/documents/publication/wcms_116344.pdf

⁴ Specification manual for the surveillance and control of the water quality for human consumption. Health Department and Social Welfare (MSPAS in Spanish): <http://www.mspas.gob.gt/images/files/saludambiente/regulacionesvigentes/AquaConsumoHumano/ManualCalidadAC69B4-1.PDF>

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>		COMPONENT 3 <i>Environmental Management</i>		COMPONENT 4 <i>Contribution to Local Development</i>					
ACTIVITY 3.2 Biological Diversity		ACTIVITY 3.1		ACTIVITY 3.3		ACTIVITY 3.4		ACTIVITY 3.5		ACTIVITY 3.6	

As part of the actions for the **protection and reinstatement of key values of conservation to recover biological biodiversity**, REPSA has a forest management plan that standardizes management of all riparian areas -located within the perimeters of REPSA's farms- according to best practices and legal requirements. The plan comprises the identification of flora and fauna, the mapping and delimitation of **riparian areas** and the establishment of a forestry nursery for the production of native species for reforestation, among other actions.

During this period, 45 hectares were reforested on the banks of surface bodies of intermittent waters (winter streams) that flow within the areas administered by the company. This reforestation consisted in plantation of native species at 10 meters of these riverbanks. This measure to protect the banks of winter streams exceeds the law requirement described at Section II of the Health Law (Decree 90-97)⁵.

With this action, the company has now 213 hectares at the riverbanks that are under protection as **Riparian Forests**, according to REPSA's Forest Management Plan.



La Pasión River

⁵ Health Law, Decree no. 90-97 Guatemala: http://asisehace.gt/media/GT_Codigo_Salud_90_97.pdf

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ACTIVITY 3.1	ACTIVITY 3.2 Management of water resources	ACTIVITY 3.3	ACTIVITY 3.4	ACTIVITY 3.5	ACTIVITY 3.6		

REPSA continued implementing actions included in the **Sewage Technical Study** for the Wastewater Treatment Plants (PTAR in Spanish). In April 2018, the company carried out the biannual characterization of wastewater in all releases and mud in all treatment systems, modified special wastewater drainages, and improved chlorination systems at the ordinary water treatment plants.

In April, the **efficiency of the wastewater treatment plants** was analyzed by an independent laboratory, which evaluated 15 plants (83% of total) and issued an average result of efficiency of 88%, which is within the acceptable range of the physicochemical and microbiological parameters established by the Governmental Agreement 236-02006 of the Ministry of Environment and Natural Resources (MARN in Spanish).⁶

REPSA manages special wastewaters from the crude palm oil extraction process (**palm oil mill effluent –POME-**) through Wastewater Treatment Systems (STAR in Spanish), which consists of a biological treatment that decomposes organic matter through bacteria, to make **effluent suitable to be used as fertigation** at palm plantations. The system has three phases: combined lagoons (anaerobic), facultative lagoons and sedimentation facultative lagoons, and a storage or fertigation lagoon; with an average time of hydraulic retention of 49 days.

In April 2018, two independent laboratories (ECOQUIMSA and *Soluciones Analíticas*) analyzed samples taken in three different sites of each one of the two Wastewater Treatment Systems to **evaluate their efficiency**. According to the results, the average efficiency of both mills' systems is of 97%, exceeding the design parameter for organic load removal efficiency (75%), set by Governmental Agreement 236-2006 (Wastewater discharge and reuse, and mud disposition Regulation).

At the beginning of 2018, REPSA shared its **participatory water quality monitoring** with the Municipal Council for Development (COMUDE in Spanish) of Sayaxché –headed by the Mayor and integrated by local representatives of public institutions and members of the Community Councils for Development (COCODEs in Spanish)- and invited its members to join. The program's purpose is to promote transparency and stakeholders' participation in the company's environmental monitoring procedures, socializing with them how the wastewater treatment systems work and the process to analyze water quality.

⁶ On February 2018 an internal efficiency, monitoring was made for PTARs, this Action Plan comprises 4 monitoring: 2 internal and 2 externals.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>		COMPONENT 3 <i>Environmental Management</i>		COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 3.1	ACTIVITY 3.2 Management of water resources	ACTIVITY 3.3	ACTIVITY 3.4	ACTIVITY 3.5	ACTIVITY 3.6		

In April 2018, REPSA celebrated the first participatory monitoring of water quality in wastewater treatment systems and surface water bodies alongside the company. Members of COMUDE accompanied the sample taking (conducted by independent laboratory ECOQUIMSA) at Mill 2, Tamarindo River and Petexbatún Lagoon. In May 2018, the company socialized with the COMUDE the results from the laboratory. The samples' analysis showed that the wastewater treatment system at Mill 2 complies with the parameters established by the Governmental Agreement 236-2006 (Wastewater discharge and reuse, and mud disposition Regulation); and that in all the water samples from surface water bodies the dissolved oxygen, pH and temperature were also within the parameters established by the Agreement 236-20016.

The participants were willing to continue joining this initiative and expressed interest in including other sites in the next monitoring, which is programmed for October 20118. We expect this to contribute to build trust and promote the engagement of other local stakeholders in the REPSA's participatory program to monitor water quality alongside its operations.



Sample taking at Petexbatún Lagoon.



Sample taking at Tamarindito River.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Management</i>	COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 3.1	ACTIVITY 3.2	<u>ACTIVITY 3.3</u> Environmental Management Plans	ACTIVITY 3.4	ACTIVITY 3.5	ACTIVITY 3.6

In compliance with the **administrative requirements of the environmental instruments** of the company, the company has been giving follow up to the National Council of Protected Areas (CONAP in Spanish) regarding the status of the three pending instruments. After a visit on May 2018, CONAP requested more information about the operations and the mitigation and prevention measures implemented within the plantations. The information was delivered on June 2018 as agreed with the Evaluation Unit from CONAP. Currently, the company is still waiting for such institution to issue the technical report to the Ministry of Environment and Natural Resources (MARN in Spanish) to approve the update of these 3 instruments.⁷

REPSA formalized its program for **visits to plantations and mills**, which is part of its strategy to communicate about the implementation of environmental management plans set forth on the environmental instruments to governmental institutions, communities and groups of interest. Through the support of the Municipality's Environmental Commission, on April 2018, local representatives of public institutions –who are members of COMUDE- visited REPSA and discussed topics such as wastewater treatment (POME), soil conservation practices, integrated pest control and protocols for safety at work, among others.

The next visit is schedule for October. We expect to increase participation in these visits while we work on building trust and solid relations with the local stakeholders.



POME treatment lagoons, Mill 2, REPSA.

⁷ It shall be noted, that the law does not establishes a deadline for the issuance of these reports by CONAP nor for the issuance of resolutions by MARN.

COMPONENT 1 <i>Transparency and Engagement</i>		COMPONENT 2 <i>Human Rights and Labor Conditions</i>		COMPONENT 3 <i>Environmental Management</i>		COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 3.1	ACTIVITY 3.2	ACTIVITY 3.3	<u>ACTIVITY 3.4</u> Responsible management of waste	ACTIVITY 3.5	ACTIVITY 3.6		

REPSA implements a **Comprehensive Management Plan for Waste**, with which the waste is characterized, classified and managed. The system consists in eight recollection points distributed in two routes, where the solid waste is extracted twice per week. From March to June 2018, a total of 52,436.90 pounds of non-recyclable solid waste was extracted, which will be used for composting.

The efficiency of this plan's focus on **Reduction, Reuse and Recycle** is evaluated twice a year to determine the amount of waste for recycling, the amount of waste that was reused and levels of waste reduction. The report from January to June 2018 reflected a reduction of 45% on the use of non-recyclable materials; a 75% efficiency on the reuse of PET, tires and PVC; and 100% efficiency on recycling (PET, paper, carton, ferrous and not ferrous metals, etc.) through an external company that provides such services.

REPSA has a training program to create awareness on the **responsible use of chemical products**. In April and May 2018 more than 500 workers of the application teams received training on the correct use and maintenance of personal protection equipment (PPE), interpretation of products' labels, risks of incorrect manipulation of agrochemicals, calibration of application equipment, PH measuring and hardness in water.

To **reduce the use of synthetic phytosanitary products**, on June 2018 REPSA monitored chemical products at the warehouses on all areas of its agricultural operations and reviewed the List of Phytosanitary Products in Usage Code GAGS-DI-296. As a result of this monitoring program and of the company's pest and disease prevention plan - through biological control and the maintenance of ecosystems and biological diversity on plantations-, in 2017 REPSA achieved a 24% decrease on the consumption of chemical phytosanitary products in comparison with previous years. Meanwhile, a more significant reduction on the use of these products is projected in 2018.

In addition, REPSA periodically updates the **list of chemical products permitted in palm operations**. Quarterly, the company verifies that new products are not included on the list of prohibited products, and that they have certificates and authorization to be used in Guatemala for palm crops by the Ministry of Agriculture (MAGA in Spanish).

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>			COMPONENT 2 <i>Human Rights and Labor Conditions</i>		COMPONENT 3 <i>Environmental Management</i>		COMPONENT 4 <i>Contribution to Local Development</i>				
ACTIVITY 3.1		ACTIVITY 3.2		ACTIVITY 3.3		ACTIVITY 3.4		<u>ACTIVITY 3.5</u> Reduction of GHG		<u>ACTIVITY 3.6</u> Good Practices in FBB suppliers	

In order to **reduce the greenhouse gas (GHG) emissions**, odors and other pollutants, REPSA reviews and regularly updates its emissions management plan.

In April an **air quality was monitored** in El Pato and La Torre communities -which are the communities closest to the mills-. An independent laboratory installed devices that measured the concentration of the particulate matter, Sulphur dioxide and nitrogen dioxide in both communities during 24 hours. The results of the analysis showed compliance with the standards established by the World Health Organization (WHO) and by the United States Standard Protection (EPA).

In April and May 2018 four of the six fresh fruit bunches (FFB) suppliers were trained on **responsible use of chemical products**. This training addressed topics like best agricultural practices, integrated pest control, application of phytosanitary products, weed chemical control, manipulation and storage of phytosanitary products, and use of personal protection equipment. The suppliers also received the list of permitted products in palm plantations, to assure they do not use prohibited products.

In May 2018, the **advisory team on best practices** was formed. The team, integrated by environmental managers and one agricultural technician, has the purpose of communicating regularly with the FFB suppliers to follow up on the implementation of best agricultural, social and environmental practices. This team will train the pending suppliers and continue to update all of them periodically.

COMPONENT 1 Transparency and Stakeholder Engagement	COMPONENT 2 Human Rights and Labor Conditions	COMPONENT 3 Environmental Governance	COMPONENT 4 Contribution to Local Development	
ACTIVITY 4.1 Local Leadership Training	ACTIVITY 4.2	ACTIVITY 4.3	ACTIVITY 4.4	ACTIVITY 4.5

In collaboration with the Police Department (PNC in Spanish) of Sayaxché, REPSA’s Community Affairs department organized a course on “Citizen Security” with the purpose of **preventing crime by reinforcing the abilities community leaders**. Participants – members of the Community Councils for Development Communities (COCODEs), young community members, and assistant mayors of 11 communities of the area of influence of the company- receive training on matters such as rights and responsibilities of the community, laws and institutions, leadership, citizen participation, alternative methods for conflict resolution, community and family security, and the role of CODODE.



Training to COCODEs, Assistant Mayors and Young Leaders at Escuela de Campo Agroambiental (ECA).

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Governance</i>	COMPONENT 4 <i>Contribution to Local Development</i>
ACTIVITY 4.1	ACTIVITY 4.2 Human Development	ACTIVITY 4.3	ACTIVITY 4.4
			ACTIVITY 4.5

In compliance with the actions set forth in the **Governance and Development Pact of Sayaxché** and commitments adopted by REPSA through other cooperation agreements with different entities (Activity 1.5), the company contributes to local development as follows:

HEALTH AND WELFARE

To contribute to the reduction of morbidity and mortality in the communities of the area of influence of the company, REPSA worked during this period with more than 115 “health and nutrition promoters” of 12 communities, and trained them on better use of water for consumption. Through this model, promoters share what they have learned with other women in their communities, in order to spread the knowledge.



Training on “Better use of water and disinfection methods”.

The company implements housing and lot management plans, in order to promote improvement of housing conditions among community members, as well as to distribute spaces for cropping and backyard animal breeding efficiently. On April 2018, 7 housing and lot managing plans were developed in Linterna 1 Community.



Training to health promoters about “Implementation of housing and lot managing plans”.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Governance</i>	COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 4.1	ACTIVITY 4.2	ACTIVITY 4.3	ACTIVITY 4.4 Infrastructure for Development	ACTIVITY 4.5

INFRASTRUCTURE

During the reported period, we continued to lead infrastructure projects for development:

- Supported the construction of perimeter walls for schools in three communities, contributing to a secure environment for 780 students.



School El Tamarindo, Sayaxché.



School El Tucán, Sayaxché.

- Started the construction of a water reservoir with a pumping system at the center of Nueva Jerusalén la Laguna community, through which we expect to provide 45 families with access to water suitable for human consumption.



Before.



Phase I of reservoir construction.

COMPONENT 1 <i>Transparency and Stakeholder Engagement</i>	COMPONENT 2 <i>Human Rights and Labor Conditions</i>	COMPONENT 3 <i>Environmental Governance</i>	COMPONENT 4 <i>Contribution to Local Development</i>	
ACTIVITY 4.1	ACTIVITY 4.2	ACTIVITY 4.3	ACTIVITY 4.4 Infrastructure for Development	ACTIVITY 4.5

- Started the construction of three classrooms and restrooms in the School of Argentina Community, which will benefit 120 students and 105 families.



Construction in School of Argentina Community