

PROGRESS REPORT 4

SUSTAINABILITY PLAN
2019



▶ Report on progress attained
from August - October 2019.

LETTER FROM SUSTAINABILITY DIVISION

In Grupo HAME we believe in sustainability as the effective and comprehensive implementation of economic, environmental and social best practices to create value for our partners and shareholders, suppliers and service providers, workers, neighboring communities, government, stakeholders and all those involved in our value chain. This requires a continuous effort towards the vision of becoming the leading company that will serve as a benchmark for the industry because of our competitiveness, responsible production of palm oil and good neighbor relations.

We are aware that being one of the largest employment generators in our areas of influence entails the responsibility of offering the best working conditions, maintaining a constructive relationship with neighboring communities and implementing environmental management best practices.

Considering sustainability the main element that guides our operations, we saw the need to establish corporate commitments in a **Policy on Responsible and Sustainable Production** and to develop a strategic framework that allows its effective management for the continuous improvement and growth of the company.

In this sense, we carry out best practices in our operations through the annual **Sustainability Plan**, which operationalizes the Policy and establishes four areas of work: Labor, Human Rights, Environment and Transparency.

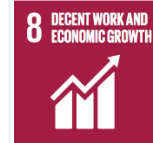
For a third consecutive year, we practice transparency and accountability through the **Progress Reports**, periodic and public documents that seek to show our progress and challenges. We hope these enable a constructive dialogue that brings us closer to communities, workers, suppliers, civil society organizations and other stakeholders so that they can join our path towards sustainability.



LABOR

Commitment 1

Always maintain a dignified and respectful treatment towards its workers, acting in a transparent, fair and equitable way, without any type of discrimination during the recruitment, hiring, promotion and retirement processes.



	Activities	Progress
1.1	Train workers on labor rights and working conditions.	✓ 100% of new workers trained on labor rights and working conditions. ✓ Evaluated employees (10%) scored an average of 82/100 in the comprehension test. <i>*Among the topics addressed were freedom of association, contract terms, salary and benefits, as well as social security.</i>
1.2	Implement a <i>Local Employment Plan</i> : new recruitment procedure.	✓ Officialized <i>Procedure for Recruitment, Selection and Hiring of temporary and permanent local workers</i> (GRHS-DI-1313). <i>*Local Employment Procedure aims to establish a mechanism to recruit, select and hire local staff, that helps the company cope with expectations of neighboring communities in terms of job opportunities and optimize the use of local workforce to create shared value.</i>
1.3	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	✓ 100% of new workers trained on the Grievance Mechanism during orientation.
1.4	Ensure <i>minimum living space</i> for workers in housing sites: 3.8 m ² per person.	✓ 100% compliance with the minimum living space commitment during August and September 2019 (9/9 housing sites for temporary field workers monitored). <i>*REPSA has a Minimum Living Space Standard of 3.8 sq. ft per person in the company's housing facilities for temporary workers. This exceeds the International Labor Organization (ILO) standard which establishes a minimum of 3.6 sq. ft. per person.</i> Read more: https://bit.ly/2keJTD0.

Commitment 2

Prohibit discrimination based on age, race, religion or creed, gender, disability, sexual orientation, pregnancy, nationality, or other reason. Zero tolerance towards any attitude that may be perceived as sexual or labor harassment, abuse of power, threats or intimidation; as well as zero tolerance towards the use of violence against workers and communities in the area of influence.



	Activities	Progress
2.1	Train workers on the company's <i>Policy on Responsible and Sustainable Production (PRSP)</i> .	✓ 100% of new workers trained on the PRSP and its 6 commitments.
2.2	Ensure the correct application of the <i>Disciplinary Procedure</i> .	✓ 24 grievances related to working environment and conditions registered and managed as follows: • 7 grievance solved according to the company's disciplinary procedure; • 8 grievances solved through actions for continuous improvement; • 9 grievances had no basis. ✓ 100% of new workers trained on the disciplinary procedure during orientation.
2.3	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	See page 3, item 1.3.

Commitment 3

Young workers are allowed only according to current labor regulations, in addition to formal and explicit parental consent, as well as the minor's participation in special induction and constant monitoring of activities to ensure his/her wellbeing.



	Activities	Progress
3.1	Supervise hiring processes to ensure compliance with legal requirements.	✓ 0 minors working in the company from August to October. <i>*Internal audits are carried out to identify minors working in the company. These consist of the verification of the personnel management system and onsite audits.</i>

Commitment 4

Comply with local regulations and adopt best practices according to international standards in Occupational Health and Safety (OHS). Provide all workers with the necessary tools and equipment to carry out their duties with complete safety and hygiene, as well as training on its proper use.



	Activities	Progress
4.1	Update the <i>Occupational Risk Matrix</i> for plantations and mills.	✓ Main risk control measures carried out: • dissemination of information about risk maps through a communications campaign; • inspection of vehicles and training sessions for company bus drivers.
4.2	Implement procedure for safe handling of agrochemicals: monitor and coordinate activities.	Next trainings on safe handling of agrochemicals will be held in the upcoming months.
4.3	Carry out Occupational Health and Safety (OHS) <i>Internal Audit Program</i> in plantations, mills, warehouses and mechanical workshops.	✓ 85/100 score in OHS internal audit conducted in plantations, warehouses, mechanical workshops and mills to ensure compliance with OHS procedures. *Aspects assessed: knowledge and compliance with safe workplace procedures (SWP), compliance with the PPE delivery and stock procedure for each area, equipment for emergency care, and compliance with procedures for purchasing, storing, handling and transport of chemicals and agrochemicals; among others.
4.4	Follow up on agreements reached by the <i>Occupational Health and Safety Committee</i> .	✓ 2 meetings held by Occupational Health and Safety (OHS) Committee in August and September (9 meetings carried out in 2019).
4.5	Implement <i>preventive medicine and occupational health programs</i> in plantations and mills.	✓ 100% of new permanent workers took pre-employment medical exams. ✓ 99% of permanent workers had annual medical check-ups. ✓ 100% of workers of the agrochemical application taskforce took specific medical exams (cholinesterase test).

4.6	Evaluate occupational accident and incident rates in plantations and mills: report on disability due to occupational accidents.	✓ 23% reduction in frequency rate of accidents (disabling injuries) from January-September 2019 compared to the same period in 2018. • Average rate was 8.69 accidents per million man-hours worked from January to September 2019. ✓ 41% reduction in Lost Time Injury Frequency Rate (LTIFR) from January-September 2019 compared to the same period in 2018. The company is defining corrective measures. • Average LTIFR was 79 from January to September 2019 (measured in days lost due to incidents per million man-hours worked). ✓ Workplace fatality rate from January to September 2019 was 0.
4.7	Weekly review of conditions of Personal Protective Equipment (PPE) and tools.	✓ 88% compliance with standards for Personal Protective Equipment (PPE) according to OHS procedures (100% of warehouses inspected). *Periodic inspections are carried out to verify compliance regarding supply, conditions and correct use of PPE in risk tasks (handling of agrochemicals and harvesting).

Commitment 5

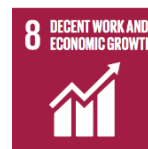
Zero tolerance for forced and bonded labor, and when extended working hours are required, these are always with the consent of the worker and paid according to the parameters established by current local legislation.



	Activities	Progress
5.1	Train workers on labor rights and working conditions.	See page 3, item 1.1.
5.2	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	See page 3, item 1.3.

Commitment 6

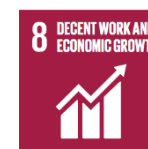
Each worker has the right to know his/her hiring conditions, which include information given in their native language and a copy of the related documentation, the right to training on this information and on the benefits the company grants in compliance with labor laws.



	Activities	Progress
6.1	Train workers on labor rights and working conditions	✓ 100% of new permanent workers in plantations, mills and administrative areas received a copy of their work contract. <i>*All contracts are certified by the Ministry of Labor (MINTRAB).</i>

Commitment 7

Recognize the right to free association and negotiation of its workers, encouraging spaces for respectful and permanent dialogue.



	Activities	Progress
7.1	Train workers on labor rights and working conditions.	See page 3, item 1.1.

Commitment 1

Respect Human Rights of people and communities in areas of influence which may be impacted by operations.
Respect for Free, Prior and Informed Consent (FPIC).
Respect for cultural identity and indigenous people.



	Activities	Progreso
1.1	Update <i>Social Impact Assessment</i> for each of the company's operations: participatory approach with stakeholders.	Activity completed. Read more about the process of the SIA in Progress Report no.1, page 6: https://bit.ly/2mbDCJm . Read more about the results of the SIA in Progress Report no.2, page 8: https://bit.ly/2mc4UiK .
1.2	Implement the Impact Management Plan.	As agreed with stakeholders, in 2020 company will update them biannually regarding progress attained on the implementation of this plan.

Commitment 2

Promote respect for Human Rights in all its activities, and, if necessary, implement corrective measures. All workers will be part of a prevention program, including procedures to report any transgression.



	Activities	Progress
2.1	Train workers on Human Rights (HR).	✓ 100% of new workers trained on human rights (prevention of discrimination, violence and intimidation). ✓ Evaluated employees (10%) scored an average of 85/100 in the comprehension test.
2.2	Train workers on the company's <i>Policy on Responsible and Sustainable Production (PRSP)</i> .	See page 4, item 2.1.

2.3	Ensure the correct application of the <i>Disciplinary Procedure</i> .	See page 4, item 2.2.
2.4	Disseminate information (train) local stakeholders (communities) on Human Rights.	Activity completed. Read more about this in Progress Report no.3, page 10: https://bit.ly/2FUhgC4 .
2.5	Socialize the company's <i>Policy on Responsible and Sustainable Production</i> with local stakeholders.	✓ 210 community leaders and local stakeholders informed and updated on the implementation of the 2019 Sustainability Action Plan.
2.6	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	See page 3, item 1.3.

Commitment 3

Limit provision of security services to preventive actions (without engaging in activities that are exclusive responsibility of public security).



	Activities	Progress
3.1	Review and update the <i>Security Management Protocol</i> .	✓ 100% of security staff trained on the Security Protocol, emphasizing the role of public security and the scope of action of private security. ✓ All trained staffed was evaluated to measure comprehension and scored above the minimum (75/100). <i>*Security guards are periodically re-trained as part of the program.</i>
3.2	Socialize the Protocol with competent authorities.	Activity completed. Read more about this in Progress Report no.3, page 10: https://bit.ly/2FUhgC4 .

Commitment 4

Do not allow any person with a known record of Human Rights abuse to be involved in such tasks.



	Activities	Progress
4.1	Supervise hiring procedure to ensure compliance with critical requirements.	✓ 100% of new security staff presented criminal record certificate (issued by National Police Department) and certificate of absence of sexual offenses.

Commitment 5

Ensure that private security personnel is properly trained to respect the rights of workers and neighboring communities.



	Activities	Progress
5.1	Enhance the Training Program for security personnel.	✓ 100% of security staff trained on cordiality, affability and adequate use of signals, among other topics. ✓ All trained staff was evaluated to measure comprehension level, and 100% passed the test.

Commitment 6

Consult state entities regarding best practice in private security matters. / Collaborate to respond effectively to emergency situations, especially when their participation is of vital importance.



	Activities	Progress
6.1	Engage with competent authorities to exchange information regarding references on best practices for private security.	✓ Company's private security continues observing and complying with the guiding principles of the <i>Private Security Companies Manual</i> issued by the Department of Private Security Services (DIGESP) of the Ministry of the Interior (MINGOB).

Commitment 7

Dialogue with neighboring communities in order to know their opinion regarding the company's security procedures.



	Activities	Progress
7.1	Get to know stakeholders -neighboring communities- opinion regarding security personnel and management.	✓ 90 people in 9 communities surveyed about their perception of the company's private security: • 80% considered the security's demeanor towards the community as good; • 20% rated it as fair. <i>*Comments are taken into consideration to improve security's management.</i>



ENVIRONMENT

Commitment 1

Respect and comply with applicable legal requirements and use best international practices regarding protection and improvement of the environment.



	Activities	Progress
1.1	Periodically review updates on legislation applicable to operations.	Compliance Matrix was not updated during this period (it is only updated whenever needed).
1.2	Share information regarding fulfillment of commitments within Environmental Management Plans with stakeholders.	Activity completed. Read more about this in Progress Report no.3, page 13: https://bit.ly/2FUhgC4 .

Commitment 2

Protect biodiversity in the areas where the company operates and preserve High Conservation Value (HCV) areas.



	Activities	Progress
2.1	Implement maintenance and enhancement plans for High Conservation Values (HCVs) and biodiversity monitoring.	✓ Main actions of HCV plans implemented: • staff training on HCV management; • signal maintenance. <i>*REPSA has a private natural reserve, El Tamarindo (55 hectares), registered before the National Council of Protected Areas (CONAP). In addition, the company executes management plans for 20 forest reserves.</i>

Commitment 3

Implement a Soil Conservation Program that reduces erosion from water and wind, promotes the responsible use of fertilizers, and avoids the use of fire or burning.



	Activities	Progress
3.1	Coordinate implementation of <i>Soil and Water Conservation Plan</i> in plantations and mills.	✓ Main actions of the plan implemented: • maintenance of natural fences; • <i>kudzu</i> planted in 32 hectares. *REPSA has a Soil Conservation Plan to implement best agricultural practices in order to reduce soil loss due to water (runoff) and / or wind erosion.

Commitment 4

Prohibit deforestation for any new plantation, protecting, thus, areas with High Carbon Stock (HCS) and High Conservation Value (HCV).



	Activities	Progress
4.1	Develop <i>Procedure for New Plantations</i> .	Activity completed. Read more about the Procedure for New Plantations: http://bit.ly/GAGS-PRO-010. *REPSA is not currently expanding its operations. However, the company updated and launched its <i>Procedure for New Plantations</i> in case of planting new areas in the future.

Commitment 5

Prevent pollution by extracting and disposing of solid and liquid waste in an environmentally safe manner, using water responsibly and constantly reducing greenhouse gas emissions (GHG).



	Activities	Progress
5.1	Implement <i>Integrated Waste Management Plan</i> .	✓ 100% of solid waste adequately managed. ✓ Ordinary waste (67%): • organic waste (87.5%) reused in plantations; • ordinary waste (12.5%) transferred to municipal landfill. ✓ Special waste (33%): • recyclable waste (40%) delivered to certified companies for adequate final disposal; • hazardous waste (60%) -toxic, bio-medical and luminous waste, among others- managed by specialized companies for adequate final disposal.
5.2	Implement <i>Water Conservation and Management Plan</i> .	✓ Average water use in industrial process (mill): • REPSA I, 0.78 m³ / MT of FFB; • REPSA II, 0.40 m³ / MT of FFB. *Commitment adopted to maintain water consumption below 1.4 m³ / MT of fresh fruit bunch (FFB) processed. The goal for 2020 is to operate at 0.7 m³ per MT of FFB at most.
5.3	Implement <i>Plan for Greenhouse Gas (GHG) Reduction</i> .	Read more about the 2018-2019 GHG reduction in Progress Report no.3, pages 15-16: https://bit.ly/2FUhgC4. *See the Plan for GHG Reduction: http://bit.ly/SGS-PL-497-RP.

Commitment 6

Constantly strengthen the pest and disease management program, prioritizing preventive biological controls over the reactive use of synthetic phytosanitary products. When needed, only authorized products not prohibited by the World Health Organization (WHO) or the Rotterdam and Stockholm Agreements will be used. The use of Paraquat is prohibited.



	Activities	Progress
6.1	Periodically review the <i>Plant Health Care Plan</i> : list of permitted products.	Annual results will be published in early 2020. *Comparative analysis of pesticide consumption is carried out periodically to monitor reduction in the use of these products as a result of the Plant Health Plan and the Integrated Pest Management Program (MIP).

Commitment 7

Establish permanent systems to guarantee water quality of industrial and packing processes, avoiding the discharge of improperly treated water into any body of water.



	Activities	Progress
7.1	Supervise Special Wastewater Treatment Systems and Wastewater Treatment Plants to ensure their correct functioning.	✓ Participatory Monitoring of Water Quality in 6 sites of both mills performed by certified laboratory (Soluciones Analíticas). • 46 leaders of 12 communities participated in the monitoring. ✓ Efficiency of the wastewater treatment system in organic load removal was: • REPSA I, 97.54%; • REPSA II, 98.52%. ✓ Results show compliance with the parameter established by Governmental Agreement 236-2006, for the final disposal of treated water in agricultural irrigation.
7.2	Monitor water quality of special and ordinary wastewaters (effluent) on a periodic basis.	
7.3	Carry out <i>Participatory Monitoring of Water Quality</i> in surface bodies.	



TRANSPARENCY

Commitment 1

Always act ethically and transparently, conducting its business in a responsible manner, operating under a philosophy of zero tolerance towards any act that contradicts the following principles: Good Faith, Honesty, Loyalty, Legality and Truthfulness. The Company undertakes not to give, promise, receive or accept (directly or indirectly) any type of compensation not officially established.



	Activities	Progress
1.1	Implement activities within <i>Anti-Bribery System Action Plan: ISO 37001 Certification</i> .	✓ 87% (out a 90% target) of implementation of the Action Plan for ISO 37001 certification implemented. ✓ Main activities conducted: • High-level positions (directors and corporate managers) trained on the Anti-Bribery Management System.

Commitment 2

Enable a System for Business Transparency, including a disciplinary system, as well as mechanisms for filing complaints with absolute confidentiality.



	Activities	Progress
2.1	Develop a Disciplinary System: comprehensive model of reinforcements and consequences.	Disciplinary System will be developed in Q4 2019.

This report covers activities implemented
from August (second half) and
October (first half) 2019.

REPSA will report progress regarding
the implementation of 2019 Sustainability Plan bi-monthly
and will publish a final report in early 2020.

For more information, visit our website:

www.repsa.com.gt

Guatemala 2019
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