

PROGRESS REPORT 2

SUSTAINABILITY PLAN
2019



▶ Report on progress attained
from April - June 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.

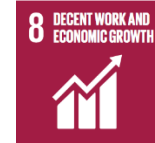
For a third consecutive year, we practice transparency and accountability through the **Progress Reports**, periodic and public documents that seek to show our progress and challenges. We hope these enable a constructive dialogue that brings us closer to communities, workers, suppliers, civil society 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.	✓ 8,252 labor rights and conditions training sessions for workers. Evaluated employees scored an average of 80/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated. Among the topics addressed were freedom of association, workers contracts, salaries and benefits, as well as social security.</i>
1.2	Implement a <i>Local Employment Plan</i> : new recruitment procedure.	Implementation of Local Employment Plan will be reported in upcoming progress reports.
1.3	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	✓ 86% of the workforce trained on the Grievance Mechanism. Evaluated employees scored an average of 81/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>
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 April, May and June 2019 (9/9 housing sites for temporary field workers monitored). <i>*Note: REPSA has a Minimum Living Space Standard of 3.8 square meters 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 square meters per person.¹</i>

¹ See ILO Standard: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_116344.pdf

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> .	✓ 8,252 training sessions on the PRSP and its 6 commitments conducted for workers. Evaluated employees scored an average of 86/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>
2.2	Ensure the correct application of the <i>Disciplinary Procedure</i> .	✓ 3 grievances related to working environment and conditions registered and solved in compliance with the company's disciplinary procedure. ✓ 8,252 training sessions on the disciplinary procedure conducted for current and new workers.
2.3	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	✓ 86% of the workforce trained on the Grievance Mechanism. Evaluated employees scored an average of 81/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>

Commitment 3

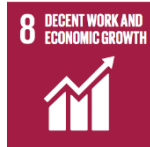
Young workers are allowed only according to current labor regulations, in addition to formal and explicit parental consent, as well as the minor's participation in special induction and constant monitoring of activities to ensure his/her wellbeing.



	Activities	Progress
3.1	Supervise hiring processes to ensure compliance with legal requirements.	✓ 0 minors working in the company from April to June. <i>*Note: internal audits were carried out to identify minors working in the company. These consisted of verification of personnel management system and onsite audits conducted in 5 areas (1 warehouse, 1 mechanical workshop, 1 cafeteria and 2 farms).</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.	✓ Risk maps shared with 25 field supervisors, foremen and managers (maps will be shared with mill workers in July). ✓ Designed an accident prevention program for field workers. Training sessions will address safe work procedures (SWP), use of personal protective equipment (PPE) and basic hygiene.
4.2	Implement procedure for safe handling of agrochemicals: monitor and coordinate activities.	✓ 334 workers certified in safe handling of agrochemicals. These workers received training on use of PPE and security labels, among other topics.
4.3	Carry out Occupational Health and Safety (OHS) <i>Internal Audit Program</i> in plantations, mills, warehouses and mechanical workshops.	✓ 91/100 scored in second quarterly audit conducted in plantations, warehouses, mechanical workshops and mills. <i>*Note: aspects assessed on the audit include knowledge and compliance with safe work procedures (SWP), compliance with the PPE delivery and stock procedure for each area, execution and equipment for emergency care, and compliance in the purchase, storage, handling and transport of chemicals and agrochemicals; among others.</i>
4.4	Follow up on agreements reached by the <i>Occupational Health and Safety Committee</i> .	✓ Two meetings held by Occupational Health and Safety (OHS) Committee: April and May. ✓ Training session on dehydration risks at the workplace conducted for OHS Committee members.
4.5	Implement <i>preventive medicine and occupational health programs</i> in plantations and mills.	✓ 100% of new workers took pre-employment medical exams. ✓ To date 99% of permanent workers have had their annual medical check-ups. ✓ 100% of the workforce that handles agrochemicals (323 workers) had specific medical evaluations done.
4.6	Evaluate occupational accident and incident rates in plantations and mills:	✓ 16% reduction in frequency rate of accidents (disabling injuries) from 2018 to 2019. Average rate was 6.72

	report on disability due to occupational accidents.	accidents per million man-hours worked from January to May 2019. ✓ 12% reduction in Lost Time Injury Frequency Rate (LTIFR) from 2018 to 2019. Average LTIFR was 53.25 from January to May 2019. <i>*Note: LTIFR is measured in days lost due to incidents per million man-hours worked.</i>
4.7	Weekly review of conditions of Personal Protective Equipment (PPE) and tools.	✓ 91% compliance regarding supply, conditions and correct use of PPE in risk tasks (handling of agrochemicals and harvesting-cutting of fruit). <i>*Note: 20 inspections carried out in warehouses and plantations.</i>

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	✓ 8,252 labor rights and conditions training sessions for workers. Evaluated employees scored an average of 80/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated. Among the topics addressed were freedom of association, workers contracts, salaries and benefits, as well as social security.</i>
5.2	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	✓ 86% of the workforce trained on the Grievance Mechanism. Evaluated employees scored an average of 81/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>

Commitment 6

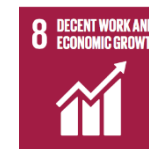
Each worker has the right to know his/her hiring conditions, which include information given in their native language and a copy of the related documentation, the right to training on this information and on the benefits the company grants in compliance with labor laws.



	Activities	Progress
6.1	Train workers on labor rights and working conditions	✓ All permanent workers in plantations, mills and administrative areas received a copy of their work contract. <i>*Note: 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	✓ 8,252 labor rights and conditions training sessions for workers. Evaluated employees scored an average of 80/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated. Among the topics addressed were freedom of association, workers contracts, salaries and benefits, as well as social security.</i>



HUMAN RIGHTS

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.	✓ 6 participatory workshops held to validate Impact Management Plan (IMP) with local stakeholders. 150 people participated, among them members of Community Councils for Development (COCODES) and of the Municipal Commission for Women (COMUDER), representatives of governmental institutions, members of Non-governmental Organizations (NGOs), vendors and independent fruit suppliers.
1.2	Implement the <i>Impact Management Plan</i> .	✓ Impact Management Plan (IMP) validated and launched. ✓ Implementation starts in July 2019. <i>*Note: plan classifies impacts into three groups: environmental management, human rights and labor. Specific departments were appointed by the company to execute the plan: Agriculture, Industry, Environmental Management, Logistics, Human Resources, Security and Community Relations.</i>

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).	✓ 8,252 training sessions on human rights conducted for workers. Evaluated employees scored an average of 83/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>
2.2	Train workers on the company's <i>Policy on Responsible and Sustainable Production (PRSP)</i> .	✓ 8,252 training sessions on the PRSP and its 6 commitments conducted for workers. Evaluated employees scored an average of 86/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>
2.3	Ensure the correct application of the <i>Disciplinary Procedure</i> .	✓ 3 grievances related to working environment and conditions registered and solved in compliance with the company's disciplinary procedure. ✓ 8,252 training sessions on the disciplinary procedure conducted for current and new workers.
2.4	Disseminate information (train) local stakeholders (communities) on Human Rights.	Local stakeholders training sessions on Human Rights will be conducted in Q3 and Q4 2019.
2.5	Socialize the company's <i>Policy on Responsible and Sustainable Production</i> with local stakeholders.	The Policy on Responsible and Sustainable Production was socialized with stakeholders during the workshops held in Q1 2019 to consult them on the impacts of the operation. 358 people participated in these 12 workshops, among them community leaders, representatives of government institutions and members of NGOs.
2.6	Encourage the use of the <i>Grievance Mechanism</i> : socialization among workers and communities.	✓ 86% of the workforce trained on the Grievance Mechanism. Evaluated employees scored an average of 81/100 in the comprehension test. <i>*Note: 10% sample of trained workers were evaluated.</i>

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, average score was 75/100. <i>*Note: security guards are periodically re-trained as part of the program.</i>
3.2	Socialize the Protocol with competent authorities.	✓ Security Protocol shared with the Ministry of the Interior, as well as with local office of the National Police and the military station.

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). ✓ New hiring requirement for security personnel introduced: 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 staffed trained on cordiality, affability and adequate use of signals, among other topics. <i>*Note: all trained staff was evaluated to measure comprehension level, 100% passed the test.</i>

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 observes and complies 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). ✓ Agreement reached with MINGOB and the Army to visit the REPSA twice a year in order to verify the performance of private security.

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. 78% considered the security's demeanor towards the community as good and 22% rated it as fair. Comments are taken into consideration to improve security's management.



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 updated to include two new standards: Decree 01-2019 (Grow Healthy: Nutrition and Health Project in Guatemala) and Ministerial Agreement 124-2019 (Regulation for the authorization and stamp of wage books, through electronic communication means).
1.2	Share information regarding fulfillment of commitments within <i>Environmental Management Plans</i> with stakeholders.	Environmental Management Plans will be shared with stakeholders in Q3.

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: ✓ Archaeological mounds in El Tamarindo signaled; ✓ HCV approach rolled out across service providers and workers; ✓ 20 forest reserves registered at the National Forest Institute (INAB in Spanish).

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 Soil Conservation Plan implemented: ✓ Vegetation cover established and maintained in Guadalupe and Nicté; ✓ Dead barriers placed in Nueva Libertad; ✓ Live barriers maintained in Guadalupe and Majagua; ✓ Organic matter (rachis and other by-products) applied in Champeguano, Santa Maria and Nicté; ✓ Drainages enabled in Tucán and Nicté. <i>*Note: REPSA has a Soil Conservation Plan based on the implementation of best agricultural practices to reduce soil loss due to water (runoff) and/or wind erosion.</i>

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> .	REPSA is not currently expanding its operations with new plantations. However, the company is updating its <i>Procedure for New Plantations</i> in case of planting new areas. This procedure will be launched in Q3 2019.

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: recyclable waste (36%) delivered to certified companies for adequate final disposal; organic waste (40%) reused in plantations; hazardous waste (21%) -toxic, bio-medical waste and luminous waste, among others- managed by specialized companies for adequate final disposal; and ordinary waste (2%) transferred to municipal solid waste landfills.
5.2	Implement <i>Water Conservation and Management Plan</i> .	✓ Hydraulic system of both mills evaluated. ✓ Baseline for water consumption in industry established. ✓ Commitment adopted to maintain water consumption below 1.4 m³ of water per metric ton (MT) of fresh fruit bunch (FFB) processed. Average water consumption from April to June 2019 was 0.68 in REPSA I and 1.04 in REPSA II (m³ by MT of FFB).
5.3	Implement <i>Plan for Greenhouse Gas (GHG) Reduction</i> .	Main continuous actions of the Plan to Reduce GHG: ✓ System for methane capture established in REPSA II mill; ✓ 70% of wastewater (POME) of REPSA I mill treated in composting plant (30% used in fertigation); ✓ Organic matter incorporated in all plantations to reduce the use of chemical fertilizers; ✓ Integrated pest management program implemented to reduce the use of synthetic phytosanitary products through biological control.

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.	Comparative analysis of pesticide consumption is carried out every six months with the purpose of monitoring the reduction in the use of these products as a result of integrated pest management. Results of the January-June 2019 analysis will be published in next progress report.

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.	✓ 98% of efficiency in organic load removal in the wastewater treatment system of both mills according to monthly measurements by internal laboratory. <i>*Note: average for both mills (REPSA I and REPSA II) from April and May 2019.</i>
7.2	Monitor water quality of special and ordinary wastewaters (effluent) on a periodic basis.	The next monitoring of water quality (POME) by an independent laboratory is programmed for Q3-Q4 2019.
7.3	Carry out <i>Participatory Monitoring of Water Quality</i> in surface bodies.	Participatory Monitoring of Water Quality in surface bodies was rescheduled to take place in Q3 2019.



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> .	✓ 77% of implementation on Action Plan for ISO 37001 certification. <i>*Note: goal for this period was 80%, remaining 3% will be achieved in July.</i> Main activities implemented: ✓ New Code of Conduct launched; ✓ Plan to raise awareness and train staff on the Policy on Responsible and Sustainable Production, Code of Conduct and Anti-bribery Management System (SGAS); ✓ Financial controls evaluated; ✓ Pre-audit for certification coordinated. <i>*Note: currently the plan is in Phase 2 "Analysis and development of the system".</i>

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 Q3-Q4 2019.

This report covers activities implemented
from April (second half) and
June (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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