



Sustainability
Report

AGROPALMA

2017

SUMMARY



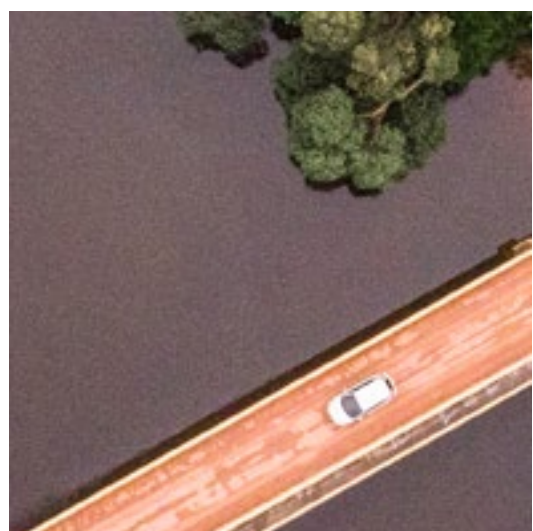
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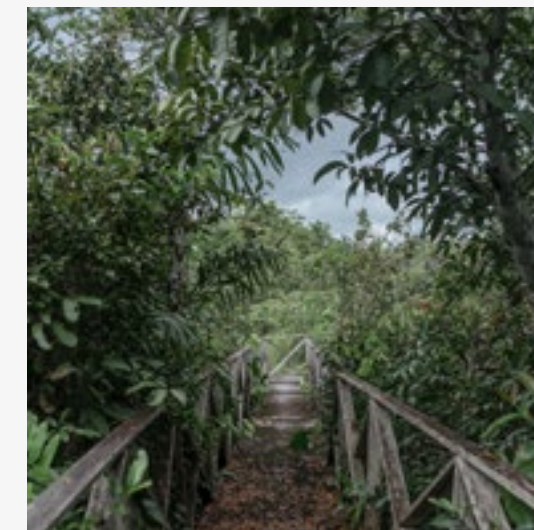


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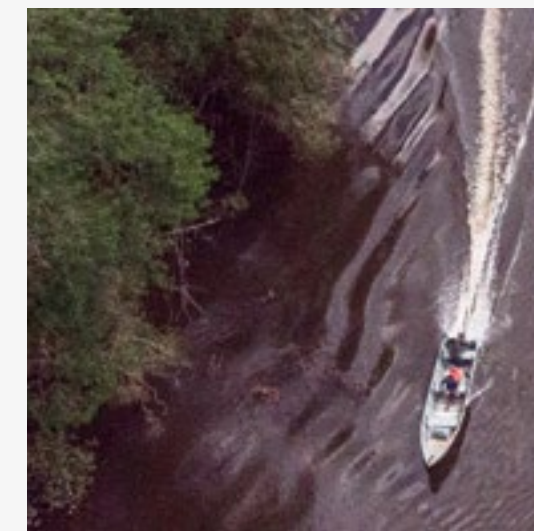
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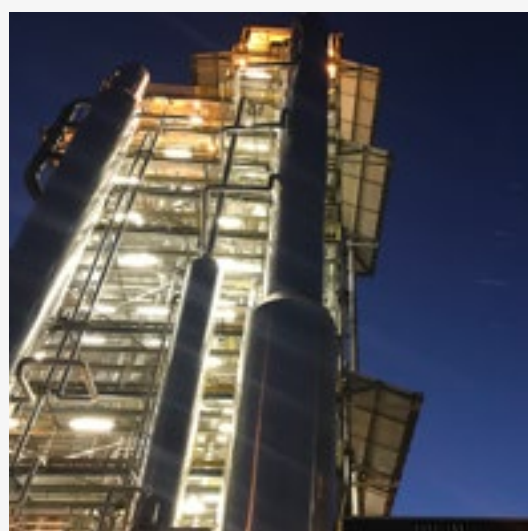
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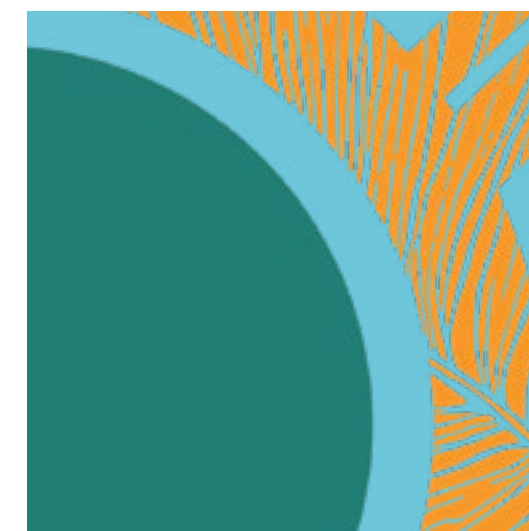
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CEO
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CEO Welcome

An aerial photograph of a palm oil plantation. A prominent red dirt road runs diagonally from the top left towards the bottom right. The palm trees are densely packed and appear green, though some have a brownish tint, possibly due to the lighting or the age of the trees. The overall scene is a vast agricultural landscape.

Dear readers,

Agropalma Group is pleased to present our Sustainability Report, which contains a full account of our activities and sustainability performance for 2016-17.

As many will be aware, the past two years have been tremendously challenging for Brazil, with an ever-deepening political crisis and a national economy in recession. Adding to that, we have faced low palm oil prices and continuous currency instability. Despite this, I believe that we can look back with a sense of great pride. As we celebrated our 35th anniversary as a company in 2016, we continued to be hailed as one of the leaders in our industry, with a first place in Forest Heroes 'Green Cats' scorecard (2017), which benchmarks palm oil companies on implementation of their No Deforestation, No Peat and No Exploitation policies, and a third place in the ZSL Sustainable Palm Oil Transparency Initiative (SPOTT).

We have also overcome the unfavorable context through a continuous quest for improvement and optimization, making great strides in agriculture mechanization and logistics, and reducing operational costs. We are proud to say that we have developed the first sea cabotage transportation for palm oil from Belem to Santos, the closest port to our new refinery, which enable us to deliver products faster and more cost effectively to market.

Our new refinery has reached full operational capacity and has contributed to revenues for 2017 reaching BRL 1 billion for the first time. The refinery is equipped with a state of art pilot application plant where our customers can develop and test the performance of new shortenings or fats without disruption to their own production lines. In addition to standard refined oils and fractions, we now offer a range of customized specialty fats, allowing us to provide better solutions to our customers in chocolate, confectionary, cosmetic and other specific markets.

Our increased capacity to deliver more and diversified types of Roundtable on Sustainable Palm Oil (RSPO) certified products has been key to strengthening the certified palm oil market in Brazil. We currently sell 85% of our production in the national market and one third of this volume is sold as RSPO certified to both multinational and national companies across the entire downstream supply chain. We believe that this trend will continue and grow with the recent adoption of the revised and improved version of the RSPO Principles and Criteria.

Our hope for the coming years is to see a more stable political environment and a slow economic recovery. To keep our company competitive in this scenario and take advantages from the market opportunities ahead, we will maintain our momentum in process optimization, increase the amount of RSPO segregated palm oil products on offer, implement new technologies in our refineries and keep and increase the efforts related to the traceability and sustainability performance of our suppliers.

As always, we continuously want to recognize those that work hard to make us succeed. The support of our employees, suppliers, customers, civil society organizations and business partners, through both good and hard times is invaluable and we look forward to continuing our journey together.

Marcello Brito
Chief Executive Officer, Agropalma Group



TARGETS AND ACHIEVEMENTS

2016 | 2017 HIGHLIGHTS

- ◆ **35th Anniversary** of Agropalma Group;
- ◆ First place in **Forest Heroes' Green Cats** scorecard;
- ◆ Agropalma's Responsible Palm Oil Sourcing Policy launched;
- ◆ Sales representatives now operating in all Brazilian states;
- ◆ First route and palm oil transportation via sea between Belém and Santos;
- ◆ First shipment of specialty fats from new refinery;
- ◆ 100% estates verified against the Palm Oil Innovation Group (POIG) Charter.



STATUS ON TARGETS

2016

TARGET

Develop system to prevent, identify and remedy forced and child labor in the fresh fruit bunch (FFB) supply chain.

Develop system to prevent, identify and remedy deforestation in the FFB supply chain.

Commission new refinery in São Paulo state.

Develop clear and communicated corporate career and wages policy.

Increase yields of adult palms from 23.5 to 26MT/ha.

Launch of new Sustainability Guidelines Policy.

STATUS

Implemented.

Implemented.

Started in September 2016.

Verify.

Not on track - delayed to 2020.

Launched internally.

STATUS ON TARGETS

	TARGET	STATUS
2018	Development and launch of The Ethics and Conduct Code for Suppliers and Services Providers of Agropalma Group.	On track
	POME treatment system installed in four mills.	Not on track. Delayed to 2020 due financial constraints
2019	100% traceability till the extraction mills.	On track
	Publish the Sustainability Guidelines Policy.	On track
	Achieve 90% of sea transportation for crude palm oil (CPO)/palm kernel oil (PKO) from Belem to Limeira.	On track
2020	Increase CPO extraction rate to 19%.	On track
2021	Methane capture or elimination system installed in two mills.	On track
2023	Methane capture or elimination system installed in four mills.	On track
2025	Methane capture or elimination system installed in all existing mills.	On track

An aerial photograph of a river with a bridge. A large circular graphic is overlaid on the image, featuring a dark green center with the text 'ABOUT AGROPALMA' in white. The graphic has a teal ring with a palm tree pattern and an orange ring with a palm tree pattern. The background shows a dense forest, a river, and a bridge with a white car on it.

ABOUT AGROPALMA

ABOUT AGROPALMA

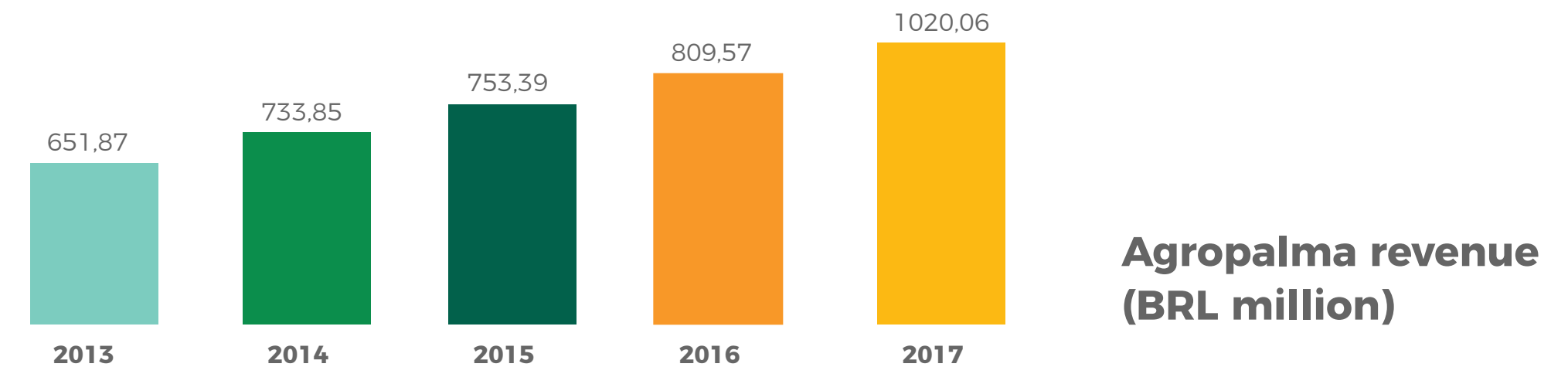
Agropalma is a vertically integrated palm oil producer of premium palm oil products. We operate estates, mills and a refinery in Pará in Northern Brazil and a state-of-the-art refinery in Limeira, São Paulo State. Our field operations span 39.000 hectares of Roundtable on Sustainable Palm Oil (RSPO) certified oil palm, of which around 10% is also certified organic and fair trade, as well as a 64.000 hectare Amazonian forest reserve of which we are the primary caretaker and guardian. We operate five mills and two refineries capable of producing a large variety of fully segregated palm products and fractions.

Agropalma operates in both national and international markets. We export around 15% of our production: of which approximately 95% of our exports go to Europe and 5% go to the USA.



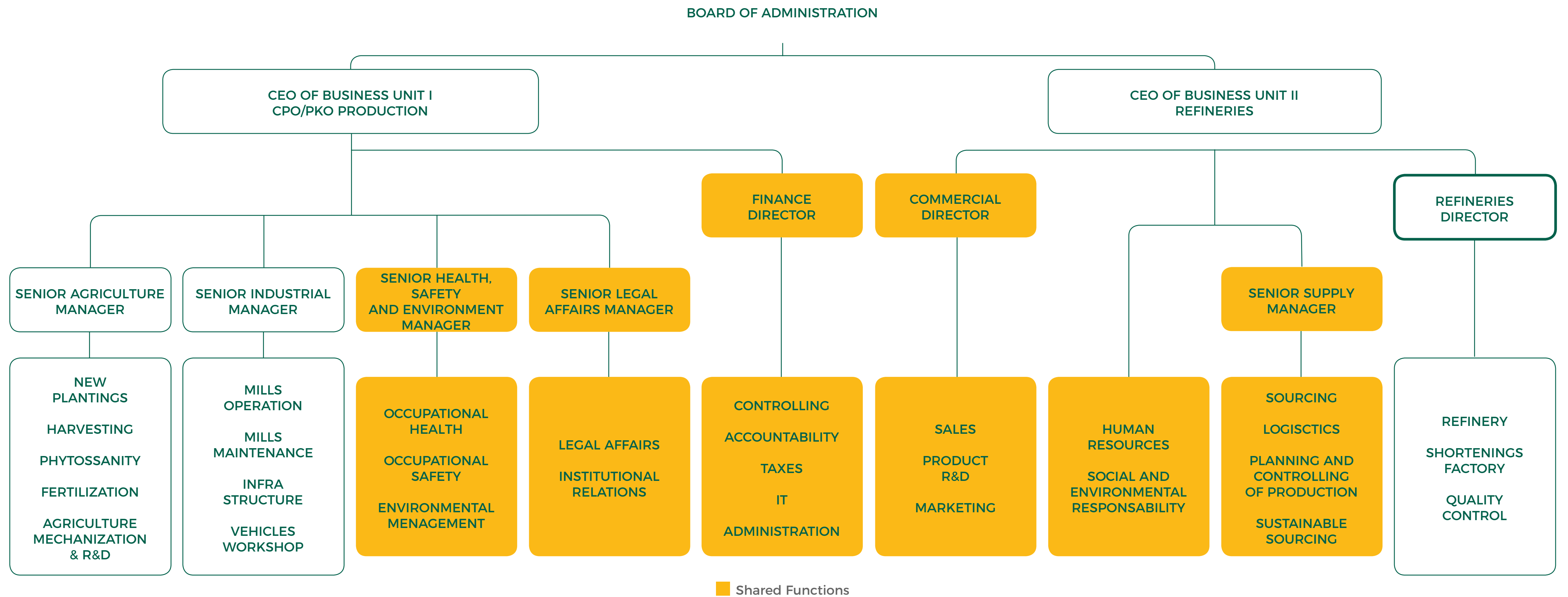
Ownership and governance structure

The Agropalma Group was established in 1982. The Group consists of three companies: Agropalma S/A, Companhia Refinadora da Amazônia (CRA) and Indústrias Xhara LTDA, our new refinery company. Our 2017 revenue was BRL 1.02 billion, up from BRL 809,57 million in 2016. We are part of the privately-owned Brazilian Alfa Conglomerate which operates in a broad range of industries, including finance, agribusiness, food, building materials, communication and culture, the leather industry and hotels.



The overall business strategy and developments for the three companies are guided by an experienced Board of Directors that meets twice a month and is made up of four Brazilian nationals. To ensure further focus on the expanded refinery business, Agropalma Group was restructured in 2016 into two business units, one responsible for the production of crude palm oil (CPO) and palm kernel oil (PKO) (plantations and mills) and the other is dedicated to refined oils and downstream products. Each unit has a separate management team, led by a single Group Chief Executive Officer (CEO). Both units have a team of senior managers who oversee operations, and both share a number of support functions such as finance, IT and group human resources.

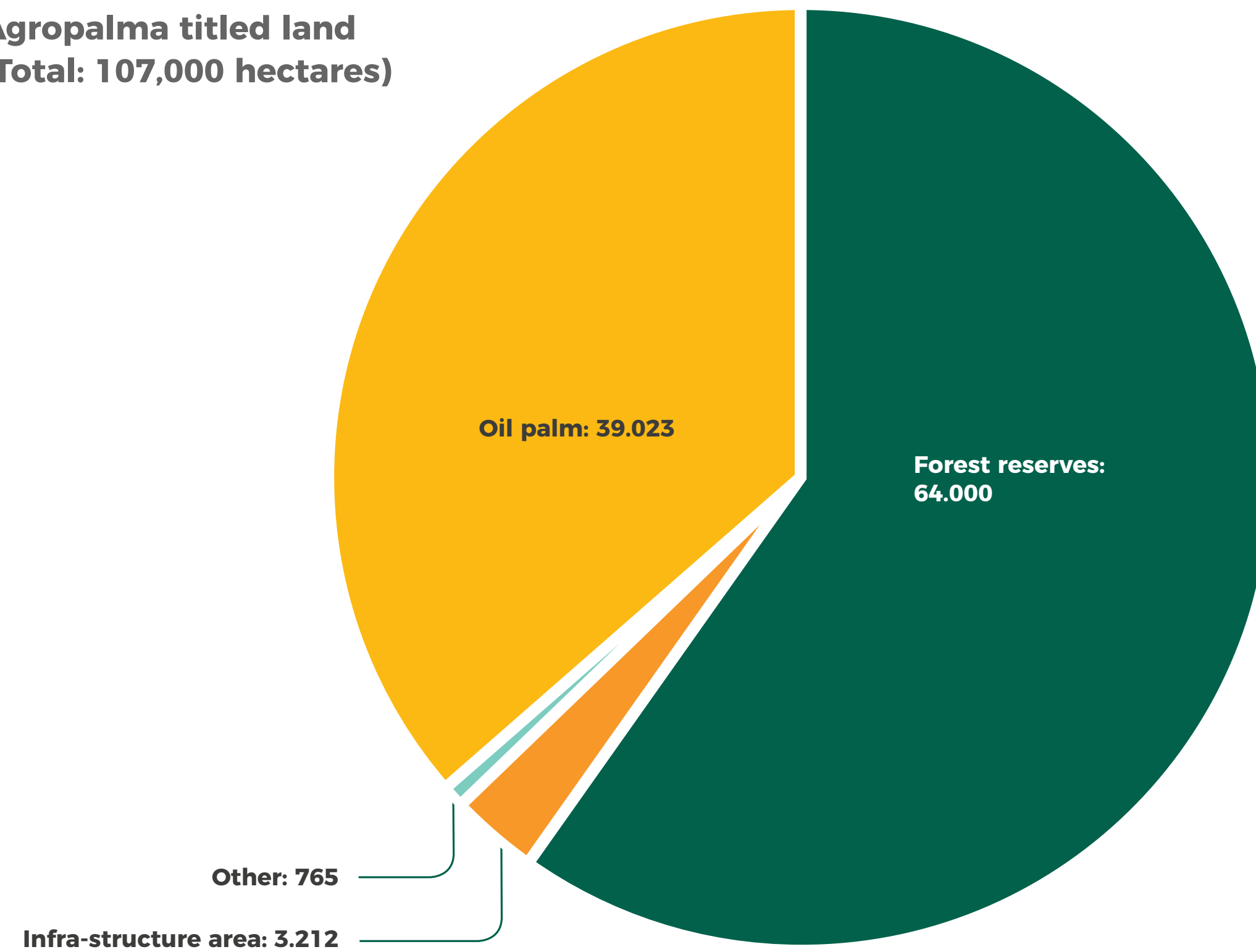
¹ Alfa Metro Indústria LTDA was renamed to Indústrias Xhara LTDA in 2016.



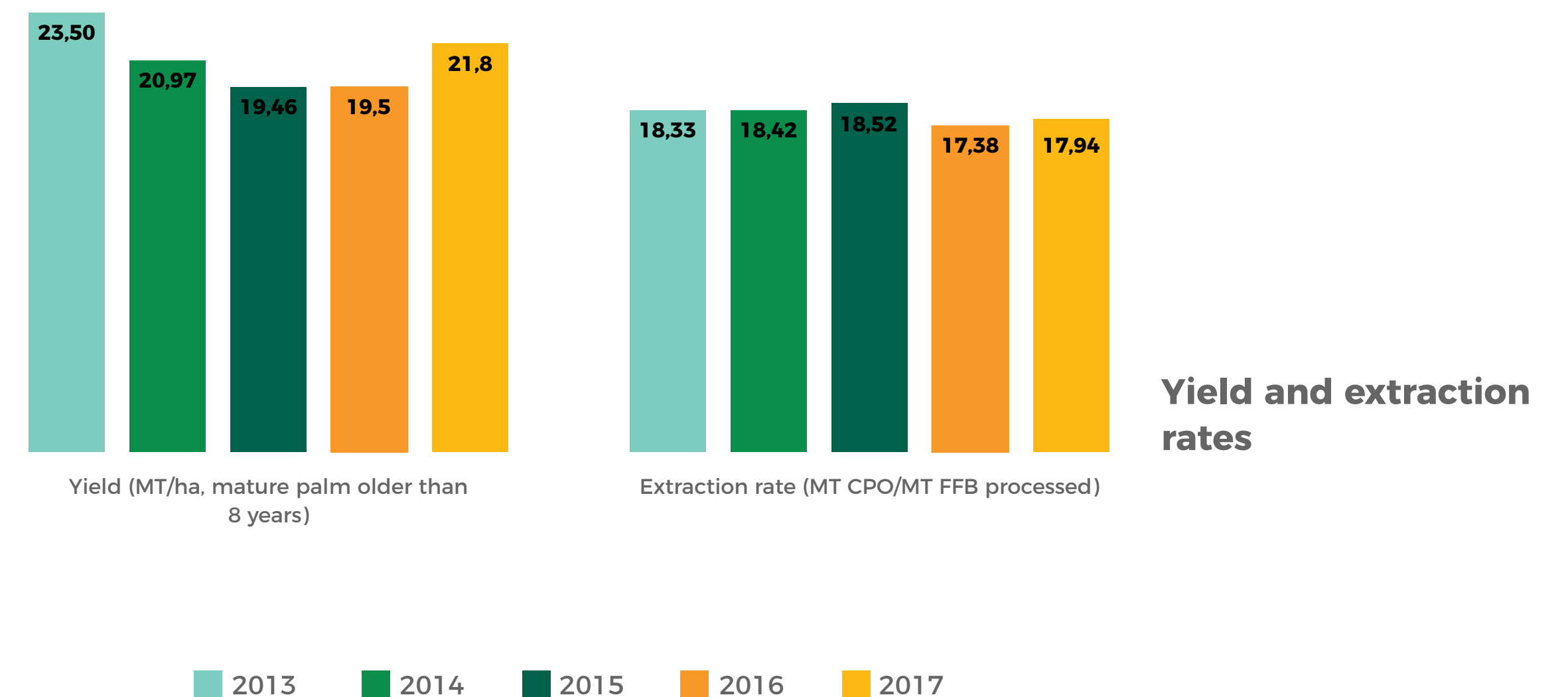
Our plantations and land

Our palm oil estates are located in Northern Brazil, in the state of Pará in the Amazonia region. Our total titled land covers 107.000 hectares, of which around 39.000 hectares are planted with oil palm, 4.107 hectares of which are organic. Just over 3.312 is used for infrastructure, such as mills, roads and housing while the remainder – approximately 64.000 hectares – is protected forest reserve that we manage and enhance. Our land is 100% company-owned and conversion from forest to oil palm was completed between 1982 and 2002. Since then, only areas of pasture or other crops have been planted with oil palm.

Agropalma titled land (Total: 107,000 hectares)



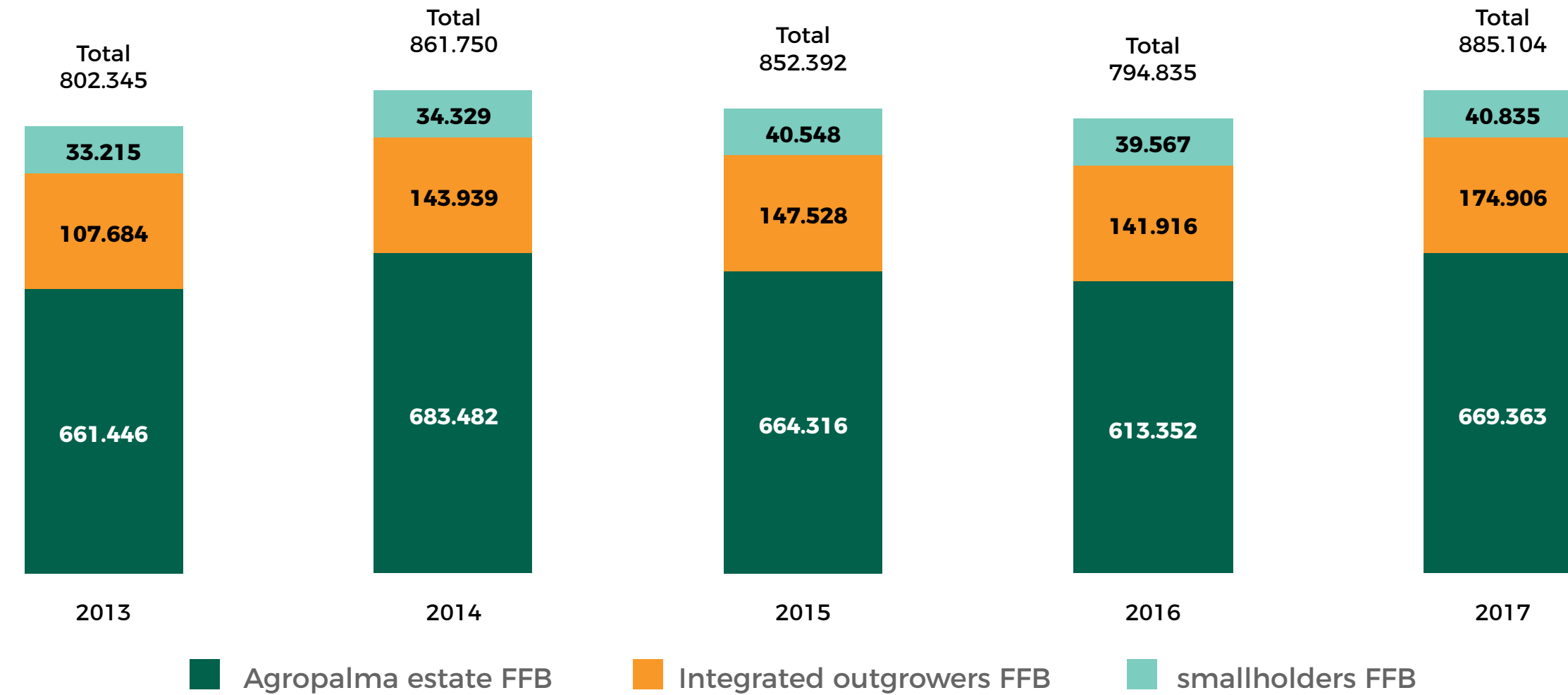
After a few years of low fruit production due to dry conditions, crops are now recovering due to a combination of higher rainfall and maturing of replanted areas.



Our mills

We operate five mills with kernel crushers, one of which is used for identity preserved certified organic and fair trade oil. In 2015, we commissioned our fifth mill, which is built to operate with the least possible environmental footprint. The mill has an advanced palm oil mill effluent (POME) treatment system that not only treats its own effluent, but also that of an older neighboring mill. This system has two bioreactors prepared for methane capture, but they were not yet covered for economic reasons. We intend to finalize this project within a few years. Our five mills process almost 900.000 metric tons of FFB annually and 24% of our processed fruit comes from external sources – 4% from family farmers and 20% from integrated outgrowers.

Fresh fruit bunch processed (MT)



Investing in research and innovation

Over the past decade, we have focused our attention on research and development (R&D) in our plantation to modernize our approach to processes which have in many cases remained unchanged for a century in the industry. We believe that the innovations can produce better efficiency of our existing land, increase safety for our employees, and reduce costs in the long term.

We encourage our teams to explore a wide range of innovations, both pioneering new initiatives as well as improvements on existing technology. Overall, we have two significant strands of innovations, mechanization and data analysis.

Mechanization:

Initiative	What we want to achieve	Where we are
Mechanical harvesting	To develop and adapt equipment capable of cutting, storing, transporting and unloading FFB	In progress. Mechanical bunch cutter in field testing phase
Mechanical FFB loading	Evaluating and improving 43 claws acquired in 2015	Completed and in use
Electronic monitoring of trucks	Improving the efficiency of FFB transportation, avoiding equipment wear, loss of time and reduction of costs. Increase the efficiency of logistics in fruit transportation.	Completed and in use
Palm leaf crusher	Improve the accessibility of oil palm plantations to the machinery	In progress
Automated fertilizer application	Rationalize and optimize fertilization application	In progress

Analytics and data collection

Initiative	What we want to achieve	Where we are
Agricultural data analysis	Development of a system which combines existing data on physical characteristics, land use and remote sensing technology. The system allows for better analytics of patterns, and production forecasting using methods such as machine learning and artificial intelligence.	In progress
Electronic measurement of fruit collection	Sensors installed in machinery allows real-time measuring of volumes collected, allowing for better planning of extraction at the mill.	In progress: Equipment is being manufactured
Drone viability analysis	Using aerial drones to collect data on plant health and diseases, allowing for targeted action	Completed. Drone in use.

In addition to these viable projects, we have also tested out a number of other approaches which currently were not suitable. However, our R&D department continues to evolve and test new ideas, from agricultural artificial intelligence to new ways of using by-products from oil palm production.

Our products and marketplace

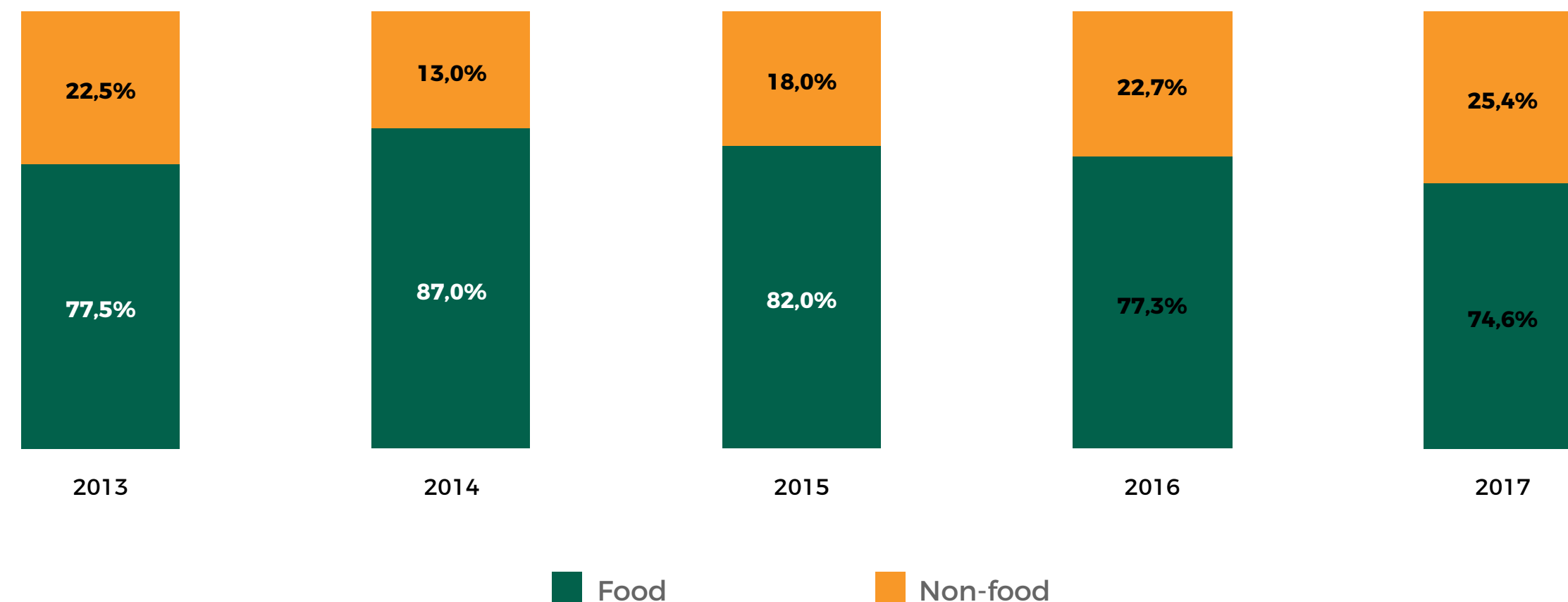
The majority of our customers are global brands that require the highest standards in quality as well as environmental and social credentials. We pride ourselves in being a highly responsive company, working closely with our customers to ensure that we understand their businesses and are able to supply products meeting their commercial needs.

Our two refineries in the states of São Paulo and Pará produce a wide range of products. Our São Paulo operations also include a state-of-the-art shortening factory which is capable of producing sophisticated product ranges made to our customers' specifications.



The increased production capacity and wider range of product has allowed Agropalma to extend its sales representatives team to cover more 12 new states, encompassing the whole Brazilian territory.

Sales by type of customer



A new refinery achieving the highest operational and environmental standards

Our refinery in the state of São Paulo was commissioned in 2016 and is now operating at full capacity. The refinery includes a strategic R&D department equipped with a state of art pilot application plant, where the customers can develop and test their ingredients and products without disrupting their own process.

This refinery was also built to achieve the highest environmental standards. The plant is run on natural gas resulting in lower carbon emissions and fewer pollutants being released into the atmosphere. We have equipped access roads with lighting powered by solar panels to save energy. We have also installed water recycling technology that is allowing us to reuse around 50% of water extracted from nature. To ensure that we contribute positively to biodiversity, we have also launched a reforestation program around our refinery. We have planted 2,5 hectares of Atlantic rainforest, a unique and highly threatened ecosystem. Due to the fragmented state of this type of forest, even small areas are critically important for ensuring its survival and we are working with restoration experts to make certain that our forest program has maximum impact.

We have also created a more efficient transportation system from our operations in Northern Brazil to our new refinery, by establishing a sea transportation link, from Belém to Santos, the closest port to Limeira where our refinery is located. Transport by ship is more efficient in terms of costs, GHG emissions and safety when compared with the traditional road transportation which is more commonly used in Brazil.

Traceability

Our customers expect a transparent supply chain that enables them to understand the conditions under which their products and ingredients have been grown and manufactured. We operate a fully traceable supply chain, and with the certification of our family farmers and integrated outgrowers, we are able to deliver both refined and bulk products using either the RSPO segregated or identity-preserved supply chain mechanisms, according to market demand.

Due to the inclusion of new three FFB suppliers who are not yet RSPO certified, part of our production is to be certified under the mass balance model. However, our CPO/PKO production continues to be fully traceable as we establish direct purchasing contracts with each of our new independent suppliers.

Due to the opening of our new refinery, Agropalma Group has started to buy CPO and PKO - around 25% of our refining capacity. To assure that oil we buy from other companies comply with our main standards, we have established the Responsible Sourcing and Trade Department to be in charge of implementing the Responsible Sourcing Policy (RSP), which allows us to trace these oils to the mill level.

To ensure that we continue to take leadership in this area, we are also working closely with our partners in the Palm Oil Innovation Group (POIG) to develop and test adequate standards for traders and processors.

² RSP and related data on traceability and origin of the oils we buy from other companies can be accessed at <https://www.agropalma.com.br/en/social-and-environmental-responsibility/policies>.



OUR
APPROACH TO
SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

Our company is based on a strong set of values that are integrated in everything we do. The overriding philosophy is a no-excuses culture where legal compliance and integrity are non-negotiable.

Our values:

Integrity
Competitiveness
Sustainability
Innovation
Competence

Our starting point is to strictly adhere to national laws and state statutes. The legal frameworks of Brazil relating to social and environment protection set a very high standard, and we often find that even the strongest certification schemes fall short of the Brazilian legal framework.

We are all working towards a mission to produce and trade inputs, products and services related to vegetable oils and derivatives, ensuring stakeholders' satisfaction with a vision to make Agropalma the world reference in the production and trading of sustainable palm oil, and national reference in the production and trading of vegetable oils and fats.

Our approach to sustainability has developed organically over the last 15 years, drawing from the most progressive certification schemes, stakeholder feedback as well as strict adherence to Brazil's strong environmental, social and ethical legislation. While we have made explicit commitments across all of these areas, we felt that it would be useful to combine all of these aspects into a full sustainability policy, incorporating clear commitment on human rights, environmental protection and anti-corruption.

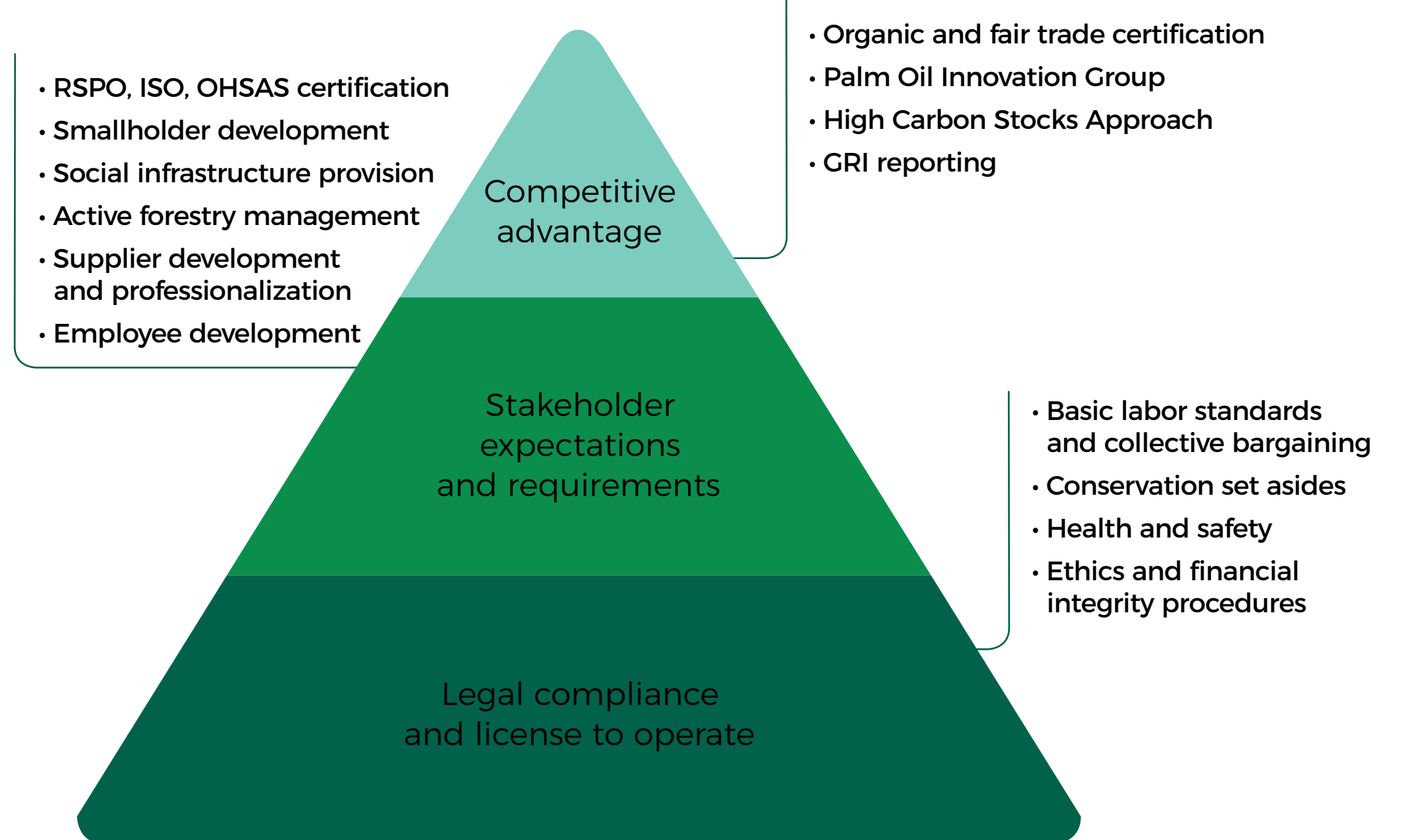
In 2016, we launched our first comprehensive sustainability policy. The policy is our guiding document on our values and will ensure that these values are operationalized. Most importantly, the policy explicitly lists the standards to which we are committed and the frameworks we apply, such as the UN Declaration on Human Rights and the POIG Charter.

Our main shareholders are also diligent in enforcing our values, and our operations are subject to regular internal audits and assessments to confirm that company policies are strictly adhered to.

Our approach to sustainability is to ensure that our activities are based on a robust framework of legal compliance, complemented by third party assurance and stakeholder engagement. To meet global standards, and to work towards our vision of being a global reference point in palm oil sustainability, we are constantly exploring improvements and next steps that can help us meet future expectations and build competitive advantage in the market place.



Meeting expectations and building advantage



RSPO Certification and Palm Oil Innovation Group verification

We believe that the best way to provide assurance to our stakeholders is through the implementation of diligent and independent third-party certification and verification standards. We certified our plantations against the RSPO Principles and Criteria (P&C) in 2011, and achieved certification of our family farmers and outgrowers in 2014. New outgrowers are assessed on an ongoing basis to determine their readiness for RSPO certification.

Our estates have been verified since 2014 against the Palm Oil Innovation Group (POIG) indicators. POIG is an initiative developed in collaboration between progressive palm oil producers and international NGOs, such as Greenpeace, Rainforest Action Network and WWF. POIG builds on the RSPO standard, but seeks to strengthen the requirements, including the implementation of no-deforestation policies, labor standards, community engagement and corporate transparency.

Sustainability management structure

Although sustainability considerations form an integral part of every decision we make on the ground, we recognize that we need to drive continuous improvement and monitor compliance and performance. We have in place dedicated a Health, Safety and Environment Department charged with driving ongoing compliance and continuous improvement to our existing commitments and legal requirements. Our social and environmental responsibility department is now even more focused on ensuring stronger engagement with customers and local and global civil society stakeholders. Both teams support both the plantations and the refineries.

Stakeholder engagement

We believe that we can only succeed if we work in close collaboration with our commercial partners and with stakeholders from civil society. We have an open door policy, and always welcome visits to our plantations and refineries.

We are engaged in a wide range of multi-stakeholder initiatives. We have taken an active role in the RSPO, currently serving on the P&C Review Taskforce, which is charged with the forthcoming update on the organization's Principles & Criteria. At the national level, we are also engaged in multi-stakeholder organizations and initiatives, such as Brazilian Coalition on Climate, Forests and Agriculture and Instituto Pacto Nacional Pela Erradicação do Trabalho Escravo (InPacto), in which our Corporate Social and Environmental Responsibility Manager currently holds the seat of President.

In addition to these positions, we make every effort to be responsive and are in constant dialogue with customers. We often visit their operations or host them at our sites so that we can meet their needs and respond to their concerns.

We provide local stakeholders, such as communities and smallholders, with dedicated contact points to request information, support or assistance and to raise grievances or concerns.

No to corruption

As part of our no-excuses culture it is critical to us to maintain the integrity of all of our operations. We therefore have a zero-tolerance approach to bribery and corruption and this is reiterated in our Sustainability Policy. In line with our commitment to legal compliance we have also strengthened our safeguards to ensure compliance with the Brazil Clean Company Act 2013 (Law 12.846). The Act holds companies responsible for the corrupt acts of their employees and introduces strict liability for those offenses. Penalties for companies under the Act include fines of up to 20% of a company's gross revenue from the previous year or suspension or dissolution of the company.



An aerial photograph of a river winding through a lush green forest. A small boat with several people is visible on the river, moving towards the bottom right. A large, stylized circular graphic is overlaid on the left side of the image. The graphic consists of a central teal circle, an outer orange ring with a black line-art pattern, and a teal ring with a black line-art pattern. The text 'ENVIRONMENTAL RESPONSIBILITY' is centered within the teal circle.

ENVIRONMENTAL **RESPONSIBILITY**

ENVIRONMENTAL RESPONSIBILITY

Forests and biodiversity

As a member of the Palm Oil Innovation Group, we take a strong stance against deforestation. We enforce a zero-tolerance policy on the use of open fires within our operations or in our supply chain. However, our commitment to protecting forests goes beyond a 'no deforestation' policy. Based in a region that is home to some of the planet's most extraordinary wildlife and ecosystems, we want to be a proactive guardian of our forests and biodiversity. Since 2002, we have ceased all land clearing and we are working closely with all of our FFB suppliers to make sure that no fruit entering our mill has contributed to deforestation.

Over the past decade, we have strengthened our forest programs in partnership with biodiversity experts, universities and our partner Conservation International. Together we are mapping and monitoring almost 500 species of birds as well as dozens of mammals, reptiles and amphibians. In mid-2015, we experienced one of the true highlights of the program when a jaguar and its cub were recorded by one of our heat-sensitive cameras. Although we had observed and photographed footprints and other tracks many times, and our forest guards had reported sightings, this was the first time we were able to record an image of this rare and elusive animal.

Based on such evidence, we are confident that our forest program is meeting its goal of protecting and even enhancing biodiversity. We now want to scale up the program, and will therefore in the next phase reach out to other companies, integrated FFB suppliers and communities to encourage their involvement. Our efforts have been recognized internationally and we are proud of achieving the first position in the Forest Heroes Green Cats Scorecard³, an independent initiative that assesses the development, implementation and transparency of NDPE corporate policies in several palm oil companies.

Reforestation beyond the Amazon

Our forest initiative is expanding beyond the Amazon to the home of our new refinery in the São Paulo state. In the area adjacent to our new plant, we are restoring and reforesting 2.5 hectares of Atlantic Forest. This distinct and vulnerable eco-region stretches along South America's east coast and extends inland towards the Amazon. Although just 7% of the original forests remains, it is still one of the most diverse ecosystems on the planet, second only to the Amazon. The forest is home to around 20,000 species of plants. Some 450 tree species have been found in just one hectare. There are also thousands of species of birds, mammals, reptiles and amphibians, including endangered jaguars, golden lion tamarins, woolly spider monkeys, maned three-toed sloths and red-tailed parrots.

³<http://www.forestheroes.org/greencats/>

⁴No deforestation, no peat, no exploitation of workers and communities.



Assessing land clearance for new FFB suppliers

Our biggest challenge at the moment is engagement with a new group of FFB suppliers who wish to sell their fruit to our mills. Many investors and small growers in the area converted their crops to oil palm five to ten years ago when global CPO prices were booming, anticipating either to build small mills of their own or to sell fruit to other newly built mills. However, as the anticipated mill capacity never materialized, due to the cost of construction not being feasible with dropping palm oil prices, these growers are now looking to be included as Agropalma suppliers.

Since Agropalma is committed to full RSPO certification and to maintaining a segregated supply chain, we are only able to engage with suppliers who are eligible for RSPO certification. However, the majority of these new potential suppliers did not undergo adequate High Conservation Value (HCV) studies and the resolution of available satellite images is not always adequate to provide conclusive evidence of previous land use.

The RSPO Principles & Criteria and the Remediation and Compensation Procedures detail under which circumstances new suppliers such as these may be certified.

To avoid the exclusion of small growers and non-members, the compensation scheme allows for so-called 'non-corporate' land clearing to be eligible for certification without compensation. For example, forest cleared by a smallholder or farmer for banana, pasture or cassava cultivation is not considered to fall under the RSPO compensation mechanism, whereas a corporate entity clearing land and planting palms after 2005 without an HCV assessment will have to pass through a compensation/remediation procedure. Mapping out which suppliers are acceptable to Agropalma and which are not is therefore a tremendous effort requiring extensive documentation reviews by our teams as well as by the potential supplier.

Combatting climate change

We recognize climate change as a major threat to our planet as a whole, and to the people and ecosystems which are already being disrupted by unpredictable weather patterns and natural disasters. We also believe that companies have a duty to minimize or eliminate greenhouse gas emissions. We began monitoring our emissions in 2013 with the objective of identifying ways to reduce or eliminate avoidable emissions, such as those from palm oil mill effluent, and to monitor emissions from land use change (LUC).

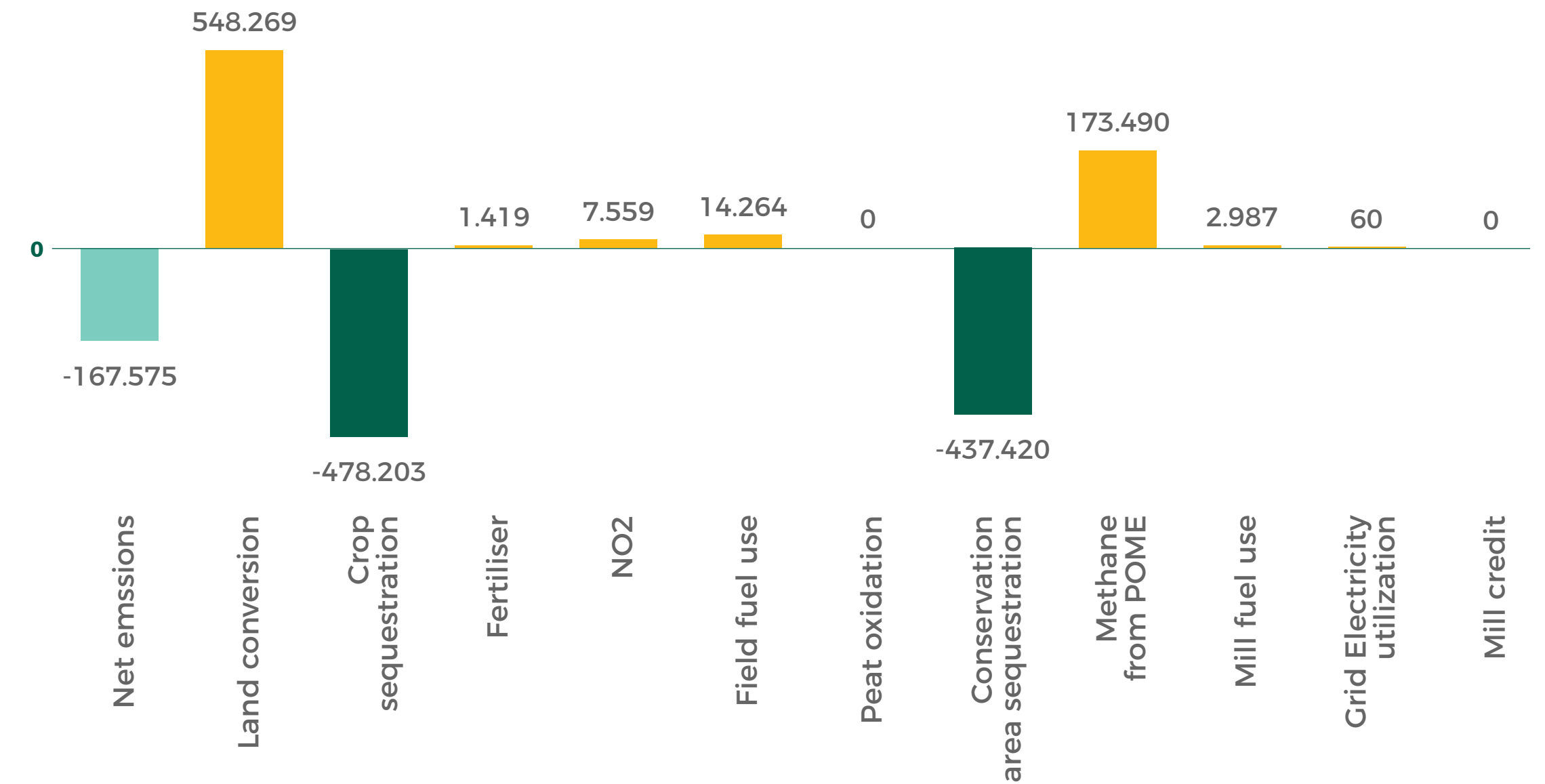
We measure our carbon footprint using the PalmGHG Calculator, including full land use change emissions, and report on two indicators: one which offsets the carbon sequestration resulting from our 64,000 hectares of conservation area, and one which excludes conservation areas. Including our conservation areas allows us to understand the real impact of our entire operations and highlights the importance of the forests on climate change. However, we also want to measure our progress and impact against other companies in the palm oil sector, many of whom do not include conservation areas in their calculations.

There were minor variations in our carbon footprint per metric ton of CPO between 2016 and 2017. In 2017, due to the lower yield expected after few years of short rainfall and considering the results of leaf and soil analyzes, we decided to drastically reduce the amount of fertilizers, including nitrogen, in order to apply a soil corrective. So, there was a considerable reduction in the emissions from fertilizers and N₂O.

Methodology	MT CO ₂ eq/MT of CPO or PKO	
	2017	2016
Complete LUC with sequestration by forests	-0.88	-1.02
Complete LUC without sequestration by forests	1.42	1.83

Comparisons with figures presented in our previous reports are not meaningful as these were measured using the previous version of the PalmGHG calculator. This used different default values and therefore resulted in much lower net emissions despite identical input data.

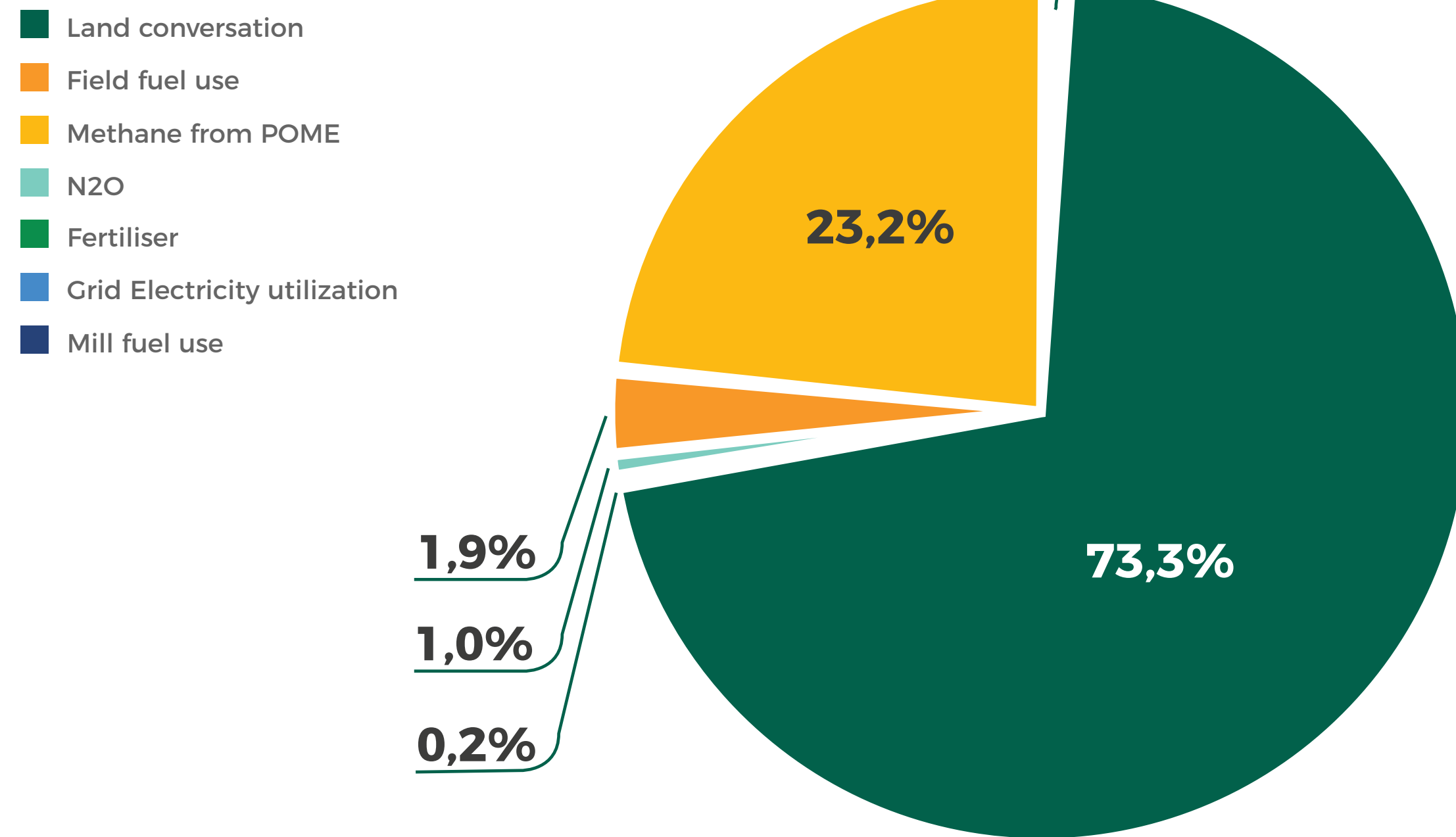
Agropalma emission sources and sinks 2017 (ton of CO₂eq) (PalmGHG V3.0.1)



Emissions reduction

Around 25% of our gross emissions come from manageable sources such as palm oil mill effluent (POME) and diesel for transport and mill use. POME is by far the most significant source and an area that we are targeting for emission reductions. The latest effluent treatment was incorporated into the design of our new mill ensuring that emissions from POME will be vastly reduced when we complete the methane capture system. We intend to install similar systems in four of our five mills by 2020, and to cover the ponds to enable methane capture for electricity generation at these mills by 2023. For our fifth mill, we aim to complete effluent treatment and methane capture by 2025.

Percentage of gross emissions by type 2017



While emissions from historical land conversions are fixed, we still need to ensure that future developments undertaken by Agropalma or by our external fruit suppliers do not result in further emissions. As well as our no peat policy, we have also made a commitment to preventing future developments on land with High Carbon Stock, such as primary or regenerating forest.



Protecting and conserving local water sources

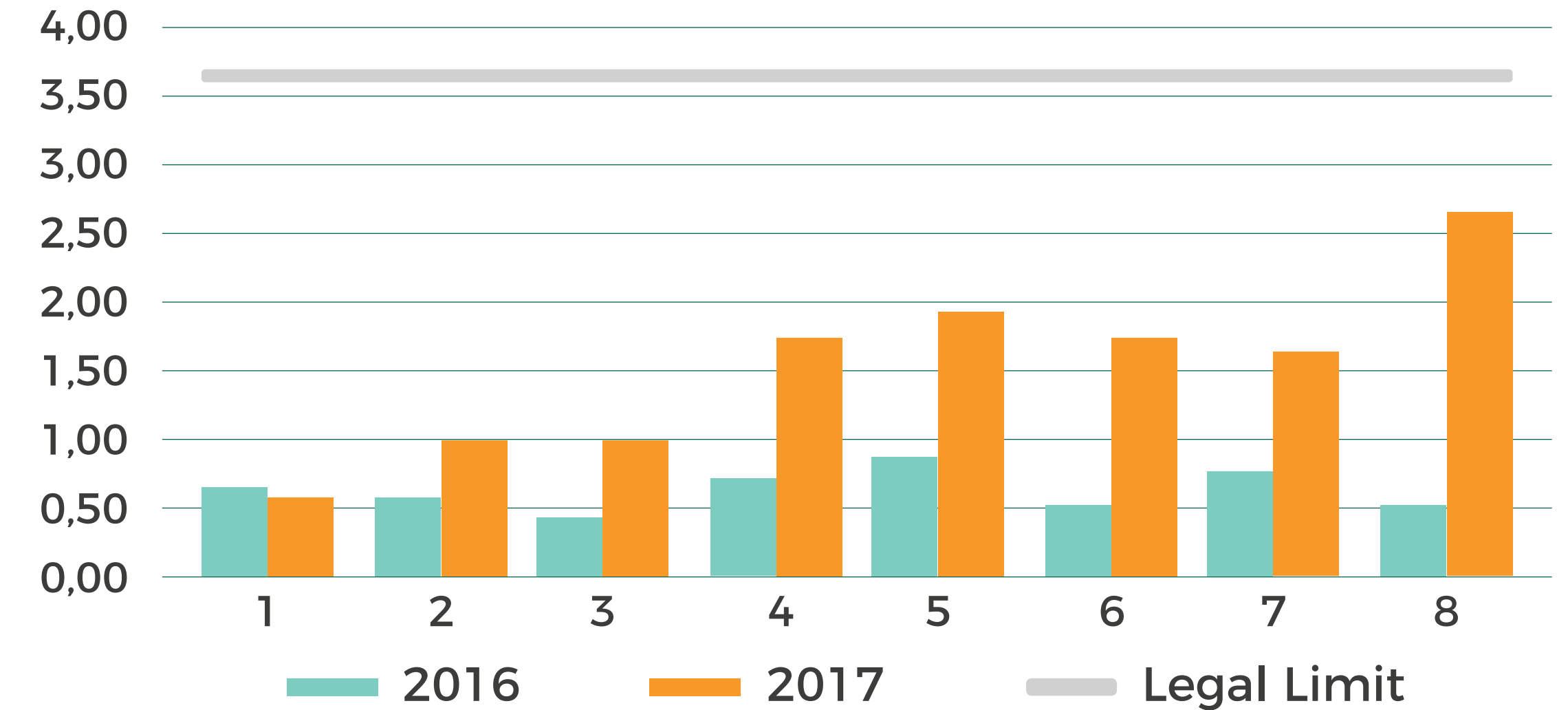
We recognize that accessible water sources are critical to sustain ecosystems, and that access to safe and potable water is necessary for the welfare of communities.

Agropalma operates in two very different environmental landscapes. The state of São Paulo is highly populated and prone to severe water shortages. We were therefore conscious that our new refinery should not in any way contribute to further shortages. We have therefore invested in water treatment and reuse systems. We estimate that in 2017 49% of water our new refinery extracted from the wells and river were treated after the industrial process and reused. It is important to register that around 35% of water that enters into the new refinery evaporates, which prevents us from total re-use. The water ponds built to capture surface run-off water from our facility is working well and ensures the protection of the Piracicaba River.

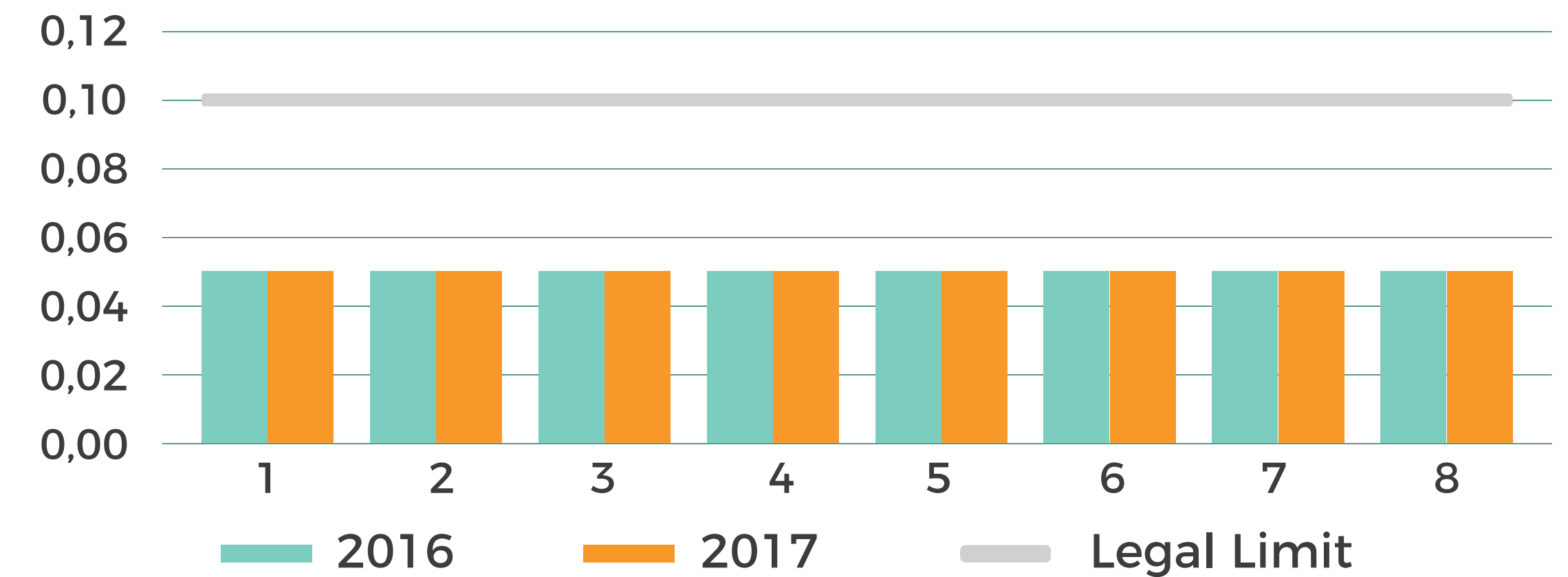
As part of our POIG commitment, we also monitor nitrogen and phosphorous levels in waterways. We carefully selected eight sampling points that are representative of our performance. Our goal is to meet the legal limits of 3.7 mg/L for nitrogen and 1.0 mg/L for phosphorus.



Nitrogen in water courses of Agropalma Plantations (mg/l)



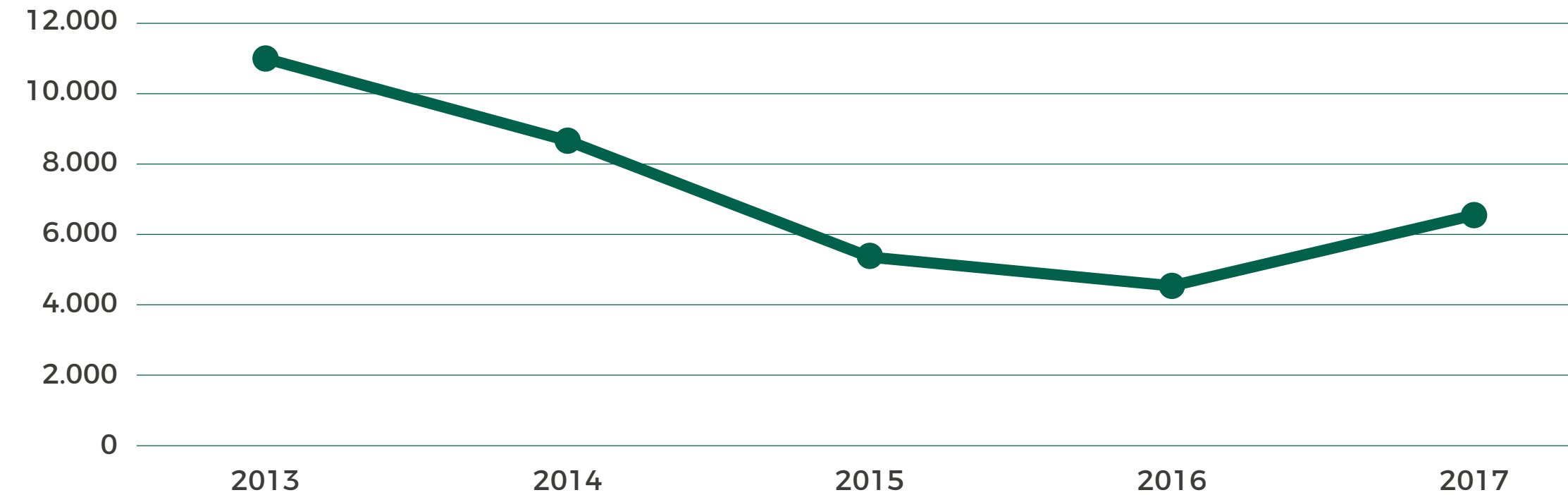
Phosphorus in water courses of Agropalma Plantations (mg/l)



In 2017 the figures for nitrogen were higher than in 2016, but still lower than legal limit. We believe that this difference is due to weather conditions (rain before sampling collection), but we will continue to monitor the situation.

Our plantations in Pará are based in an area that is not affected by water shortages. Nevertheless, we do what we can to ensure that we have little or no impact on the quality or volume of water locally available, as this is a part of our commitment to the POIG Charter.

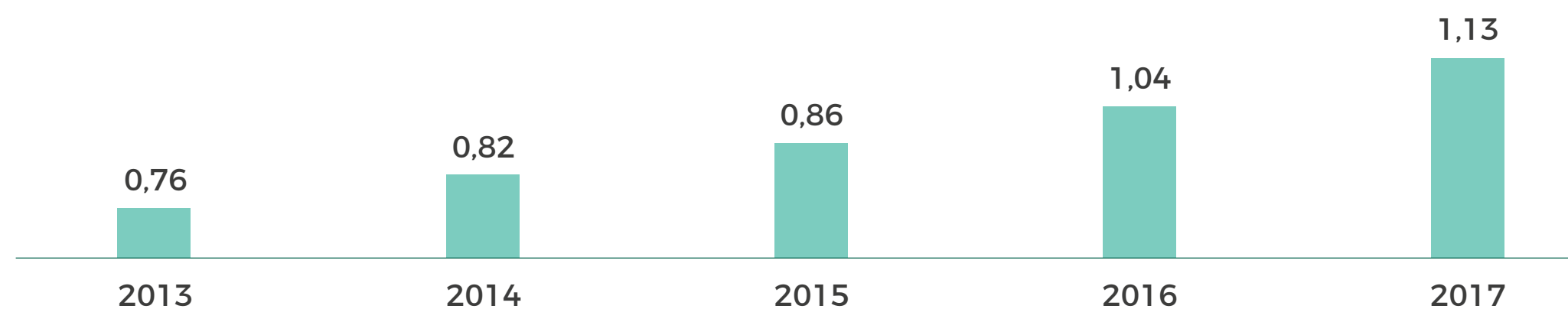
BOD levels (mg/l - average all mills)



Over the past years we have reduced the biological oxygen demand (BOD) level to around half of previous levels through more efficient cleaning of POME ponds and the inauguration, in 2015, of the new state-of-the-art effluent pond that treats POME from the new mill as well as that of the neighboring mill. The 2017 increase in BOD levels might be linked to the increase in overall FFB production that results in a bigger amount of POME, what reduces the retention time and increases the amount of organic solids in the old treatment ponds. We are working to adjust this by implementing better recirculation, correcting pH levels and improving the microbiota that reduces BOD levels.

Instead of being released into waterways, effluents are used as an efficient source of fertilizer in the field. We have in place a state-of-the-art mechanized POME distribution system that ensures effluents from our five mills are sprayed more uniformly on plantations, minimizing the risk of run-off into waterways.

Water usage per ton of FFB processed (MT - mills only)



We use river and well water in the processing of fruit – just over one metric ton of water per metric ton of FFB processed in our mill – and we have seen an increase over the past years. This is because we reduced our use of recycled water after discovering that it could have an effect on the level of 3-MPCD and other contaminants that can potentially affect product quality. In addition, due to lower FFB production and the opening of our new mill, our mills have not been running at full capacity, but as the about the same volume of water is required to run the mills, the water-to-FFB ratio has been increased.

We continue to use water in our palm irrigation trials as part of our climate change adaptation efforts. All water used for irrigation is pumped from a nearby stream.

Chemicals and pesticide usage

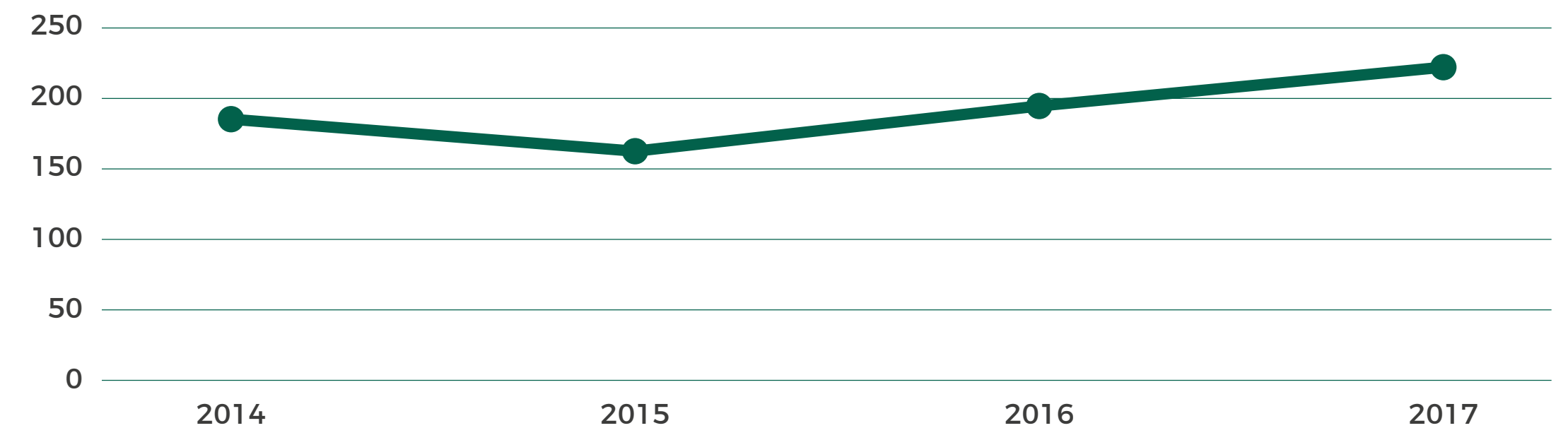
We seek to reduce the use of inorganic fertilizer and pesticides through a very efficient integrated pest management and plant care program. As well as minimizing our ecological footprint, this is also critical for keeping our production costs low at a time when a weaker Brazilian currency makes imported input relatively costly.

Most pests such as insects, fungi and diseases are primarily tackled through biological controls including beneficial plant species or predator insects. We draw heavily on the experience of our organic plantations. These have helped us to understand the most efficient means of pest control without resorting to substances harmful to humans, wildlife or ecosystems.

For young plant care, we prioritize mechanical weeding and the growing of beneficial weeds, combined with glyphosate as the only herbicide applied. We understand that some stakeholders are currently raising concerns over the ecological impact of glyphosate, and we are exploring alternatives and strategies for reductions in use.

We report our pesticide usage by tracking toxicity per hectare, rather than volumes. This allows us to monitor year-on-year changes and our performance against peers in the industry, regardless of changes in formulation or type of pesticides. Volumes used will vary with the planting cycle as younger palm require more frequent applications.

Toxicity units per hectare (Glyphosate only)





CONTRIBUTING TO
THE COMMUNITY
**AND LOCAL
ECONOMY**

CONTRIBUTING TO THE COMMUNITY AND LOCAL ECONOMY

Local communities are an integral part of Agropalma's operations and are critical to our license to operate, both in Pará and São Paulo. We are the biggest employer in Tailândia and our employees live locally. We rely heavily on local services from the community, including local transport, machinery and maintenance services, and of course on fruit from local outgrowers and family farms.

We strongly believe that we add more value to communities by providing such employment and business engagement opportunities compared to through charitable donations. In some circumstances we may also invest in local infrastructure – for instance through road maintenance or by making land available for medical facilities.

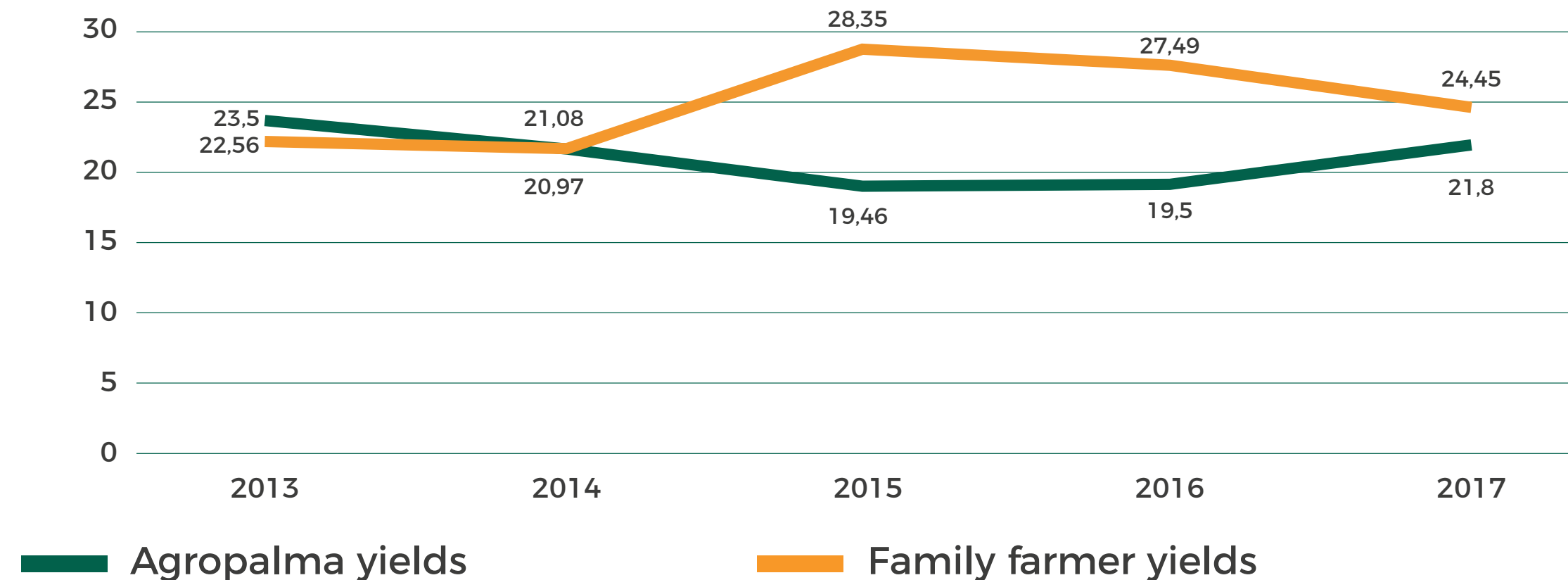
Family farm program

Family farmers are one of our most important supplier groups, supplying around 5% of our fruit. The first family farm program was initiated in 2002, and the latest phase started in 2013 and reached harvesting age in 2016.

We work closely with family farmers, making sure they have access to the best planting materials and farming inputs, as well as advice on sustainability practices and legal requirements. In 2014, we reached a major milestone when all farmers passed a vigorous certification audit against the RSPO Principles and Criteria. This enabled them to share in the premiums we receive for certified products while at the same time allowed us to produce segregated palm oil products.

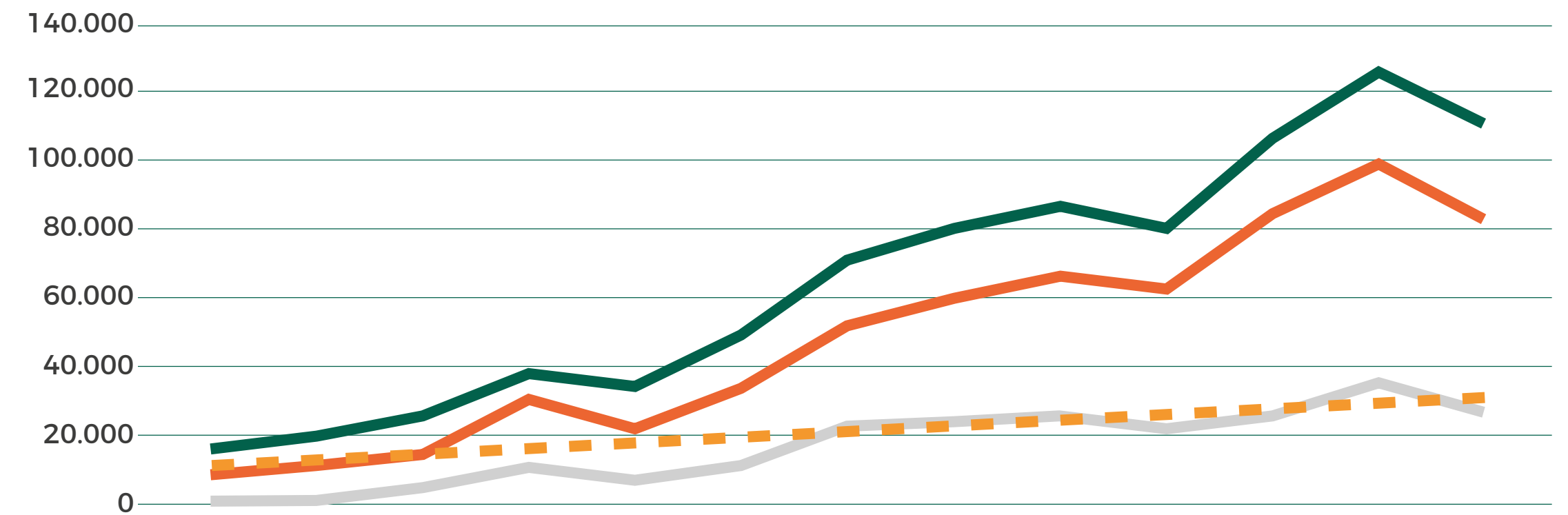
We are particularly proud that the family farmers are now producing world class yields, beyond the level achieved by our own estates. We believe this is due to a combination of meticulous management by the family farmers themselves, ongoing support from our agricultural teams and beneficial location of the land which is less prone to droughts than other estates in the area.

Family farmer productivity (ton FFB/ha)



Since initiating our family farm project, we have closely monitored farmers' income levels and livelihoods. In 2017, farmers saw a small reduction in income since there has been limited growth now that all palms have reached maturity and optimal yield and the global CPO price saw a decrease. However, overall, we are pleased to conclude that almost all families have seen significant increases in income over the past decade, far outpacing national income levels.

Family farmer gross income from oil palm per year 2005-2017 (BRL)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Highest income	16.730	20.328	27.373	39.177	33.392	50.939	71.630	80.184	85.063	81.688	108.119	124.897	109.800
Lowest income	9.277	12.980	16.104	31.231	22.881	35.269	52.866	59.497	66.719	64.315	85.356	97.192	79.216
Average income	3.051	3.001	6.063	9.550	7.623	12.536	22.825	23.490	25.988	23.755	25.979	35.425	28.541
Brazil GNI per capita (Current BRL)	11.158	12.226	13.645	15.341	16.292	19.166	21.453	23.497	26.024	27.738	28.506	29.547	30.695

Source GNI: <http://databank.worldbank.org/data/reports.aspx?source=2&type=metadata&series=NY.GNP.PCAP.CD>

Legend: Highest income (dark green), Lowest income (orange), Average income (grey), Brazil GNI per capita (Current BRL) (dashed orange)

Note: Figures are for Agropalma's first family farmer project in which families had just over 11 hectares of land on average and where all palms are now mature.

Integrated outgrowers and new FFB suppliers

20% of our fruit comes from small and medium-sized growers in the community. We work closely with these growers to ensure that they observe the same high standards we require for our own estates. All our external growers passed RSPO certification audits in 2014.

Due to our expanded mill capacity, and an increased need for CPO and PKO at our new refinery, one of our big challenges is to identify and undertake due diligence on new outgrowers. To ensure that our RSPO certification is not compromised, the biggest task ahead of us is to map previous land use and year of land clearing in order to assess whether there are any conflicts with the RSPO 2005 cut-off date. After this date, all growers must have undertaken an HCV assessment before establish the palm plantation. Since none of the new suppliers are RSPO members and do not have HCV assessments, our team is putting in every effort into categorizing previous land use. The RSPO compensation mechanism launched in 2014 and revised in 2015 allows for non-member suppliers to be included in certification if they can prove that conversion was for 'non-corporate clearance' – for example, was undertaken by communities or farmers to support small-scale agriculture.

Building capacity with local small enterprises

We have a long-term program to build local capacity among small- and medium-sized enterprises (SMEs) in the area, ensuring that they operate legally and helping them navigate complex federal and state legal codes. Our team provides free consultancy to local businesses and proactively works to identify and resolve regulatory issues. We also assist our local suppliers in engaging with municipal authorities to help them set up their business and handle administrative tasks, from tax filings to permit issues and environmental licensing.

Community consultation in São Paulo

Our new refinery in Limeira is based in a former orange grove. This is a strategic location just off the highway to São Paulo in an area with growing industrial activities. The immediate area is relatively sparsely populated, but we wanted to ensure that our relationship with our neighbors remained positive during both the construction phase and after operations commenced in 2016. Before the heavy construction began, we organized a consultation workshop and encouraged members of the local community to participate and share their concerns, questions and views. The primary concerns expressed were about the increase in heavy traffic, with accompanying dust and noise, on the access road, as well as the risk to the local river from industrial pollution. To address these concerns, we explained our mitigation plans, and we believe the participants found these satisfactory and reassuring. All participants were provided with a direct phone line to refinery managers, ensuring that any future issues and concerns could be raised promptly.

We also received a lot of positive feedback from community members who were happy to see 200 new jobs being created, and who welcomed our plans to reforest patches of the Atlantic rainforest, one of the most unique and highly threatened ecosystems in Brazil.

In August 2016, just after the opening, Agropalma invited all neighbors to a second meeting where we presented our procedures on grievances and complaints, and provided an update on the concerns and expectations of the local community on our new unit. 36 people participated and no negative comments were registered. The participants expressed positive views on the communication flows and specifically asked how to gain support from the company to local leisure and cultural activities, as well as how to apply for positions with the company.

One of our environmental officers visits the neighbors annually to consult on any dissatisfaction related to the company they may have. To date, there have been no negative views registered.



Land management and claims

None of our operations are located near or overlap with indigenous or customary rights land. However, we have had a case pending since 2012, which was detailed in our 2013 and 2015 Sustainability Reports. The case was raised by a couple from Belém and relies on claims that the documentation we presented when purchasing the land was invalid. The allegations have been raised through multiple national and regional jurisdictions in Brazil and a duplicate complaint was filed with the RSPO Complaints Panel in 2012 and again in 2015. The case can be monitored here: <https://rspo.org/members/complaints/status-of-complaints/view/83>

Brazilian courts have ruled in Agropalma's favor in two separate decisions and the RSPO complaints panel has decided that "the complainants have not produced conclusive evidence to prove the ownership of the land that they are claiming from Agropalma." Most recently, the local authorities charged with settling land disputes have refused to recognize the claims of the complainant. Unfortunately, we do not believe that a resolution of the case is imminent as the complainants persist in involving new parties without new evidence or credible documentation. However, we remain committed to ensuring that the case is exhausted through these legal avenues in a transparent matter and are sharing updates with our stakeholders on an ongoing basis.

In addition to this case, we are also aware that a group composed of people from different areas are analyzing a possibility that they have customary land rights in our plantations. We do not find that this claim is legitimate, but are monitoring these developments.



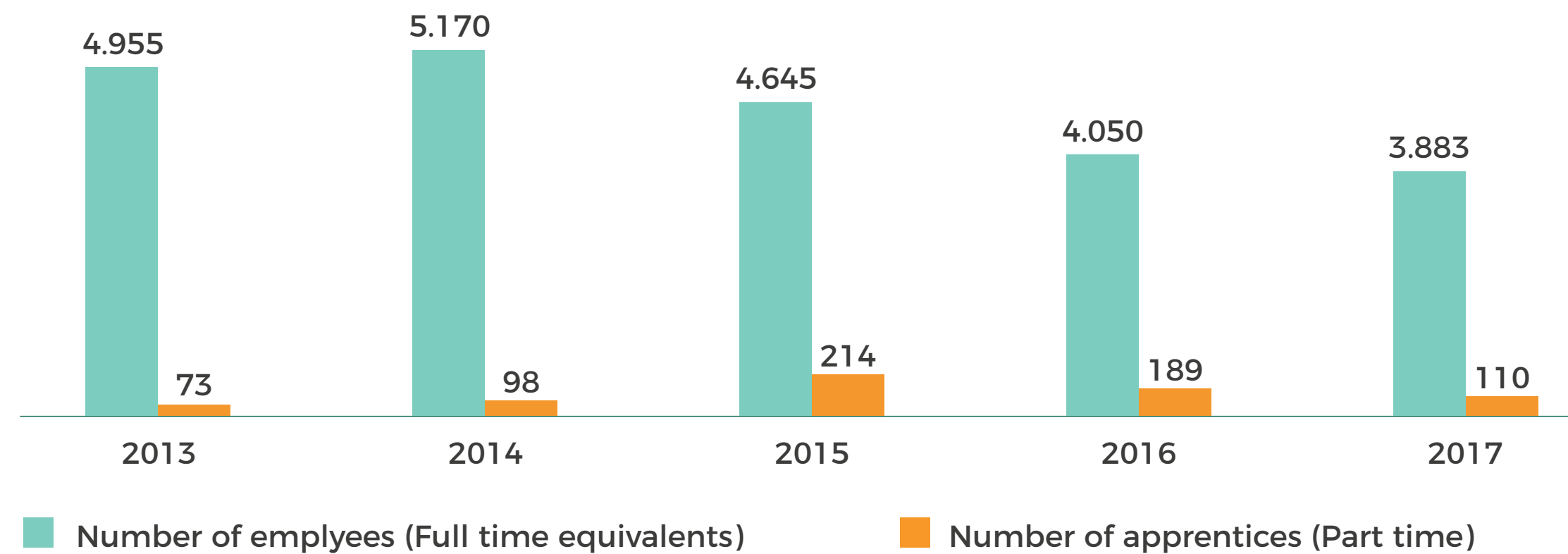


SAFEGUARDING FAIR
AND RESPONSIBLE
**WORKPLACE
PRACTICES**

SAFEGUARDING FAIR AND RESPONSIBLE WORKPLACE PRACTICES

Our employees are our most valued resource and we make every effort to ensure that employee conditions are fair and competitive. We believe that we are among the most efficient operators in our industry, and hence each of our employees, from field maintenance crews to executives, is critical to the ongoing success of our business.

Agropalma Employees



Human rights in the workplace

We adhere strictly to Brazilian labor law and align ourselves to the International Labour Organization (ILO) core labor standards, as well as the POIG Charter and detailed guidance such as the NGO-led 'Fair and Free Labor in Palm Oil Production' guide.

Freedom of association and collective bargaining

We respect and support the right to form and join unions and more than half (59.4%) of our employees are union members. Agropalma's management and the union have a professional positive relationship and meet on a regular basis to discuss matters of concern to members, and to negotiate the collective bargaining agreement. This agreement is valid for all employees whether unionized or not. Union representatives are allowed to attend meetings during working hours. Unions also assist employees in ensuring that their rights are adhered to and in calculating that correct wages and benefits are paid out. When employees leave the company, the union signs off on any outstanding payments to the employee.

Fair and equal pay and benefits

We believe that we pay fair wages to all employees, and our salaries are adjusted considering inflation and minimum wage requirements, with a small premium. In addition to wages, we continue to offer a range of benefits such as adult education, subsidized meals, sports facilities, subsidized health insurance plans, as well as transport to/from local towns and to/from Belem.

	2013	2014	2015	2016	2017
Agropalma lowest wage (BRL)	695	743	808	883	954
Brazil minimum wage (BRL)	678	724	788	880	937
Difference (BRL)	17	19	20	3	17

Living wage

As part of our partnership with POIG, we have recently undertaken a detailed living wage review. Using the ANKER living wage methodology, we are assessing the wages of the lowest paid employees operating within our plantations. This includes external service providers such as cleaners, transport suppliers and catering staff.

The methodology includes meticulous collection of consumption data for a sample of staff, including typical cost for housing, schooling, transport, utilities and food purchases, and analyzing these to paint a better picture of the needs of individuals and families in the local community. We are looking to submit the report for expert review before taking further action.

Expanding our labor pool - focusing on diversity

We are always looking for the best talent and the most productive workforce, and therefore need to make sure that our labor pool is broad and diverse. We aim to be a company where everyone has equal opportunity regardless of gender, disability, race, sexual orientation, religion or any other social classification.

Promoting gender diversity

We believe that gender diversity is an important means to enlarge our potential talent pool, and to ensure that Agropalma has access to a broad set of skills and experiences.

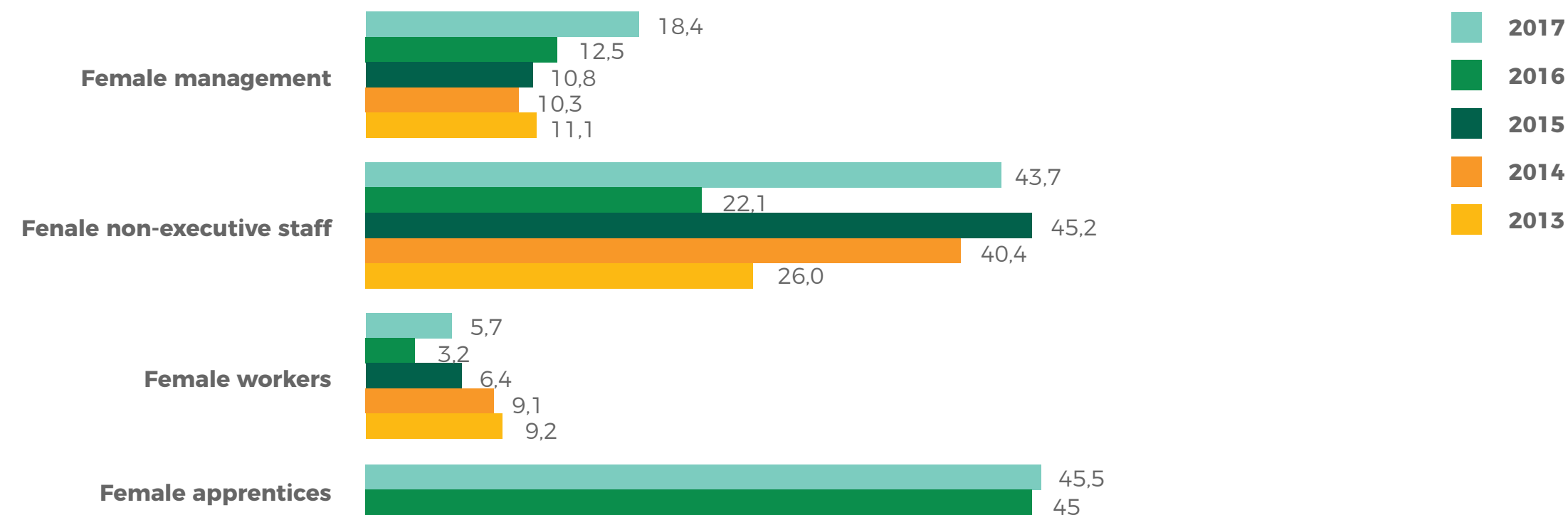
All our employees are paid equal pay for equal work, regardless of gender. We also have in place a generous maternity leave allowance of 180 days, 60 days more than the period prescribed by Brazilian law. We also have robust policies and reporting systems to address any cases of sexual harassment or discrimination in the workplace, and believe that we have built a strong culture to protect and respect female employees.

However, after reviewing our gender data in 2015, we found that women are generally under-represented in our workforce at around 11% of employees.

The biggest drop has been among field workers, where the ongoing mechanization of our operations has meant that most of the field roles typically allocated to women such as weeding, loose fruit collection and fertilizing have now been abolished. We have a program in place to train women harvesters, which has been a great success, and we now employ more than 120 female harvesters, who are achieving much higher wages than they did in their previous roles. Our staff and mid-manager functions are much more diverse, with women making up around 45% of our employees in these support functions. At management level, we have increased female representation over the past year, and women now make up 18% of our senior management team.

In general, we have found it challenging to attract women into our agriculture and manufacturing operations, and we always look to hire the best talent, regardless of gender. However, we also recognize that we can play a role in fostering a wider talent pool for the future. Our apprentice and trainee program has therefore emphasized gender diversity as a key criteria for intake over the past two years, and we are pleased that almost half of our 110 apprentices are women.

Employee gender distribution



Disabled employees

Our commitment to diversity includes an ongoing focus to ensure that we provide a workplace which is welcoming to disabled employees. We believe that we are one of only a few companies in Brazil who have more than 5% of employees with disabilities, despite this being a mandated requirement. We also believe we are the only company in the palm oil sector to have achieved this. Employees in this program have different disabilities, ranging from audio-visual impairment to mobility-related issues, while some are being rehabilitated following work-related accidents. Salaries, benefits and working conditions for disabled employees are identical to those without disabilities.

Elimination of child, forced and bonded labor

We have a strict ban on all types of forced or bonded labor, and zero-tolerance for children under the age of 18 working in our operations or in those of our integrated outgrowers or family farmers.

We continue to have concerns about young people working in the field among some family farmers, and we continue our ongoing monitoring, enforcement and awareness programs to ensure that such practices are minimized and will eventually be eliminated on a permanent basis. We check contracts and paperwork for our suppliers' employees to confirm there are no breaches of Brazil's very strict anti-slavery laws.

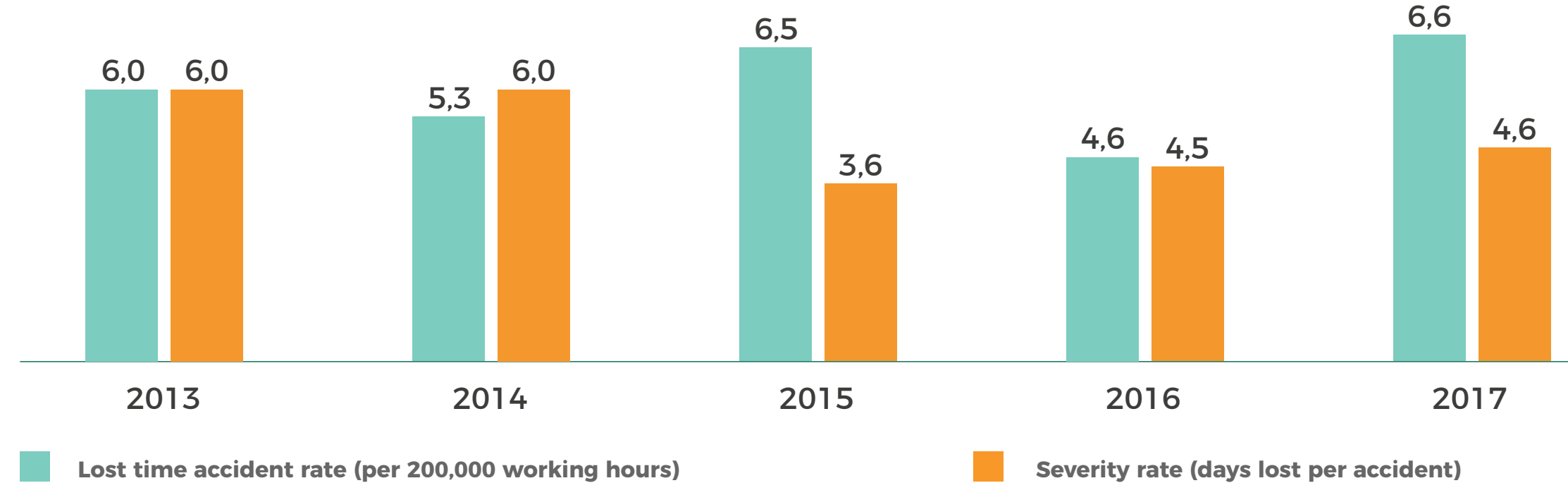
In addition to these internal safeguards, we have also taken on a wider role in preventing exploitative labor practices. We are an active member of InPacto, the Institute of National Pact to Eradicate Slave Labor. In 2016, our Sustainability Manager became the President of the initiative, which drives good practice across Brazilian business.



Workplace health and safety

We believe that the most important responsibility for any company is to ensure that we provide a safe workplace, with a high level of monitoring, reporting and constant improvement. We have in place a separate Corporate Health, Safety and Environment Department to enable stronger focus on operational safety. Through our mechanization program we have eliminated a number of the factors that traditionally caused high levels of minor accidents. These include fruit collection, where the risk of cuts and thorn pricks is high, manual spraying, which may cause chemical injuries, and FFB loading, that often cause back injuries. Our accident rate and severity rate have remained stable at levels which we believe are significantly below industry level, and we are pleased to note that there have been no fatal accidents in our operations in 2016 and 2017.

Accidents



Medical services, health insurance and healthy living

Our employees and local communities primarily rely on public health services, and we provide emergency medical assistance at our medical center. All work-related illnesses and injuries are provided for in our medical clinics and we cover 100% of the costs. In addition, we make general healthcare available to all employees through a private medical scheme, where employees can choose a number of levels suited to their needs, and contribute 30% of their medical costs at the rate of the existing low-priced service. The scheme has been very well received, with 95% of employees having signed up to date.

As in many other parts of the world, lifestyle diseases such as diabetes and heart disease are a significant concern in Brazil, with over 20% classed as obese, and an estimated 10% suffering from type 2 diabetes. To support those employees wanting to lead a healthier lifestyle, we have introduced a new healthy food range in our catering offer, ensuring that employees who eat in our cafeteria and those getting food delivered in the field can choose meals with lower fat, salt and sugar.





DATA BASE

	Measurement unit/ breakdown	2017	2016	2015	2014	2013
Market and financials						
Total revenue Agropalma Group	Million BRL	1.020,06	809,57	753,39	733,85	651,86
Customers (% of sales)	Food	74,6%	77,3%	82%	87%	77,5%
	Non-food	25,4%	22,7%	18%	13%	22,5%
Organic % of volume produced	-	5,93%	7,32%	5,45%	6,79%	6,60%
Fair trade % of volume produced	-	5,93%	7,32%	5,45%	6,79%	6,60%
Workplace						
Number of employees	Full time equivalents (FTEs)	3.883	4.049,5	4.645	5.170	4.954,5
Number of young apprentices	Number	110	189	214	98	73
Employee turnover	%	19,61%	19,26%	23,20%	33,91%	2,34%
Employee categories	Management (FTEs)	38	32	37	39	36
	Non-executive staff (FTEs)	492	607,5	598	513	724,5
	Workers (FTEs)	3.353	3.410	4.010	4.618	4.194
Female employees	FTEs	426	225,5	482	610,5	589
Male employees	FTEs	3.457	3.824	4.163	4.559,5	4.365,5
Female non-executive staff	FTEs	228	113,5	222	187,5	198
Male non-executive staff	FTEs	264	494	376	325,5	526,5

	Measurement unit/ breakdown	2017	2016	2015	2014	2013
Workplace						
Female workers	FTEs	191	108	256	419	387
Male workers	FTEs	3.162	3.302	3.754	4.199	3.807
Female management	FTEs	7	4	4	4	4
Male management	FTEs	31	28	33	35	32
Minimum starting wage	BRL per month	954	883	808	743	695
Number of employees who received formal qualifications funded by Agropalma	-	1.113	877	-	-	1.498
Number of employees who are members of a trade union	-	2.306	2.929	3.134	3.722	3.658
% women returned after maternity leave	-	100%	100%	100%	100%	100%
Reported sexual harassment cases	-	1	0	0	0	4
Confirmed sexual harassment cases	-	0	0	0	0	1
Number of employees and dependants housed	-	1.051	1.255	-	-	-

	Measurement unit/ breakdown	2017	2016	2015	2014	2013
Community						
	Sports	11.100	4.000	39.070	44.661	99.833
	Culture/religion	51.750	2.500	7.499	16.000	7.900
Breakdown of charitable contributions (BRL)	Community health facilities	27.080	20.520	52.080	59.400	8.480
	Children and education	6.800	14.400	0	0	8.400
	Charity (basic needs)	2.000	0	0	0	0

Health and safety

Fatalities	-	0	0	1	0	0
Total number of accidents	Refinery	26	13	7	4	4
	Estates and mills	363	253	358	317	354
Total days lost to accidents	Refinery	171	77	77	48	209
	Estates and mills	1.499	1.052	1.239	1.875	1.945
Lost time accident rate	Incidents per 200,000 working hours	6,25	4,35	6,12	4,97	5,81
Severity rate	Average days lost per incident	4,6	4,46	3,6	6	6

	Measurement unit/ breakdown	2017	2016	2015	2014	2013
Land						
Total titled land	Hectares	107.000	107.000	107.000	107.000	107.000
Total area of forest reserves	Hectares	64.000	64.000	64.000	64.000	64.000
Infra-structure area	Hectares	3.212*	3.212	3.212	3.212	3.212
Total hectares oil palm	Hectares	39.023	39.042	39.042	39.042	39.042
Other areas	Hectares	765	746	746	746	746

Production and output

Yield per hectare (productive palm, older than 3 years)	Tons per ha	17,7	16,6	18,4	20,66	20
Yield per hectare (adult palm, older than 8 years)	Tons per ha	21,8	19,5	19,46	20,97	23,5
Extraction rate (CPO)	% of FFB	17,94	17,38	18,52	18,42	18,33
Total effluents	Tons	551.404	499.643	548.629	647.859	545.614
Total boiler ash	Tons	3.418	3.004	4.312	4.308	4.042
Total Production	CPO (tons)	158.779	138.189	159.552	158.664	147.017
	PKO (tons)	14.247	11.941	13.521	14.597	13.989
	PKE (tons)	25.357	20.316	25.874	21.539	16.613
	Fiber (tons)	111.594	98.829	107.807	107.695	101.059
	EFB (tons)	236.382	215.665	228.057	202.467	189.992

*Infrastructure area has been restated, as figures in previous report mistakenly included 'other' area.

	Measurement unit/ breakdown	2017	2016	2015	2014	2013
Materials and inputs						
Total FFB processed	Tons	892.751	790.630	852.393	861.931	802.331
Materials and inputs						
Agropalma estate FFB	Tons	669.363	613.352	664.316	683.482	661.446
Family farmer FFB	Tons	40.835	39.567	40.548	34.329	33.215
Integrated outgrowers FFB	Tons	174.906	141.916	147.528	143.939	107.684
Materials and inputs						
Herbicide usage per hectare	Liters per ha	1,63	1,52	1,15	1,18	1,7
Herbicide active ingredient usage per hectare (only glyphosate)	Liters per ha	1,05	0,99	0,84	0,93	0,82
Total water usage (mills only)	Tons	783.588	757.334	735.957	706.015	610.081
Total diesel usage (all uses)	Litres	3.858.230	4.221.964	3.820.729	3.806.886	3.995.028
Total fertiliser usage	Tons	8.058	35.342	31.305	27.901	33.687
Total chemicals	Tons	387	406	363	356	123
Environmental impact						
BOD levels (Average)	mg/L	6.403	4.470	5.809	8.482	11.155
Total number and volume of significant spills	-	0	0	0	0	0



The image features a central graphic with the text 'GRI INDEX' in white, bold, sans-serif font. The text is set against a dark green circular background. This circle is surrounded by a larger, semi-circular graphic element with an orange and green color scheme, featuring stylized palm leaf patterns. The background of the entire image is a photograph of durian fruit, with several slices showing the characteristic orange flesh and dark, bumpy husk, resting on a dark, textured surface. The lighting is bright, highlighting the textures of the fruit and the graphic elements.

GRI INDEX

Global Reporting Initiative Content Index

The Global Reporting Initiative (GRI) is the leading multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. There are two options for preparing a report in accordance with the GRI Standards: Core and Comprehensive. This report has been prepared in accordance with the GRI Standards: Core option.

GRI 101: Foundation 2016			
GRI 102: General Disclosures			
Disclosure		Page or reason for omission	Página
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102-7	Scale of the organisation	About Agropalma Our plantations and land Ownership and governance structure	11 13 11
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102-9	Supply chain	Traceability	15
102-10	Significant changes to the organisation and its supply chain	Traceability	15
102-11	Precautionary Principle or approach	Our approach to sustainability Note: POIG and RSPO require a precautionary approach	17
102-12	External initiatives	Environmental responsibility Elimination of child, forced and bonded labour	20 31
102-13	Membership of associations	Our approach to sustainability Elimination of child, forced and bonded labour	17 31
Strategy			
102-14	Statement from senior decision-maker	CEO Welcome	5
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Our approach to sustainability	17

Governance			
102-18	Governance structure	Ownership and governance structure	11
102-19	Delegating authority	Ownership and governance structure	11
102-20	Executive-level responsibility for economic, environmental, and social topics	Ownership and governance structure	11
Stakeholder Engagement			
102-40	List of stakeholder groups	An exhaustive list is not included, but reference to significant engagements are included throughout the report	
102-41	Collective bargaining agreements	Freedom of association and collective bargaining	30
102-42	Identifying and selecting stakeholders	Reference to significant engagements are included throughout the report	
102-43	Approach to stakeholder engagement	Reference to significant engagements are included throughout the report	
102-44	Key topics and concerns raised	Reference to significant issues and concerns are included throughout the report	
Reporting Practice			
102-45	Entities included in the consolidated financial statements	About the report	45
102-46	Defining report content and topic Boundaries	About the report	45
102-47	List of material topics	About the report	45
102-48	Restatements of information	Restatement on infrastructure explained in base data notes	
102-49	Changes in reporting	About the report	45
102-50	Reporting period	About the report	45
102-51	Date of most recent report	About the report	45
102-52	Reporting cycle	Bi-annually	
102-53	Contact point for questions regarding the report	Contact	50
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index	37
102-55	GRI content index	GRI Index	37
102-56	External assurance	About the report	45

Material Topics				
GRI Standard	Disclosure		Page or reason for omission	
ECONOMIC				
Market Presence				
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Fair and equal pay and benefits	26 30
Indirect Economic Impacts				
	103-1	Explanation of the material topic and its Boundary	Contributing to the community and local economy	26
GRI 103: Management Approach	103-2	The management approach and its components	Contributing to the community and local economy	26
	103-3	Evaluation of the management approach	Contributing to the community and local economy	26
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Contributing to the community and local economy	26
	203-2	Significant indirect economic impacts	Contributing to the community and local economy	26
Procurement Practices				
	103-1	Explanation of the material topic and its Boundary	Contributing to the community and local economy	26
GRI 103: Management Approach	103-2	Abordagem de gestão e seus componentes	Contributing to the community and local economy	26
	103-3	The management approach and its components	Contributing to the community and local economy	26
GRI 204: Procurement Practices	204-1	Evaluation of the management approach	Our mills	14
Anti-corruption				
	103-1	Explanation of the material topic and its Boundary	Contributing to the community and local economy	26
GRI 103: Management Approach	103-2	The management approach and its components	Contributing to the community and local economy	26
	103-3	Evaluation of the management approach	Contributing to the community and local economy	26

Anti-corruption

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	No to corruption	18
	103-2	The management approach and its components	No to corruption	18
	103-3	Evaluation of the management approach	No to corruption	18

ENVIRONMENTAL

Materials

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Protecting and conserving local water sources Chemicals and pesticide usage	23 24
	103-2	The management approach and its components	Protecting and conserving local water sources Chemicals and pesticide usage	23 24
	103-3	Evaluation of the management approach	Protecting and conserving local water sources Chemicals and pesticide usage	23 24

GRI 301: Materials	301-1	Materials used by weight or volume	Protecting and conserving local water sources Chemicals and pesticide usage	23 24
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Water

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Protecting and conserving local water sources	23
	103-2	The management approach and its components	Protecting and conserving local water sources	23
	103-3	Evaluation of the management approach	Protecting and conserving local water sources	23

Biodiversity

GRI 103: Ma- nagement Approach	103-1	Explanation of the material topic and its Boundary	Environmental responsibility	20
	103-2	The management approach and its components	Environmental responsibility	20
	103-3	Evaluation of the management approach	Environmental responsibility	20

GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental responsibility	20
	304-2	Significant impacts of activities, products, and services on biodiversity	Environmental responsibility	20
	304-3	Habitats protected or restored	Environmental responsibility	20

Emissions

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Combatting climate change	21
	103-2	The management approach and its components	Combatting climate change	21
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Combatting climate change	21
	305-2	Energy indirect (Scope 2) GHG emissions	Combatting climate change	21
	305-3	Other indirect (Scope 3) GHG emissions	Combatting climate change	21
	305-4	GHG emissions intensity	Combatting climate change	21
	305-5	Reduction of GHG emissions	Combatting climate change	21

Effluents and Waste

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Protecting and conserving local water sources	23
	103-2	The management approach and its components	Protecting and conserving local water sources	23
GRI 306: Efluentes e resíduos	306-1	Water discharge by quality and destination	Protecting and conserving local water sources	23

Supplier Environmental Assessment

GRI 103: Ma- nagement Approach	103-1	Explanation of the material topic and its Boundary	Integrated outgrowers and new FFB suppliers	27
	103-2	The management approach and its components	Integrated outgrowers and new FFB suppliers	27

SOCIAL				
Employment				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safeguarding fair and responsible workplace practices	30
	103-2	The management approach and its components	Safeguarding fair and responsible workplace practices	30
Labour/Management Relations				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safeguarding fair and responsible workplace practices	30
	103-2	The management approach and its components	Safeguarding fair and responsible workplace practices	30
Occupational Health and Safety				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Workplace health and safety	32
	103-2	The management approach and its components	Workplace health and safety	32
GRI 403: Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Workplace health and safety Occupational disease, lost days and absenteeism are currently not recorded	32
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Workplace health and safety	32
Diversity and Equal Opportunity				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safeguarding fair and responsible workplace practices	30
	103-2	The management approach and its components	Safeguarding fair and responsible workplace practices	30
	103-3	Evaluation of the management approach	Safeguarding fair and responsible workplace practices	30
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Safeguarding fair and responsible workplace practices	30

Non-discrimination

	103-1	Explanation of the material topic and its Boundary	Safeguarding fair and responsible workplace practices	30
GRI 103: Management Approach	103-2	The management approach and its components	Safeguarding fair and responsible workplace practices	30
	103-3	Evaluation of the management approach	Safeguarding fair and responsible workplace practices	30

Freedom of Association and Collective Bargaining

	103-1	Explanation of the material topic and its Boundary	Freedom of association and collective bargaining	30
GRI 103: Management Approach	103-2	The management approach and its components	Freedom of association and collective bargaining	30
	103-3	Evaluation of the management approach	Freedom of association and collective bargaining	30

Child Labour

	103-1	Explanation of the material topic and its Boundary	Elimination of child, forced and bonded labour	31
GRI 103: Management Approach	103-2	The management approach and its components	Elimination of child, forced and bonded labour	31
	103-3	Evaluation of the management approach	Elimination of child, forced and bonded labour	31
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Elimination of child, forced and bonded labour	31

Forced or Compulsory Labour

	103-1	Explanation of the material topic and its Boundary	Elimination of child, forced and bonded labour	31
GRI 103: Management Approach	103-2	The management approach and its components	Elimination of child, forced and bonded labour	31
	103-3	Evaluation of the management approach	Elimination of child, forced and bonded labour	31
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Elimination of child, forced and bonded labour	31

Local Communities

GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Contributing to the community and local economy	26
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ABOUT THE REPORT

ABOUT THE REPORT

Completeness

The report covers the calendar years 2016 and 2017. Data includes all the operations of our refineries, plantations and mill operations as of 31 December, unless otherwise stated. The report does not include detailed information on our small office-based operations in São Paulo. In addition to impacts within our own organizational boundaries, the report covers material aspects for all FFB suppliers.

The report contains updated information on some 2018 events where we consider these to be of material importance to our stakeholders.

Materiality, Stakeholder Inclusiveness and Sustainability Context

Report content has been determined based on ongoing stakeholder dialogue and a review of issues that are critical to the Agropalma Group. The Agropalma sustainability team and an external consultant with a broad knowledge of the international palm oil debate have jointly reviewed customer and NGO enquiries as well as research undertaken on behalf of the Group.

In April 2017, the Senior Management teams of Agropalma plantations and refineries in Belém and São Paulo participated in a half-day workshop to prioritize the areas most material to the group. These were collated into the materiality matrix below. Unless specifically noted, boundaries were considered to be Agropalma organizational boundaries.

Throughout the report we seek to provide an appropriate context for our performance, particularly in relation to the unique social and environmental landscapes in Brazil and the Amazon region.

Reporting cycle and approach to assurance

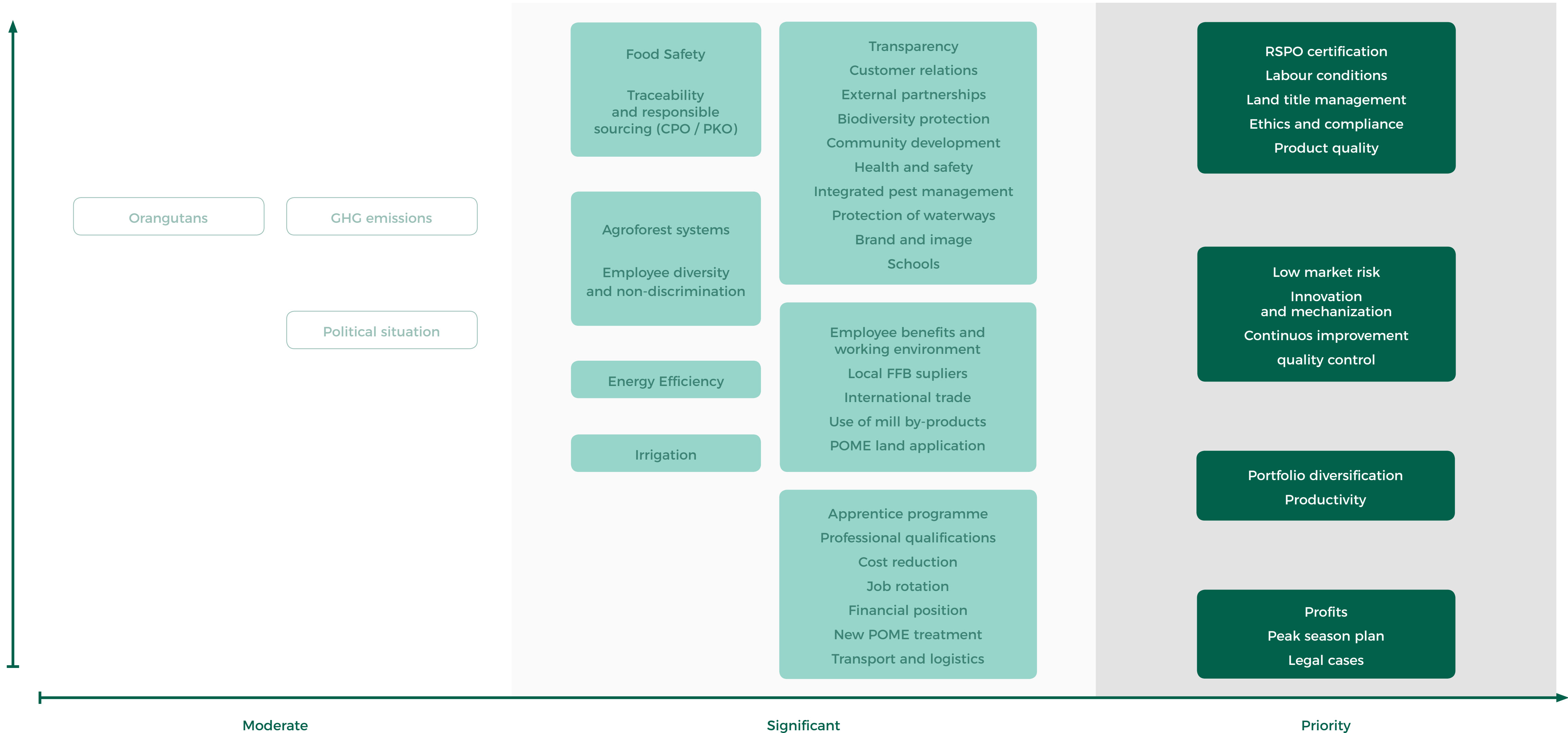
We publish a sustainability report every two years. In addition, stakeholders can review our progress annually via our RSPO annual communications of progress published each year in Q2 on <http://www.rspo.org/en/member/1/agropalma-group>.

We have not engaged a third party to provide assurance or data verification. We believe that our multiple certification audit provides adequate assurance on our performance to our stakeholders at this stage. The majority of content is documented in our annual RSPO audit report, which is prepared by IBD Certifications and which can be downloaded from http://www.rspo.org/en/principles_and_criteria_assessment_progress.

However, we will continue to collate feedback from stakeholders on whether third-party assurance is a priority area.



Importance to Agropalma's external stakeholders



Impact on Agropalma's business

An aerial photograph of an industrial facility, possibly a water treatment plant, featuring several large blue-roofed buildings and various tanks. A large, semi-transparent green circle is overlaid on the left side of the image, containing the word "GLOSSARY" in white, bold, sans-serif capital letters. The background shows a mix of industrial structures and green, hilly terrain under a clear sky.

GLOSSARY

GLOSSARY

Biodiversity - The diversity (number and variety of species) of plant and animal life within a region.

Biological Oxygen Demand (BOD) - The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

CO2 equivalents - Carbon dioxide equivalents (CO2e) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

Crude palm oil (CPO) - an edible oil extracted from the pulp of fruit of oil palms.

Deforestation - is defined by POIG as direct human-induced conversion of forest to non-forests, with an exception for small-scale low intensity subsistence conversion by indigenous peoples and forest dependent traditional communities (consistent with HCV 5).

Effluents - Water discharged from one source into a separate body of water, such as mill process water or palm oil mill effluent (POME).

Emissions - Greenhouse gas (GHG) or carbon emissions are gases in the atmosphere that absorb and emit radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide and ozone.

Extraction rate - The amount of oil extracted from oil palm fruit at a mill. Crude palm oil (CPO) is extracted from the flesh; palm kernel oil (PKO) is extracted from the nut.

Fair trade - Production standards and certification systems whose stated goal is to help producers in developing countries achieve better trading conditions and to promote sustainability. Fair trade involves the payment of higher prices to small producers, as well as higher social and environmental standards.

Fresh fruit bunches (FFB) - clusters of fruit from the oil palm from which palm oil is derived.

High Carbon Stock (HCS) - A High Carbon Stock approach means identifying degraded land on which it is possible to continue the expansion of oil palm plantations subject to usual legal requirements.

High Conservation Values (HCV) - The HCV concept was originally developed by the Forest Stewardship Council (FSC) with the aim to standardise the definitions and evaluation approaches for natural forest that should be set aside for conservation. There are six possible HCVs that can be identified, covering environmental and social aspects of a natural forest.

International Labour Organization (ILO) - A tripartite world body representative of labor, management and government and an agency of the United Nations. It disseminates labor information and sets minimum international labor standards called "conventions", offered to member nations for adoption.

NGO - Non-governmental organization. In this report, NGO is used to refer to grassroots and campaigning organizations that are focused on environmental or social issues.

Organic - When related to food or farming methods, organic refers to those produced or undertaken without the use of chemical fertilizers, pesticides, or other artificial chemicals.

Palm kernel oil (PKO) - an edible oil extracted from the pulp of the oil palm fruit.

Peat - Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peatlands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.

Palm Oil Innovation Group (POIG) - A multi-stakeholder initiative that strives to achieve the adoption of responsible palm oil production practices by key players in the supply chain through developing and sharing a credible and verifiable benchmark that builds upon the RSPO, and creating and promoting innovations.

Roundtable on Sustainable Palm Oil (RSPO) - A multi-stakeholder organization based in Kuala Lumpur, Malaysia. The organization has developed a certification scheme for sustainable palm oil.

Social Impact Assessment - Social impact assessments include the process of analyzing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.

Stakeholders - Any group or individual that is affected by or can affect a company's operations.

Sustainability - A term expressing a long-term balance between social, economic and environmental objectives. Often linked to Sustainable Development, which is defined as "Development that meets the need of current generations without compromising the needs of future generations."

Traceability - Traceability is the capability to track sustainable palm oil along the entire supply chain.

Segregation - This system allows sustainable palm oil to be kept separate from conventional palm oil throughout the entire supply chain.

SME - Small and medium-sized enterprise.

3-MPCD - (3-monochloropropane-1,2-diol or 3-chloropropane-1,2-diol) is an organic chemical compound which is carcinogenic and highly suspected to be genotoxic in humans, has male anti-fertility effects, and is a chemical byproduct which may be formed in foods, the most commonly found member of chemical contaminants known as chloropropanols.

Contact

We welcome feedback on this report and our sustainability performance in general.

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