



AGROPALMA

2019

SUSTAINABILITY
REPORT



SUMMARY

	CEO Welcome	03
	Targets and achievements	
	2018–2019 highlights	04
	Status on targets	05
01	About Agropalma	06
	Ownership and governance structure	07
	Our plantations and land	09
	Our products and marketplace	11
02	Our approach to sustainability	13
	RSPO Certification and Palm Oil Innovation Group verification	15
	Sustainability management structure	15
	Stakeholder engagement	15
	No to corruption	15
03	Environmental responsibility	16
	Forests and biodiversity	17
	Combatting climate change	19
	Protecting and conserving local water sources	20
	Organic practices and chemical pest control	22
04	Contributing to the community and local economy	23
	Family farm program	24
	Integrated outgrowers and new FFB suppliers	26
	Building capacity with local small enterprises	26
	Community consultation in São Paulo	26
	Land management and claims	27
05	Safeguarding fair and responsible workplace practices	28
	Human rights in the workplace	29
	Workplace health and safety	32
	Preventing the spread of COVID-19 and supporting community health	33
	Base data	34
	Global Reporting Initiative Content Index	36
	About the report	40
	Glossary	42

CEO Welcome



Dear colleagues, friends and partners of Agropalma,

I am pleased to share with you our sustainability report covering our operations and sustainability performance for 2018 and 2019. As always with Agropalma, these have been years with great successes and progress, but also a range of challenges to overcome.

Our business has experienced strong headwinds due to very low CPO prices, bottoming out at USD 470 in December 2018. At the same time our yields dropped below 16 tons of fresh fruit bunch per hectare due to persistently unfavorable climate conditions. In order to get our company through these turbulent times, we have reorganized our top management structure and have had to adopt severe measures for processes optimization and costs reduction.

However, even in the face of such challenges, we have managed to make tremendous progress. Our new refinery has developed its full potential and dozens of new products were launched. As more oil was needed and we started external sourcing, we still achieved 100% of traceability up to the mill, and on track to achieve traceability to plantation.

At the plantation level, it was of considerable pride to all of us at Agropalma to see two of our family farmers awarded with important sustainability prizes, demonstrating the high level of social and environmental commitment we have with our supply chain. These farmers, along with our hundreds of other FFB suppliers, show that cooperation and partnerships can reap great benefits for all involved.

It has always been incumbent on us to look after our employees, and ensure that anyone working at Agropalma has good working conditions, and that their work provides them with a decent standard of living. In 2018 we took it upon ourselves to measure this through a detailed living wage assessment which demonstrated that even the lowest wage in our company is above the living wage benchmark and our field workers earn 60% above what can be considered a decent living wage.

The health and safety of our employees is always a priority and I am happy to report a 75% reduction in accidents between 2017-2019. This was achieved through the development and implementation of a Safety Performance Index (SPI), an

important tool that monitors unsafe behaviors and prevents accidents. Despite this success, I am saddened to report that we had a fatal accident in 2018 involving a tractor, and I would like to convey my deepest condolences to the family of the deceased. To safeguard against future incidences, we have ensured that all vehicle operators are made aware of the importance of the safe positioning of equipment.

Forest and biodiversity protection remains as one of our main concerns, and our role as guardians of the forest is close to the hearts of all people in our community. Over the past decade we have refined and evolved our approach to forest protection and management, and this year we are completing the first cycle of our partnership with Conservation International, which has helped us register more than 1000 species in our forest reserves. However, with rising rates of deforestation in Brazilian Amazonia, we have much yet to do. We are now scoping out further collaboration with Conservation International, and will continue to seek partnerships with other companies, communities and civil society groups to tackle deforestation.

The coming years will remain challenging. At the time of writing this, the world remains in the grip of a global pandemic, and the cost to individuals, communities and businesses is still uncertain. At the same time, climate change remains a major threat to our way of life and to agricultural conditions around the globe. I believe that the future success of our business will rely on our ability to innovate and collaborate across sectors to find new solutions and synergies. The issues facing the world now calls for partnerships and cooperation, so I would like to conclude by acknowledging and thank all those who make Agropalma a world-renowned successful case for sustainable business: Our employees, suppliers, customers, civil society organizations and business partners have continued to engage with our company even during the difficult times, and we hope to keep walking together and side by side with you all.

BENY FITERMAN
CEO of Agropalma Group

Targets and achievements

2018 - 2019 HIGHLIGHTS



LOCAL LIVING WAGE calculation completed



SUSTAINABILITY GUIDELINES POLICY published

100%

TRACEABILITY TO MILL

685%

INCREASED INCOME for average family farmer over 15 years

More than

1000

SPECIES RECORDED AND MONITORED in conservation areas

1,6

HECTARES PROTECTED FOREST per 1 hectare planted oil palm

55%

OF APPRENTICES ARE WOMEN

10

AGROPALMA SCHOOL STUDENTS accepted to the best universities in Pará



[BACK TO SUMMARY](#)

Targets and achievements

STATUS ON TARGETS

2018

Development and launch of The Ethics and Conduct Code for Suppliers and Services Providers of Agropalma Group | COMPLETED

POME treatment system installed in four mills | POSTPONED TO 2021 DUE TO FINANCIAL CONSTRAINTS

2019

100% traceability to mill | COMPLETED

Publish the Sustainability Guidelines Policy | COMPLETED

Achieve 90% of sea transportation for crude palm oil (CPO)/palm kernel oil (PKO) from Belem to Limeira | COMPLETED, BUT INITIATIVE MAY BE DISCONTINUED (SEE P.20)

2020

Increase the CPO extraction rate to 19% | ON TRACK

2021

Increase organic certified area by 95% | ON TRACK

New POME treatment ponds at CRAI/Agropar and Amapalma | ON TRACK

Methane capture or elimination system installed in two mills | POSTPONED TO 2023 DUE TO FINANCIAL CONSTRAINTS

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





1

About **Agropalma**



Agropalma is a vertically integrated producer of premium palm oil products. We operate estates, mills, and a refinery in the State of Pará in Northern Brazil and a state-of-the-art refinery in 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 certified organic and fair trade, and 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 an infinite variety of fully segregated palm products and fractions.

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

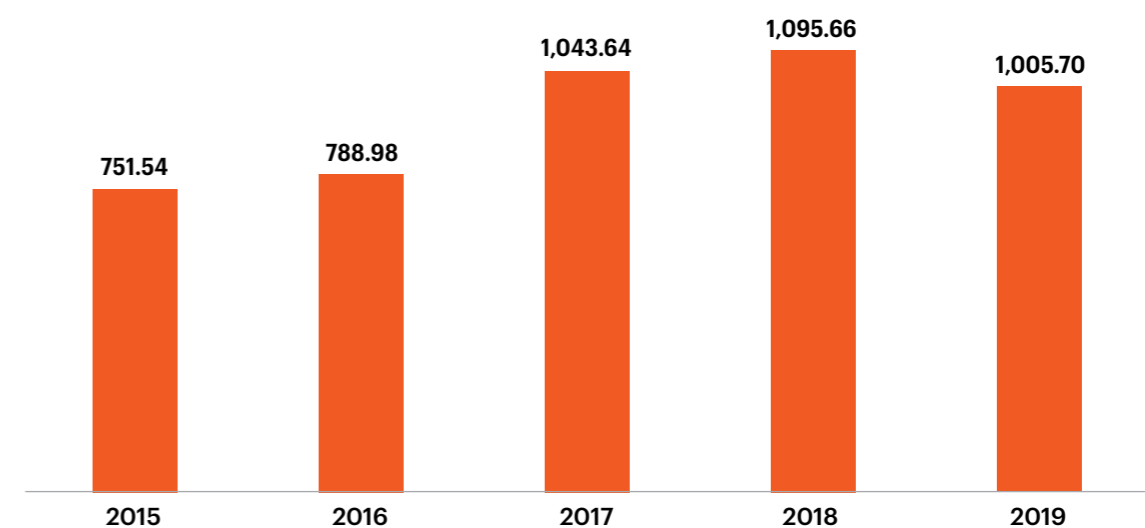


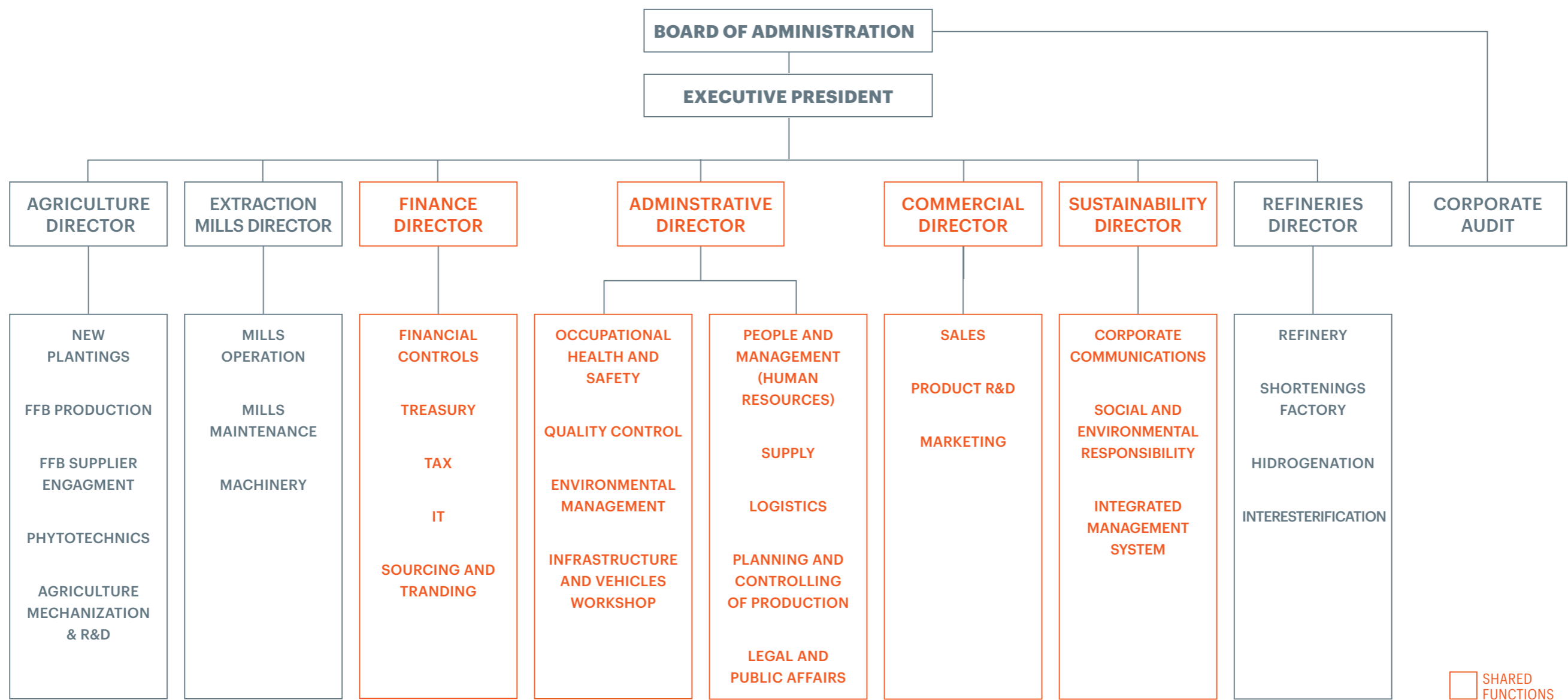
Ownership and governance structure

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 2019 revenue was BRL 1 billion, up from BRL 1.05 billion in 2018 while projecting above 1.3 BRL billion for 2020. 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 eight Brazilian nationals. The Agropalma Group is structured 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 dedicated to refined oils and downstream products. Both units are made up of a team of senior managers who oversee operations and share several support functions such as finance, IT, and group human resources.

TOTAL REVENUE AGROPALMA GROUP (BRL MILLION)



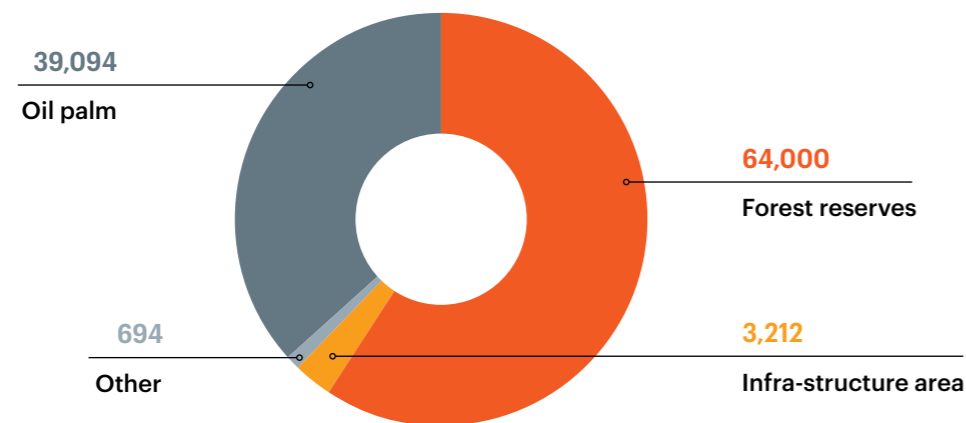




Our plantations and land

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, with 39,094 hectares planted with oil palm—4,020 hectares of this are organic, with a further 3,966 hectares being converted. Just over 3,200 hectares are 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, we have planted only areas of pasture or other crops with oil palm.

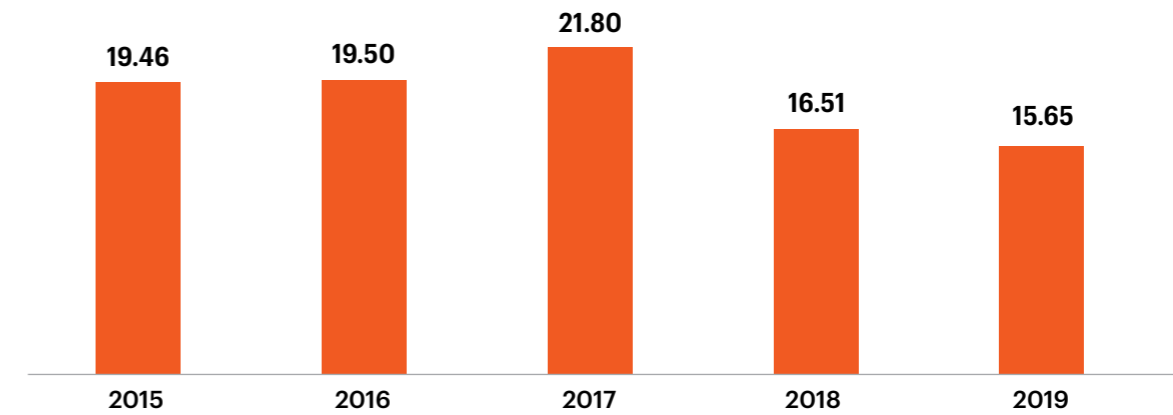
AGROPALMA LAND (TOTAL 107,000 HA)



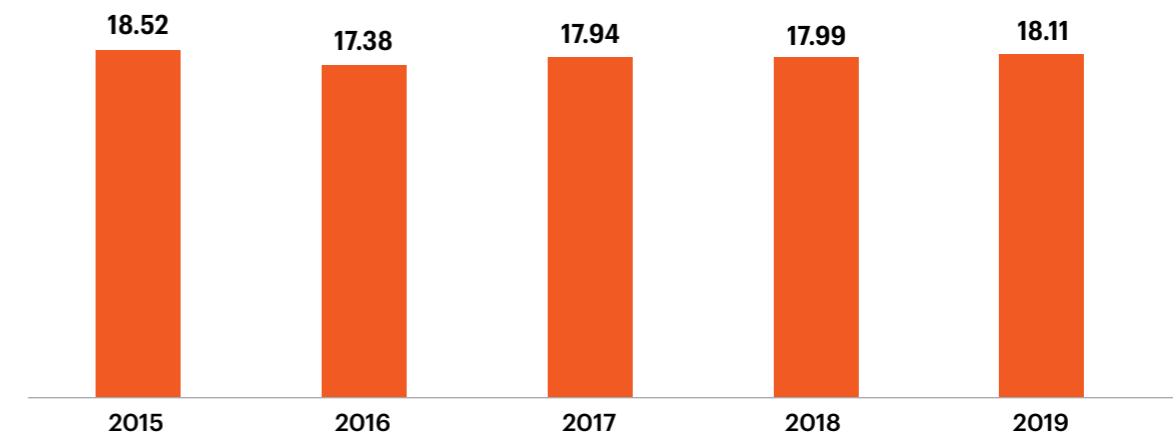
Weather conditions have been challenging over the past five years, with minimal rainfall and long dry seasons. Although we saw a brief recovery in 2017, our yields have suffered significantly. We are pleased to note that family farmers have seen less severe weather impacts, partially due to the better locations of their land, and we hope to see a recovery of crops in the coming years as areas replanted from 2014 to 2017 reach maturity.

We are pleased to note that our CPO extraction rates have somewhat increased over the last few years because of innovations in our mills, such as enhanced deflector plate steam contact procedures, and upgraded sterilization equipment management.

YIELD (MT FFB PER HA - ADULT PALM, OLDER THAN 8 YEARS)



EXTRACTION RATE (MT CPO/MT FFB PROCESSED)



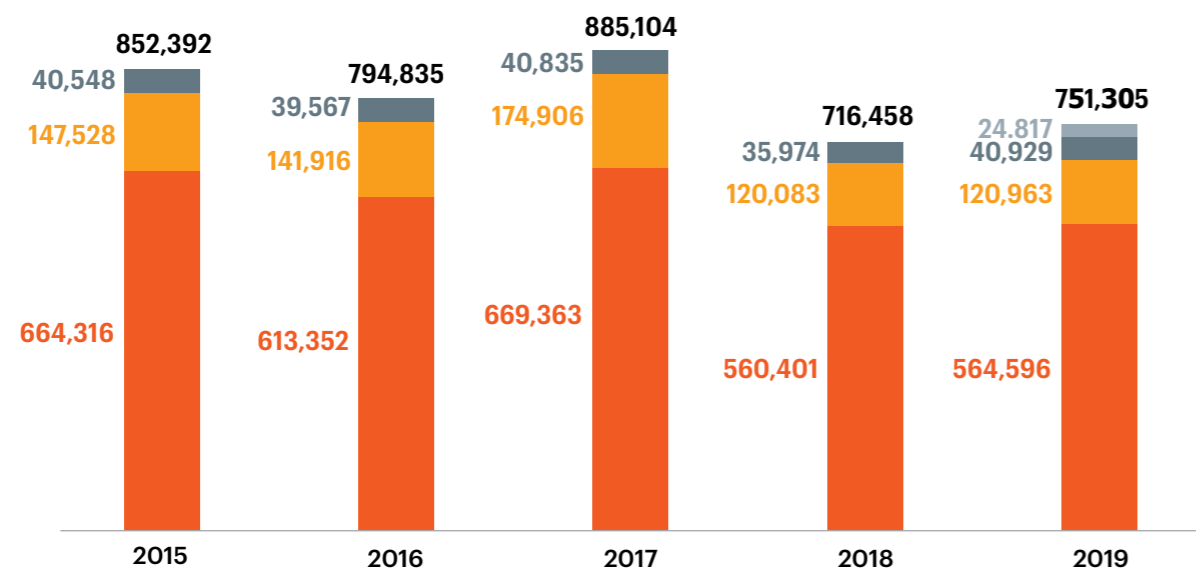
Our mills

Agropalma operates five mills with integrated kernel crushers, one of which is used for identity preserved certified organic and fair trade oil. Our newest mill, commissioned in 2015, is built to operate with the smallest possible environmental footprint. The mill uses 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 are not yet covered for economic reasons. We intend to finalize this project within a few years.

Our five mills process just over 750,000 metric tons of FFB annually, and 25% of our processed fruit comes from external sources – 6% from family farmers and 16% from integrated outgrowers. We source the remaining 3% external FFB from a neighboring grower company which has around 40,000 hectares of palm plantings. Before proceeding to source fruit from the grower, our team undertook a detailed assessment to ensure that the fruit was not linked to deforestation, land issues, or labor concerns. We verified all policies and maps to establish land-use change history, and to ensure that the area did not breach the Brazilian legal 2008 cut-off date and adhered to all agro-ecological zoning restrictions. To verify labour conditions, we made field visits and interviewed field workers interviews and contractors.



FRESH FRUIT BUNCH PROCESSED



■ Agropalma estate FFB
 ■ Integrated outgrowers FFB
■ Family farmers/Smallholders
 ■ 3rd party supplied FFB

Investing in research and innovation

Over the last decade, our plantations focused on research and development (R&D) initiatives to modernize our approach, parts of which have remained unchanged for over a century. We believe that these innovations will improve land efficiency, increase employee safety, and reduce long-term costs. We encourage our teams to explore a wide range of changes, both new initiatives, and improvements in existing technology. We have focused on two significant aspects of innovation: 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 was field-tested and further improvements are being explored.
Mechanical FFB loading	Evaluating and improving 43 claws acquired in 2015	Complete and in use for palms older than five years
Electronic truck monitoring	The system will promote a better visualization of the trucks that carry fruit, avoiding equipment wear, loss of time and reduction of costs. It will increase the logistical efficiency of fruit transportation	Completed and in use
Palm leaf crusher	Mechanized palm leaf crushers provider for enhanced accessibility more efficiently than traditional stacking methods	Finished, but with inadequate results, so will be discontinued
Automated fertilizer application	Improving optimal fertilization	Completed and in use

ANALYTICS AND DATA COLLECTION

INITIATIVE	WHAT WE WANT TO ACHIEVE	WHERE WE ARE
Agricultural data analysis	Development of a system that 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	In progress
Electronic fruit collection measurement	Sensors installed in trucks give real-time analysis of volumes collected, enabling better planning of extraction at the mill	Suspended as we are exploring the potential to install the weight sensors in the mechanical harvester
Business intelligence software	Development of a database capable of delivering business and agricultural analytics, enabling better top-level decision making	Completed and in use
Study of FFB impurities received at mills	Detection at mills of sand and sediment in harvest to identify and address sources and improve extraction and quality	Completed
Drone viability analysis	Targeted action using aerial drones to collect data on plant health and diseases	In progress

In addition to these viable projects, we have also tested several other approaches that were unsuitable. However, our R&D department continues to develop and test new ideas—from agricultural artificial intelligence to new ways of using oil palm production by-products.

Our products and marketplace

The majority of our customers are global brands that demand the highest standards in quality and 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 can supply products to meet their commercial needs.

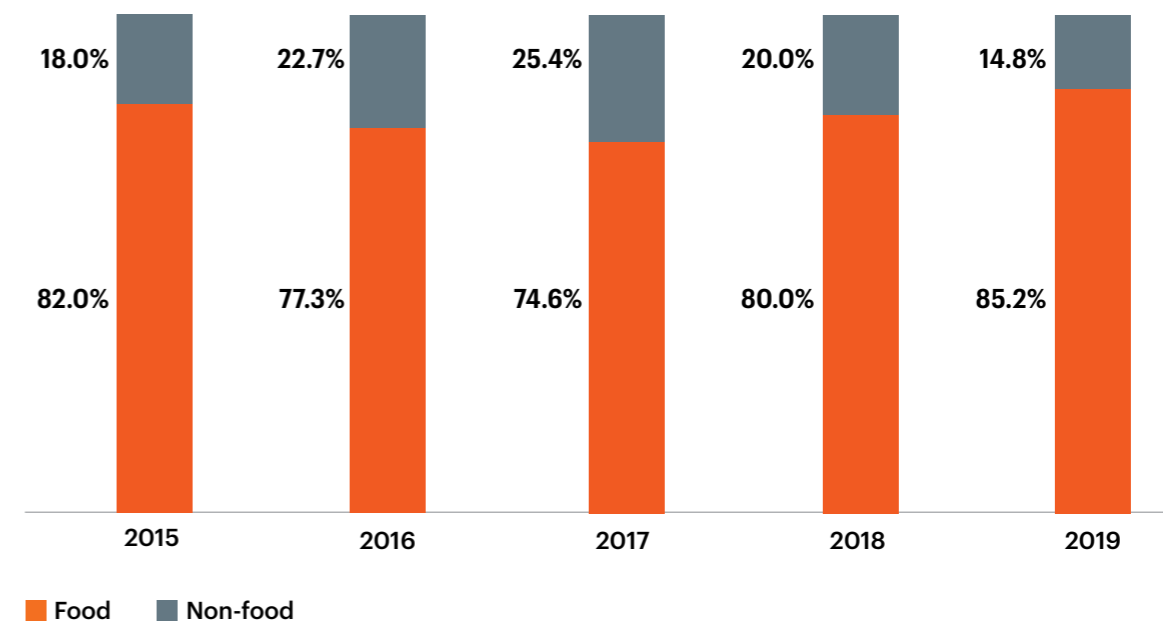
Our two refineries in the State of São Paulo and State of Pará produce a wide range of products. Our São Paulo operations also include a state-of-the-art shortening factory capable of producing sophisticated product ranges made to our customers' specifications.



BULK PRODUCTS	PACKED PRODUCTS
Cocoa butter substitutes Palm Oil Olein PN3 Palm Oil Olein PN6 Palm kernel oil olein Soft palm mid fractions Interesterified fats Fully hydrogenated palm oil Blends of different vegetable oils	Filling fat Confectionary fat Emulsified fat Pumpable fat Cocoa Butter Substitute (CBS) Frying fats Bakery fats

We have a large national sales force, covering all of Brazil, and services international customers in the United States and Europe.

SALE 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 operating at full capacity. The refinery includes a strategic R&D department equipped with a state-of-the-art pilot application plant, where customers can develop and test their ingredients and products without disrupting their own production process.

We built our refinery to achieve the highest environmental standards. The plant runs on natural gas, which results in lower carbon emissions and fewer pollutants being released into the atmosphere. To save energy, we have equipped access roads with lighting powered by solar panels. We have also installed water recycling technology that allows us to reuse around 65% of extracted water from nature and are targeting to reuse 80% by the end of 2020.

To ensure that we contribute positively beyond our operations, we have launched a reforestation program around our refinery. We have planted 2.5 hectares of Atlantic rainforest, a unique and highly threatened ecosystem. Because of the fragmented state of this type of forest, even small areas are critically important to ensure its survival, and we have worked with restoration experts to make sure the program achieves maximum impact. The trees are now getting taller, with some reaching heights of up to ten meters.

Traceability

Our customers expect supply chain transparency so they can understand the conditions by which their products and ingredients have been grown and manufactured. We operate a fully traceable supply chain. Our certified family farmers and integrated outgrowers enables Agropalma to deliver refined and bulk products according to market demand, by using either the RSPO segregated or identity-preserved supply chain mechanisms.

After the opening of our Limeira refinery, Agropalma Group has started to buy CPO and PKO—this accounts for around 25% of our refining capacity. To ensure that the oil purchased from other companies complies with our main standards, we have established a Sourcing and Trade Department to oversee the implementation of the Responsible Sourcing Policy (RSP) that allows us to trace these oils at the mill level. In 2019, our two refineries purchased 22% (36,844 MT) palm oil products from 58 external mills owned by 49 parent companies. 83% of all palm oil purchases are traceable to plantation, and 100% are traceable to mill.

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

2

Our approach to
sustainability



BACK TO
SUMMARY



GROPALMA'S FOUNDATION is based on a robust set of values integral to everything we do. Our overriding philosophy is a no-excuses culture where legal compliance and integrity are non-negotiable.

Our values

Integrity & Ethics Competitiveness

Sustainability Innovation Competence

Our basic principle is to strictly adhere to national laws and state statutes. The Brazilian legal framework relating to social and environmental protection sets a very high bar, and we often find that even the most robust certification schemes fall short of Brazilian regulations.

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 20 years, drawing on the most progressive certification schemes, stakeholder feedback, and strict adherence to Brazil's strong environmental, social, and ethical legislation. Although we have made explicit commitments across almost all of these areas, we felt it would be useful to combine these aspects into a complete sustainability policy that incorporates our clear commitment on human rights, environmental protection, and anti-corruption.

In 2016, we launched our first comprehensive sustainability policy, our guiding document, to ensure our values are operationalized. Most importantly, the policy explicitly outlines our commitments and the frameworks we adhere to, such as the UN Declaration on Human Rights and the POIG Charter. In 2017, we completed trials of our Responsible Sourcing Policy, to ensure that external FFB to our mills and palm oil to our refinery conform to meet our environmental and social standards. Our principal shareholders are also diligent in enforcing our values, and our operations are subject to regular internal audits and assessments to confirm that they strictly adhere to company policies.

Our approach to sustainability ensures that we base our activities on a robust framework of legal compliance, complemented by third-party assurance and stakeholder engagement. To meet global standards, and work towards our vision of being a universal reference point in palm oil sustainability, we are continually exploring improvements and next steps to help us meet future expectations and build a competitive marketplace advantage.



RSPO Certification and Palm Oil Innovation Group verification

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

Since 2014 our estates have been verified to 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, Forest Peoples Program and WWF. POIG builds on the RSPO standard, but seeks to strengthen the RSPO systems by improving the requirements and demonstrating innovative and robust ways of implementation, including 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. Our dedicated Health, Safety, and Environment Department are tasked 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 more robust engagement with customers and local and global civil society stakeholders and supporting and managing external partnership initiatives within the local community and with NGOs. Both teams support both the plantations and the refineries.

Stakeholder engagement

Agropalma believes that we can succeed only if we collaborate closely with our commercial partners and civil society stakeholders. We maintain 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, and served on the P&C Review Taskforce, which updated the RSPO P&C. This significant endeavor was concluded in 2018. We also contribute actively to the RSPO Human Rights Working Group, particularly focusing on gender issues, labor rights and the role and protection of Human Rights Defenders.

At the national level, Agropalma is engaged in multi-stakeholder organizations and initiatives, such as Aliança pela Restauração da Amazônia, and Instituto Pacto Nacional Pela Erradicação do Trabalho Escravo (InPacto).

We believe that our experience is highly valuable in supporting local, regional, and statewide efforts. In 2019 we joined Parceiros Pela Amazônia (PPA), a regional partnership platform for Amazonia supported by USAID. PPA is private sector-led and seeks to build innovative solutions for sustainable development, conservation of biodiversity, forests, and natural resources in the Amazon. The organization



has four main workstreams, focusing on entrepreneurship, strategic investment, community partnerships, and interface with public policy and legal obligations. We are taking an active role in the third workstream, that aims to explore partnership models between the community and companies operating in the region, and the sustainable use of private forest reserves.

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

We provide local communities and smallholders with dedicated contact points to request support or assistance, allow regular communications, and to raise grievances or concerns.

No to corruption

As part of our no-excuses culture, it is critical to maintain integrity throughout our operations. As such, our zero-tolerance approach to bribery and corruption is reiterated in our Sustainability Policy. Under our commitment to legal compliance, we have also strengthened our safeguards to ensure adherence to the 2013 Brazil Clean Company Act. The Act holds companies responsible for the corrupt actions of their employees and mandates strict liability for those offenses. Company penalties can include fines of up to 20% of a company's gross revenues from the previous year, suspension or dissolution of the company.

In October 2018, we launched a detailed Code of Conduct for suppliers and service providers. The Code outlines stringent guidelines for working with us, including a range of comprehensive anti-corruption measures such as limits on gifts and hospitality. The Code also requires suppliers and service providers to take full responsibility for legal compliance, including, but not limited to, labor standards and wages. The Code now forms a part of our standard contracts.

Agropalma is also a member of the Businesses Pact for Integrity and Against the Corruption, an initiative lead by Instituto Ethos, which monitors the policies and the performance of the signatories on an annual basis.

3

Environmental **responsibility**

Forests and biodiversity

Our plantations are located in the Amazônia region of Brazil, a landscape home to some of the world's most extraordinary wildlife and ecosystems, much of which is under severe threat from illegal clearing, logging, and development. Just under 60% of our land is designated forest reserve, and from the outset, we have aimed to protect and enhance this vital natural resource. We have a stringent no-deforestation policy and since 2002 have ceased all land clearing.

Over the years, we have worked closely with biodiversity experts, universities, and civil society groups to strengthen our approach. Conservation International (CI) has been a much valued and formal partner for over a decade, helping us to monitor and record over 1000 species of birds, mammals, reptiles, amphibians, fish and invertebrates, many of which are endemic. As our partnership cycle with CI draws to a close, we are exploring alternative ways to renew and scale up the program to include integrated FFB suppliers and encourage the involvement of the community and other companies and communities in the region.



Commentary from Conservation International Brazil

A new sustainable production model

Palm oil is one of the most widely used vegetable oils on the planet. It can be found in half of all products on supermarket shelves—from snacks, french fries, biscuits, and bread, to cosmetics, lotions, soaps, and detergents. It is also part of energy production in the form of biofuel.

In Brazil, the largest concentration of palm oil producers is located in Pará state in a region known as Centro de Endemismo Belém (CEB). This area is responsible for almost 90% of the palm oil national production.

CEB is one of the most biodiverse regions in the Amazon, but also one of the most threatened. Around 70% of its forests have already been cleared to make way for cities and low-productivity agriculture. Over the last four decades, many rural communities have borne the brunt of intense deforestation and environmental degradation, leaving behind scant opportunity for socioeconomic development.

CEB includes the microregion of Tomé-Açu, where there is a new model of sustainable palm manufacturing that counterbalances production and conservation. Agropalma was the first grower company in the country to achieve certification under the auspices of the Roundtable for Sustainable Palm Oil Principles & Criteria. Twelve years ago, Agropalma established a partnership with Conservation International (CI-Brazil). This partnership was based on our commitment to building a healthier environment and CI's premise in prioritizing landscape-scale solutions to demonstrate more sustainable production models. The collaboration has evolved from initially monitoring biodiversity and has since expanded to encompass social development, governance, and territorial planning. Throughout our partnership, which also includes the Federal University of Pará, we have developed monitoring protocols to evaluate the impact of palm oil plantations on natural capital and contributed to the management of the company's 64,000 hectares of forest reserve. For each hectare planted by Agropalma, 1.6 hectare of rainforest is protected.

CI-Brazil aims to demonstrate the feasibility of a sustainable CEB development model through the consolidation and dissemination of sustainable palm production. To ensure this approach becomes the standard, it is imperative to gain an equilibrium that helps meet demand while conserving essential ecosystems—thereby ensuring continuity of the supply of goods and services for future generations. Our organization is convinced that partnerships and science are crucial to implementing this objective. We believe there is a real opportunity for the Brazilian palm oil sector to produce deforestation-free palm oil and reap the environmental, social, and economic rewards. We are confident that a new chapter in this story is only just beginning whereby palm oil, as a vector of growth and prosperity, aligns with the three pillars of sustainable production, conservation, and landscape restoration. The shared legacy from many years of collaboration between CI-Brazil and Agropalma form the catalyst for a transformative palm production process that started in Pará but will soon span the country and be a shining example of sustainability.

The benefits of Agropalma and CI-Brazil's partnership point towards the construction of sustainable development models in Centro de Endemismo Belém. We are committed to collectively building a sustainable landscape and expanding our efforts with a broader range of stakeholders to promote palm oil production and the integrated recovery of natural capital.

MAURICIO BIANCO
Vice President CI-Brazil



7% of the original forests remain, it is still one of the most diverse ecosystems in the world, second only to the Amazon. The forest is home to around 20,000 species of plants. We have found some 450 tree species in one hectare alone. 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.

Defending our forests

While many of our activities are designed to conserve and enhance our forest areas, perhaps the most critical starting point is the prevention of deforestation through illegal logging. We currently employ 28 forest rangers who continuously patrol the area. In July 2019, they discovered a group using heavy machinery to log part of the forest. Although the police were alerted and the culprits apprehended, the group, unfortunately, managed to cut down and remove nine trees. The incident revealed a disturbing level of planning and professionalism and prompted Agropalma to engage local and state officials to seek enhanced support for forest protection. Consequently, our security and forest teams monitoring the area had to be assisted by local police for a while. We are constantly engaging with local and state government as well as with our peers in the industry in order to develop a security strategy for the whole region in rural areas.

Reforestation beyond the Amazon

Our forest initiative is expanding beyond the Amazon to our new refinery in São Paulo state. In the area next to our new plant, we are restoring and reforesting 2.5 hectares of Atlantic forest. This distinct and vulnerable ecoregion stretches along South America's east coast and extends inland towards the Amazon. Although just



Before: the site was populated with orange groves



After: Orange groves close to the Piracicaba river has been restored as Atlantic forest, protecting the waterway and improving the local wildlife habitat.

Combatting climate change

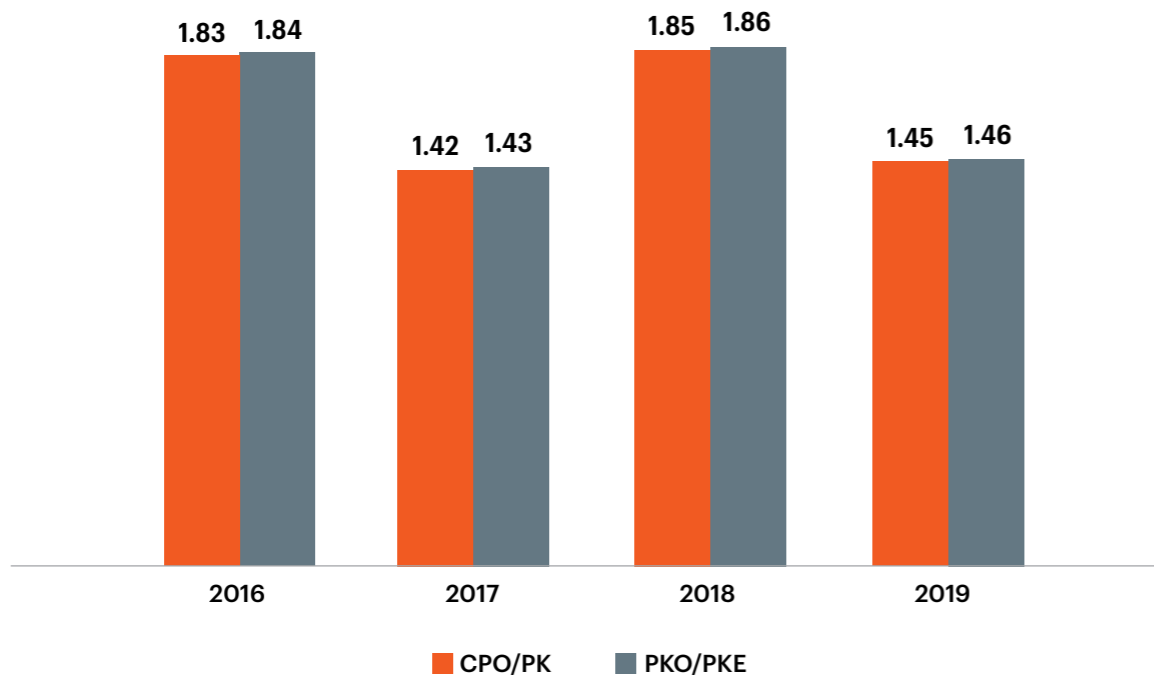
We recognize climate change as a major threat to our planet as a whole, and to the people and ecosystems which are already being disrupted by unpredictable weather patterns and natural disasters. In our own operations, we have experienced significant reductions in rainfall during the drier season, resulting in much lower yields than we would have forecasted a decade ago, so we understand that climate change also has the potential to cause major commercial disruptions.

Given this existential threat to humanity and to the natural environment, we are committed to minimizing our own emissions footprint, and maximizing the natural resources of which we are a guardian. 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).

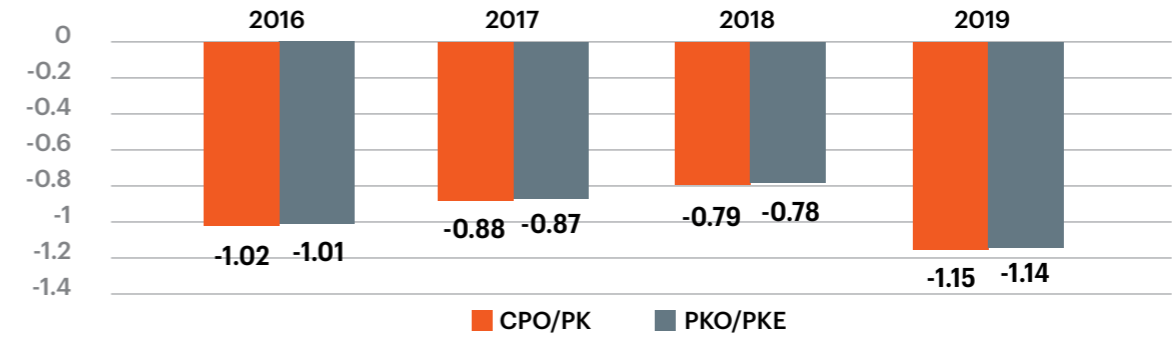
We measure our carbon footprint using the RSPO PalmGHG Calculator, including full land use change emissions, and report on two indicators: one which offsets the carbon sequestration resulting from our 64,000 hectares of conservation area, and one which excludes conservation areas. Including our conservation 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, some of whom do not include conservation areas in their calculations.

The main changes year-on-year in our carbon footprint per metric ton of CPO are due to variations in use of fertilizer including nitrogen. This is linked to lower rainfall in recent years and reduced yields.

MT CO₂eq/MT of CPO or PK
EXCLUDING CONSERVATION AREA

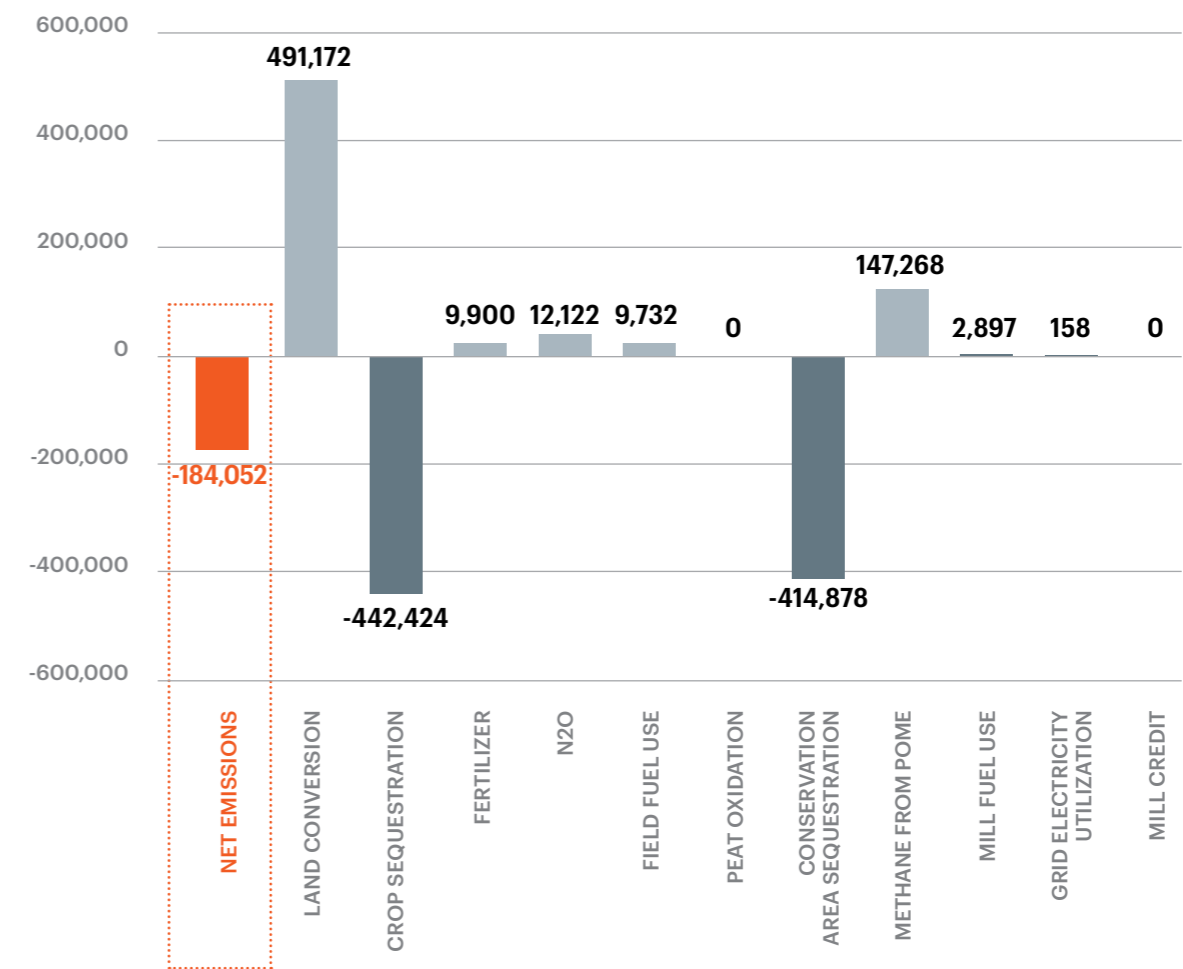


MT CO₂eq/MT of CPO or PK
INCLUDING CONSERVATION AREA



Comparisons with figures presented in reports prior to 2016 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 2019
MT CO₂eq (PalmGHG V3.0.1)



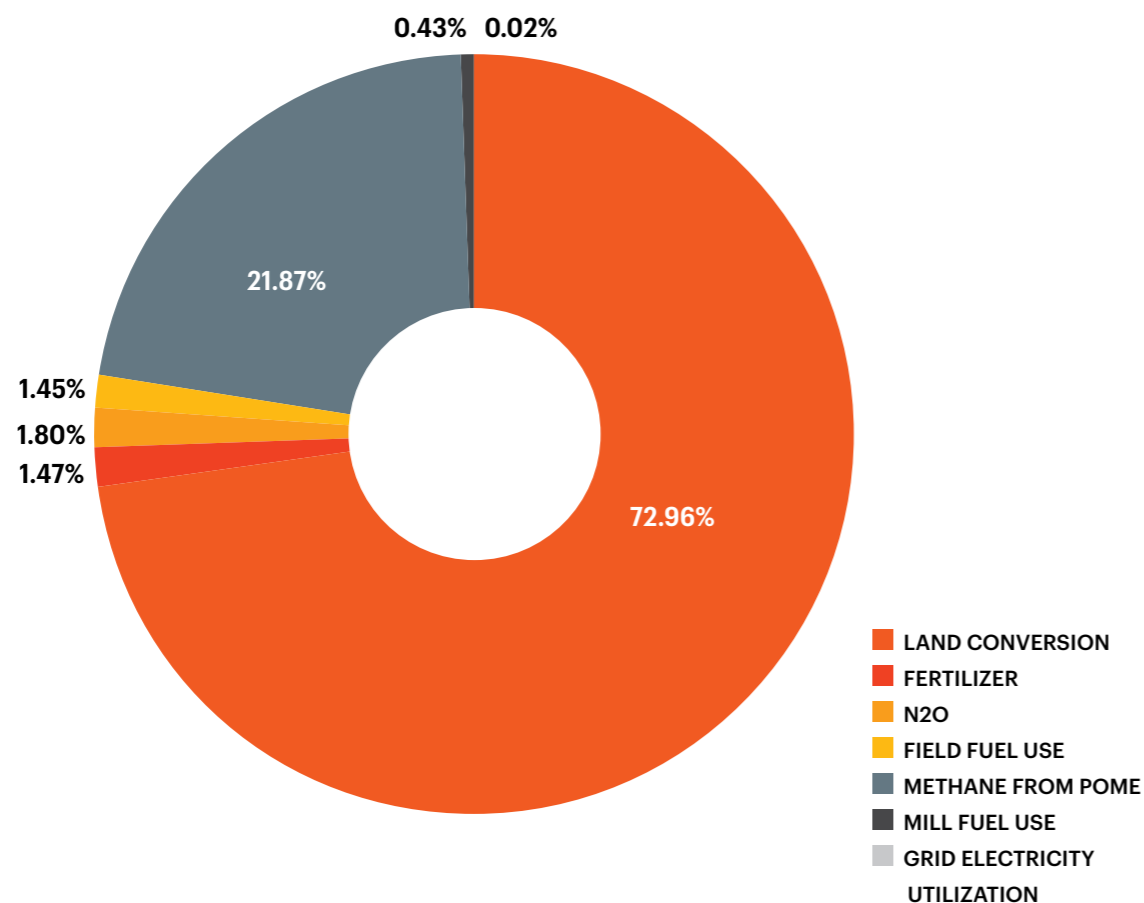
Emissions reduction

Around 27% 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 a further three of our five mills by 2021, 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.

In 2019, we trialed a new waterways transport system in which we would ship palm oil by ship from our operation from Belem in Para to Santos in Sao Paulo State. While we did achieve significant diesel savings, the change affected the quality of product and we are considering whether to discontinue or adjust this initiative.

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.

PERCENTAGE OF GROSS EMISSIONS BY TYPE 2019



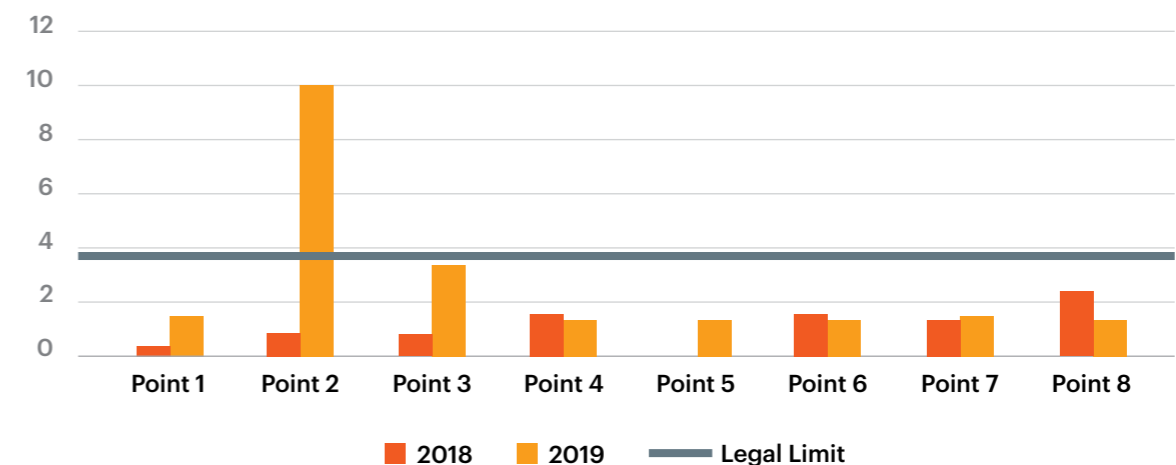
Protecting and conserving local water sources

We understand that accessible water sources are critical in sustaining ecosystems and that access to safe, potable water is essential for community welfare.

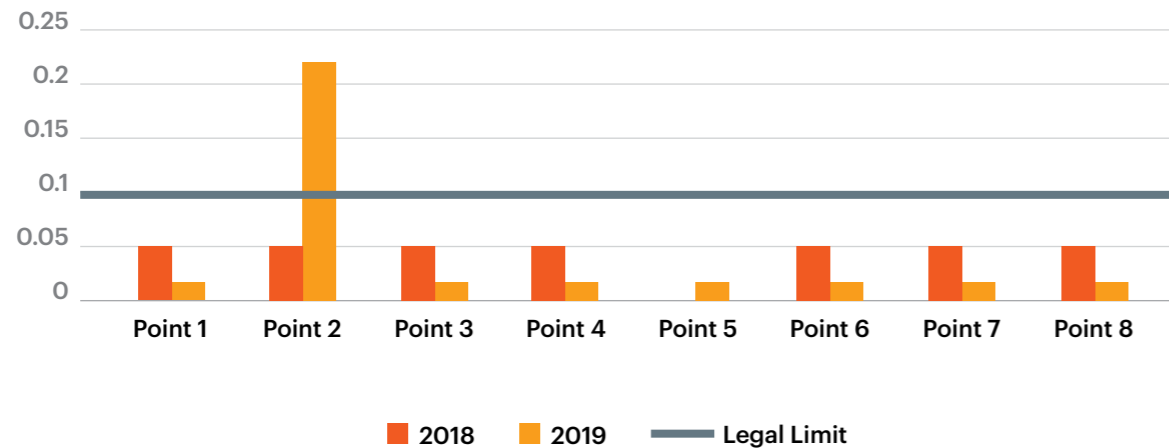
Agropalma operates in two very different environmental landscapes. The State of São Paulo is highly populated and prone to severe water shortages. We were determined that our new refinery should not contribute to further shortages. We have therefore invested in water treatment and reuse systems. In 2019 approximately 65% of water extracted from wells and rivers for our new refinery had been treated and reused after the industrial process. Around 35% of the water entering the new refinery evaporates, thus preventing us from total reuse. The water ponds built to capture surface run-off water from our facility are working well and ensure the protection of the Piracicaba River.

As part of our POIG commitment, we have monitored nitrogen and phosphorous levels in waterways. We handpick 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)



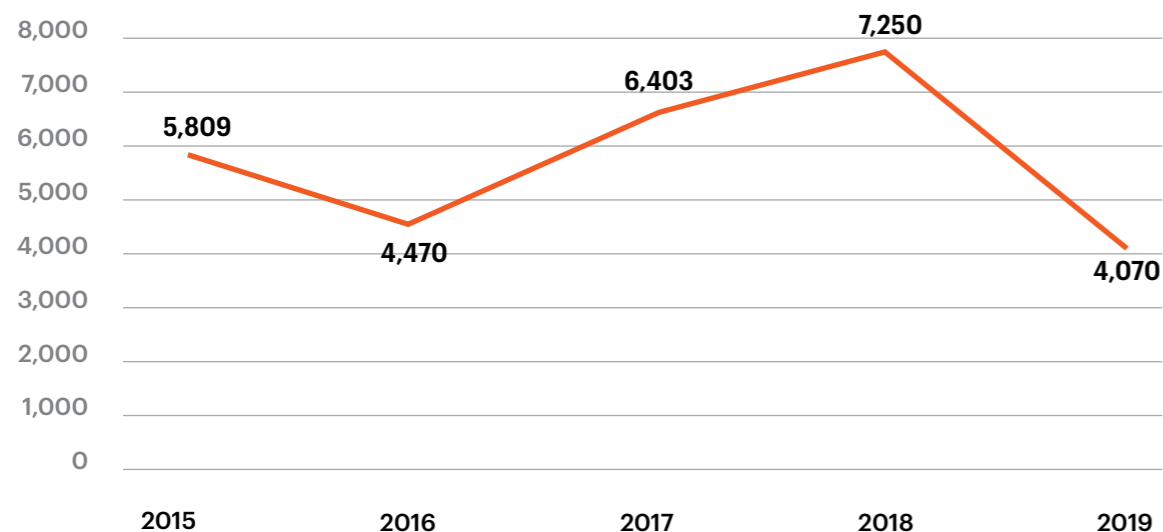
PHOSPHORUS IN WATER COURSES OF AGROPALMA PLANTATIONS (mg/L)



In 2018 all figures for nitrogen and phosphorus were below the legal limit. Point 5 was dry, so no readings could be made. In 2019, results for Point 2 exceeded the limit for both parameters. We were not able to identify a clear cause for the high levels of N and P, and considering that no dead fish was found, and that all other results were in line with expectations with low levels of N and P, we have concluded that the increased level of in this specific point may be a result of animal excrement or plant decomposing in the water at the time of water sample collection. Regardless, we maintain monitoring of this watercourse with weekly visits, and have had no abnormal readings.

Our Pará plantations are not affected by water shortages. Nevertheless, as part of our commitment to the POIG Charter, we do our best to ensure we have little or no impact on the quality or volume of locally available water.

BOD LEVELS (mg/L - average all mills)



Over the past few years, we have made great efforts to reduce biological oxygen demand (BOD) levels to around half of previous levels. We have achieved this through more efficient cleaning of POME ponds and the 2015 implementation of the new state-of-the-art effluent pond that treats POME from the new mill and the neighboring mill. The 2017–18 increase in BOD levels was linked to a rise in overall FFB production. This resulted in larger amounts of POME, which reduced the retention time and increased the amount of organic solids in the old treatment ponds. We are pleased to have been able to bring the BOD levels down to normal levels by implementing better recirculation, correcting pH levels, and improving the microbiota. However, it is important to note that from 2019 we retained a new contractor to analyze BDO. Consequently, there may be some differentials in methodology and equipment.

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

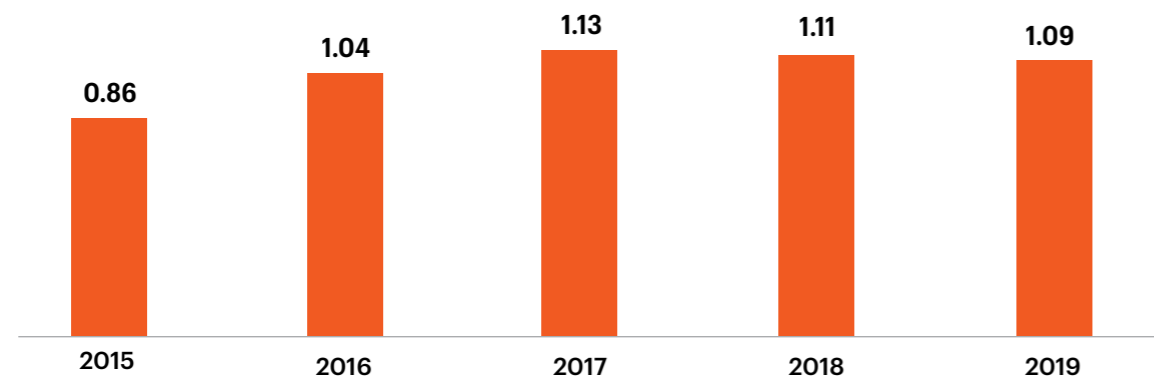
Spill in Acará River

We deeply regret that on August 3, 2019, a spill resulted in a significant volume of CPO being released into the Acará River. The oil escaped from the tankage area of the mill and we have identified that human error caused the spill when four safety valves were left open, allowing the palm oil to spill into the river. It continued on to the riparian buffer of Acará River, where it was slowed by the roots and trees, which created an area of standing water. We took immediate action to close the valves, stopping the spill, and quickly started our emergency procedure by installing floating barriers to contain the oil and remove the CPO. We alerted the local authorities and completed the clean-up in three days. Although we recovered around 99% of the oil and found no evidence of damage to wildlife or ecosystems, local communities expressed great concern and have complained to local media and environmental authorities.



Water usage in mills

WATER USAGE PER TONNE OF FFB PROCESSED (MT)



We use river and well water to process our fruit—just over one metric ton of water per metric ton of FFB processed in our mill. These figures have remained stable. In 2015, water use was slightly lower, but we had to decrease our use of recycled water after discovering it could influence the level of 3-MPCD and other contaminants potentially affecting product quality. In addition, because of lower FFB production and our new mill, our facilities have not been running at full capacity. As the same volume of water is required to run the mills, the water-to-FFB ratio has increased. We continue to use water in our palm irrigation trials as part of our climate change adaptation initiative. All water used for irrigation is pumped from a nearby stream.

Organic practices and chemical pest control

We continue to reduce the use of inorganic fertilizer and pesticides through efficient integrated pest management and plant care program. This minimizes our ecological footprint and is critical to keeping our production costs low at a time when a weaker Brazilian currency makes imports relatively costly.

10% of our planted area is certified organic oil palm. We are in the process of converting an additional 3,965 hectares to organic cultivation. This will increase our total area to 7,986 hectares, or 20.5% of our total area.

Not all our land is suitable for organic agriculture. However, we draw heavily on our experience with organic plantations, as this enables us to understand the most efficient means of pest control without resorting to substances that might be harmful to humans, wildlife or ecosystems.

We primarily tackle diseases, and pests, such as insects and fungi, through biological controls, including beneficial plant species or predator insects. To care for young plants, we prioritize mechanical weeding, the growing of useful weeds, and the use of only one herbicide: glyphosate.

We understand that some stakeholders are concerned about the potential ecological effects of glyphosate and are actively exploring alternative options and use reduction strategies to eventually eliminate it.

From 2018 to 2019, we achieved a 16.9% reduction in herbicide usage by total volume. This was possible through a variety of initiatives:

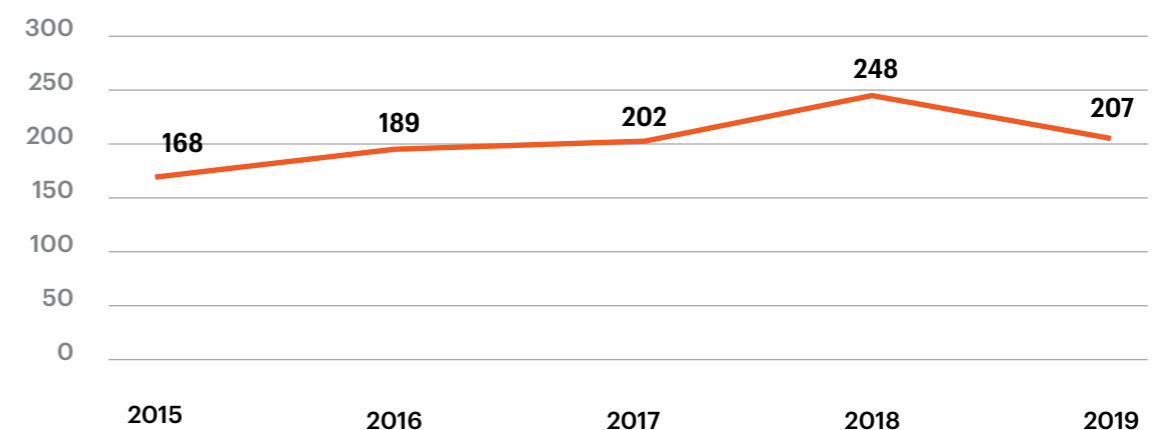
- 01 Adjustment of the herbicide dose according to the predominant weed species—this allowed for below-average treatments.
- 02 An enhanced spray calibration routine.
- 03 The use of new herbicides (Flumioxazin and Metsulfuron-methyl) with pre-emergent action to reduce the number of weed seeds in the soil.
- 04 A reduction in the number of applications in plantations scheduled for replanting within one year.
- 05 The development of new mechanical control methods, for use mainly during the dry season and in adult plantations with shade to decrease weed growth.

We are still aiming for a significant reduction in the use of herbicides used for weed management. Recent tests with new equipment that operate in a semi-mechanized manner have shown that the amount of herbicide can be reduced by 30%. Our strategy is to only apply herbicide when necessary—in this case, along a two-meter radius around the palm trees and the harvest paths.

Currently, we apply the herbicide to 55% of a block's given area. A new method, now in development, will reduce usage to 39%. It is expected to decrease even further and could reach 18% if we are able to develop a sufficient number of mechanical weed slashers to keep the harvest paths clean.

We report our pesticide usage by tracking toxicity per hectare instead of volumes. This allows us to monitor any year-on-year changes and track our performance against our industry peers, regardless of changes in formulation or the type of pesticide used. Volumes used will vary according to the planting cycle as younger palm require more frequent applications. We can attribute the resulting increase to the replanting that took place during the last five years.

TOXICITY UNITS PER HECTARE (GLYPHOSATE ONLY)



4

Contributing to the
**community and
local economy**

Local communities are at the heart of Agropalma's operations and are critical to our license to operate in Pará state and São Paulo state. We are the biggest employer in Tailândia, where our employees live locally. We rely heavily on local resources from the community, such as transport, machinery, and maintenance services, and, of course, fruit from local outgrowers and family farmers.

We strongly believe in building more strong and stable communities by providing employment and business engagement opportunities, rather than charitable donations. In some circumstances, we may invest in local infrastructures, such as road maintenance or by making land available for medical facilities. We also implement, manage, or stimulate the implementation of sustainability initiatives, most recently through our partnership with Instituto Peabiru for implementation of SDGs in Vila dos Palmares. Instituto Peabiru, is a social NGO focused on local development for the Amazonia communities and local development. The organization seeks to facilitate a reflection and assessment process which looks at whether the village is achieving each one of the Sustainable Development Goals (SDGs). The people from Palmares Village themselves define which goals and targets are considered priority and develop and put in place a strategy to achieve them.

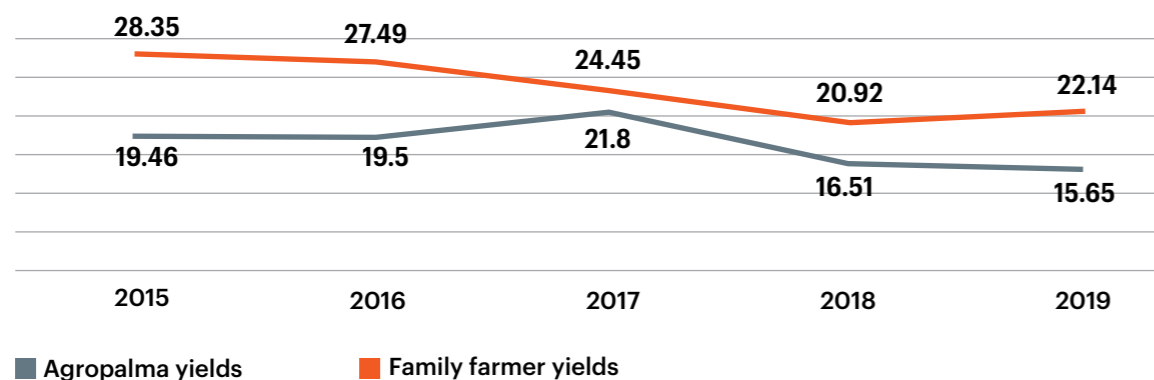
Family farm program

Family farmers are our most essential suppliers, accounting for around six percent of our fruit. We started our first family farm program in 2002. The latest phase began in 2019 and will reach harvesting age in 2022.

We work closely with family farmers, ensuring that they have access to the best planting materials and farming inputs and advice on sustainability practices and legal requirements. In 2014, we achieved a significant milestone when all farmers passed a vigorous RSPO Principles and Criteria certification audit. This enabled them to share in the premium we received for certified products and allowed us to produce segregated palm oil products.

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

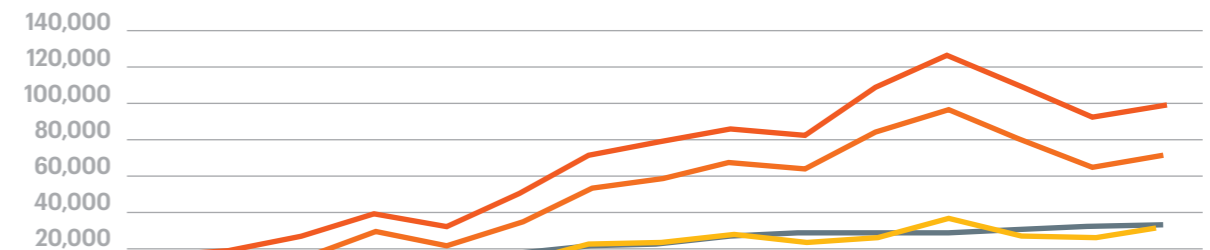
FAMILY FARMER PRODUCTIVITY (MT/HA)



Since initiating our family farm project, we have closely monitored farmers' income levels and livelihoods. Since 2017, farmers have had a slight reduction in income because of lower yields resulting from dry weather.

However, overall, all families have had significant increases in income over the past decades, far outpacing national income levels.

FAMILY FARMER GROSS INCOME FROM OIL PALM PER YEAR 2005-2019 (BRL)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highest income	16,730	20,328	23,373	39,177	33,392	50,939	71,630	80,184	85,063	81,688	108,110	124,890	109,800	94,019	97,705
Average 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	64,877	72,867
Lowest 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	26,353	33,538
Brazil GNI per capita*	11,158	12,226	13,645	15,341	16,292	19,272	21,580	23,647	26,201	27,937	28,690	29,765	30,950	32,099	33,473

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

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.

Accolades to our family farmers

Our family farmers are dedicated individuals with a great sense of community pride, and are being recognized by the broader agricultural community:



A strong woman leader

Family farmer Benedita Almeida do Nascimento, a pioneer of the Agropalma Family Agriculture program, was one of the winners of the first edition of the Women in Agriculture award, sponsored by Bayer in partnership with the Brazilian Agribusiness Association. The award was announced in 2018, at the third National Women's Agribusiness Congress in São Paulo. The event had over 200 entries, and its principal aim was to recognize the importance of women making a difference in agribusiness. Benedita placed third in the Small Property category after demonstrating to the judges her ability to manage her family farming business and show that a small producer can comply with legislation, develop their crops, and quality produce quality sustainably food. Benedita was born and raised on the banks of the Moju River in Vila Arauai, Pará. She started with only 10 hectares and now manages 30 hectares of palm oil, which she aims to expand by another 40 hectares.

"I've dreamed of changing my life, but I've always said I'd like to without having to move," said Benedita, who was born into a riverside household and grew up watching her parents practice family farming. "My parents supported the house through fishing, cassava cultivation, and flour production. When I became an adult, I took a chance on palm, and it worked so well that my children are now also following the same path as palm growers."

Besides being successful in agribusiness, Benedita is also a prominent leader in the community. She was president of the Ramal Arauai Community Development Association and is now the leader of the Simplified Consortium of Farmers, managing the workforce on properties where producers do not have a family workforce.



Blazing a train in small-scale sustainability

Family farmer José Raupp Rosa placed third in the 2019 Sustainable Farm category in the sixth Sustainable Farm Awards, promoted by Globo Rural magazine. José is a palm oil producer and Agropalma supplier. He stood out by adopting biological pest control and the use of organic fertilizer on his oil palm farm, as well as reforestation with the combined planting of cocoa. From 2004 he has received palm oil cultivation technical guidance and input, in addition to the assurance of the purchase of FFB by Agropalma. He then replaced his cattle operations with palm and now produces 29 to 31 tons per hectare each year—much more than the regional average of 23 tons.

José was part of a 2010 project in Pará, initiated by Agropalma in partnership with Solidaridad Brasil, to train family farmers in good social and environmental practices. The project aimed to adapt palm cultivation and methods to meet Roundtable on Sustainable Palm Oil (RSPO) certification, José's farm achieved RSPO certification. His farm is now a shining example that it is possible to enhance sustainability and expand production.

Jose recognized that predatory ants could mitigate the larvae of the pest that affects palm trees. By encouraging these ants to feed in the trees, he could stop the use of chemical pesticides, since the ants become the natural guardians of production. Furthermore, José spread the cut palm leaves on the ground, allowing for the incorporation of organic matter into the soil.

The property is also a pioneer in green energy—the electricity used on the farm and in José's home is derived from solar energy.



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 of our external growers have passed RSPO certification audits.

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. Since none of the new suppliers are RSPO members and do not have HCV assessments, our team is making every effort to categorize previous land use. The RSPO compensation mechanism was launched in 2014 and enables non-member suppliers to be included in certification if they can prove that conversion was for non-commercial clearance, e.g., if it was undertaken by communities or farmers to support small-scale agriculture or pasture for cattle.

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.

Our latest venture is support for a small company in Palmares village called Recicle that now supplies recycling services to Agropalma and the entire village. The enterprise collects and recycles paper, plastics, and metals.

Community consultation in São Paulo

Our new refinery in Limeira is based in a former orange grove. It is strategically located just off the highway to São Paulo in an area of increasing industrial activity. Although the immediate area is sparsely populated, from the inception, we have sought to ensure our neighbors were included in all significant developments, and have implemented a range of open channels, such as a direct telephone line to our managers, regular meetings, and annual visits by environmental officers to record feedback and register complaints. Overall, the feedback has been positive, as the community recognizes the value of new job creation and our initiative to reforest patches of the Atlantic rainforest, one of the most unique and highly threatened ecosystems in Brazil.

We received one complaint in 2019 from a neighbor who believed our operations were drying his well. After our environmental officer investigated the claim, it was clear the issues experienced by our neighbor could not be linked to the refinery. After we explained the mechanics to the neighbor, he was satisfied with our explanation and withdrew his complaint.



Agropalma School—helping students grow

Although the majority of our employees' children attend local public schools, we provide an opportunity for dependents to attend the Agropalma School, which operates on state-of-the-art educational principles and is equipped with science and computer labs.

The school's fundamental priority is to ensure all students have access to and can complete a quality basic education. However, as we enroll many students with a great deal of potential, our ambition has grown.

As the school is located in an area where few students have an opportunity to attend university, we want to ensure that our education provides a foundation for those wishing to enter higher education. In 2019, we introduced evening classes aimed at helping students pass the university entrance exam (Pre ENEM). We also arrange education fairs where lectures were given from a variety of professions. We are delighted that our approach has met with success—the number of students accepted into university has grown from three admissions in 2018 to ten 2019, many to some of Pará's best universities.

The Agropalma School also conducts a range of adult evening classes to provide necessary skills for our workforce, particularly basic literacy and mathematics. Around 180 workers take advantage of these classes each year.

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 previous 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 once again in 2015. Brazilian courts have ruled in Agropalma's favor in two separate decisions, and the RSPO complaints panel 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. However, the case continues to pass through the Brazilian courts and its progress can be monitored here: <https://rspo.org/members/complaints/status-of-complaints/view/83>

We believe that this case might cause other neighbours to consider raising similar claims. However, we are confident that such claims will also be determined to be unwarranted.

Parallel to the dispute, and having originated from it, the Public Prosecutor's Office has filed two lawsuits against Agropalma, claiming that part of our lands belongs to Pará state. We continue to engage in this case and work to regularize the matter in accordance with the land legislation.

As part of our commitment to transparency, we have to keep relevant stakeholders informed of the progress of this case, but unfortunately, we do not believe that a resolution is imminent as the complainants persist in involving new parties without fresh evidence or credible documentation. However, we remain committed to ensuring that we exhaust the situation through legal avenues in a transparent matter and will continue to share updates with our stakeholders on an ongoing basis.

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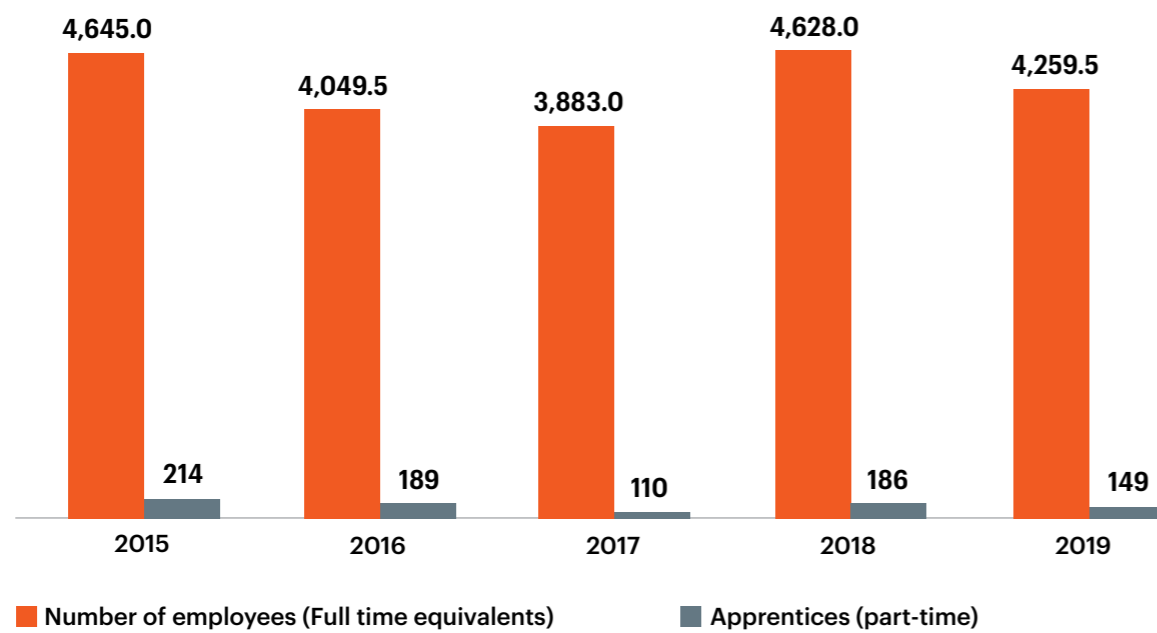
Safeguarding fair
and responsible
workplace practices





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

AGROPALMA EMPLOYEES



Human rights in the workplace

We adhere strictly to Brazilian labor law and align ourselves to 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.

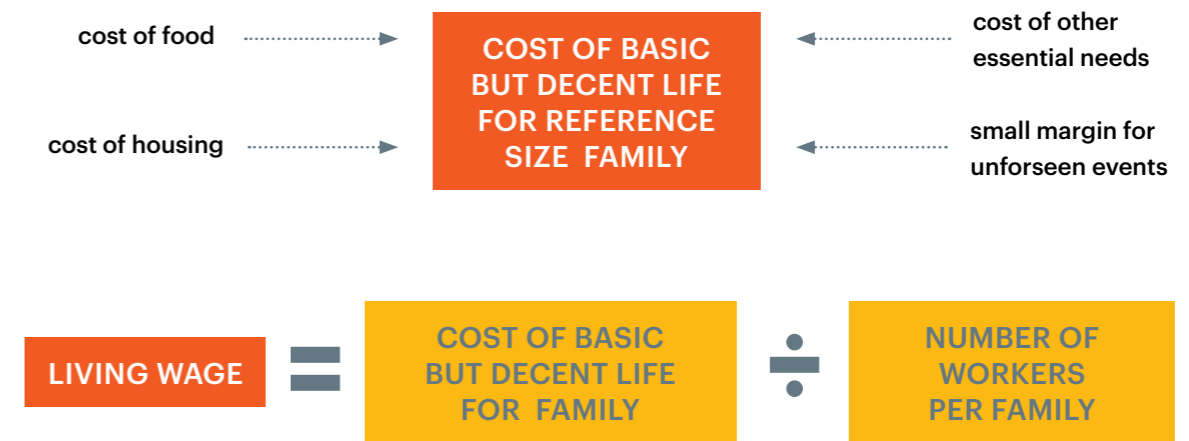
Fair and equal pay and benefits

It is critical to us that we provide excellent jobs that allow our employees to build stable livelihoods and provide for their families. As part of this ongoing commitment, and to meet our obligations as a POIG member, we completed a detailed living wage review in 2018. Using the ANKER living wage methodology, we surveyed the wages of the lowest-paid direct and indirect employees operating on our plantations, and the cost of living in the areas surrounding our plantations in Pará in Northern Brazil. We believe that this is one of the first and most detailed assessments in the industry. The methodology included a meticulous collection of consumption data for a sample of 53 workers, selected from the 108 who earn up to 10% above the official Brazilian minimum wage.

We consider the living wage calculation report as a pilot. As this was our first attempt at using the methodology, we have sought feedback and input from a variety of expert stakeholders to refine the outputs further. At the time of

publication, we had received no substantial comments but would like to invite stakeholders to provide input to the full calculations. The full report will be available on our website in January 2021.

Calculating the living wage



Cost of food:

To provide a realistic assessment of food costs specific to local conditions, we relied on the Anker Model Diet methodology, which assumes a daily calorie intake of 2,200.54 calories daily from a nutritionally balanced diet, as assessed by a clinical nutritionist. We surveyed the food preferences of 53 employees to ensure the sample diet aligned with food habits typical of the area. We chose 21 food items as our basic shopping basket, including rice, pasta, beans, meat, fish, vegetables, acai, and coffee. We surveyed costs across five local food outlets across the two local villages to allow for differential pricing. We also added an extra 16% to account for variety and wastage.

Cost of housing:

To better understand housing costs, we surveyed our employees living nearby and spoke to local real estate agents. We drew up a list of housing criteria that would be deemed adequate, including structure, roofing, access to essential utilities, bathroom facilities, and adequate space.

Cost of other essentials:

We used the official Brazilian Family Budget Survey with data from Pará to provide an estimate of non-food and non-housing costs, such as clothing, transportation, health, and personal care, healthcare, education, recreation and culture, and personal services. We adjusted the data for inflation, but we excluded tobacco, as we believe this does not constitute an essential item, particularly in Brazil, where smoking rates are less than ten percent.

The margin for unforeseen events—sustainability margin:

The Anker methodology recommends a 5% margin for savings and unforeseen events. However, based on other analyses undertaken in the Brazilian context, we have chosen to apply a 2.5%. We believe that this is sufficient based on Brazilian policies such as access free to health free, education, minimum income for the poor (bolsa família), unemployment insurance - all of which are accessible to palm oil agribusiness employees and their families. All Agropalma workers are formal employees and have access to health insurance, paid maternity leave, 30 days' paid vacation plus one-third of their wage, unemployment insurance, thirteenth salary (an extra payment given to employees at the end of December), paid notice of contract termination, 40% to the severance indemnity fund (FGTS) in case of dismissal.

LIVING WAGE CALCULATED FOR A FAMILY OF FOUR IN TAILÂNDIA, PARÁ, BRAZIL (2018)

EXPENDITURE	BRL PER MONTH
Food	851.74
Housing (including rental, water, electricity and cooking gas)	589.57
Non-food: Clothing, transport, personal care, health care, education, recreation, personal services, other expenses	923.3
Sustainability margin (2.5%)	59.09
Total monthly cost for a basic and decent living standard for a family of reference	2,423.74

The methodology includes the assumption that more than one adult in the household earns a wage. Using our primary data, we found that 64% of all households have two income earners.

Average number of adults working in a household	1.64
Net living wage for one worker	1,477.91
INSS contributions ¹	128.51
Trade union contributions	0
Gross living wage for one worker	1,605.83

Calculating income for our lowest-paid workers

The lowest-paid workers in Agropalma form a tiny group, making up 0.13% of total employees. This group receives the minimum wage for their job category, plus benefits. To illustrate this, we have used the example of a general services assistant:

1. Brazilian Social Security and Retirement Fund

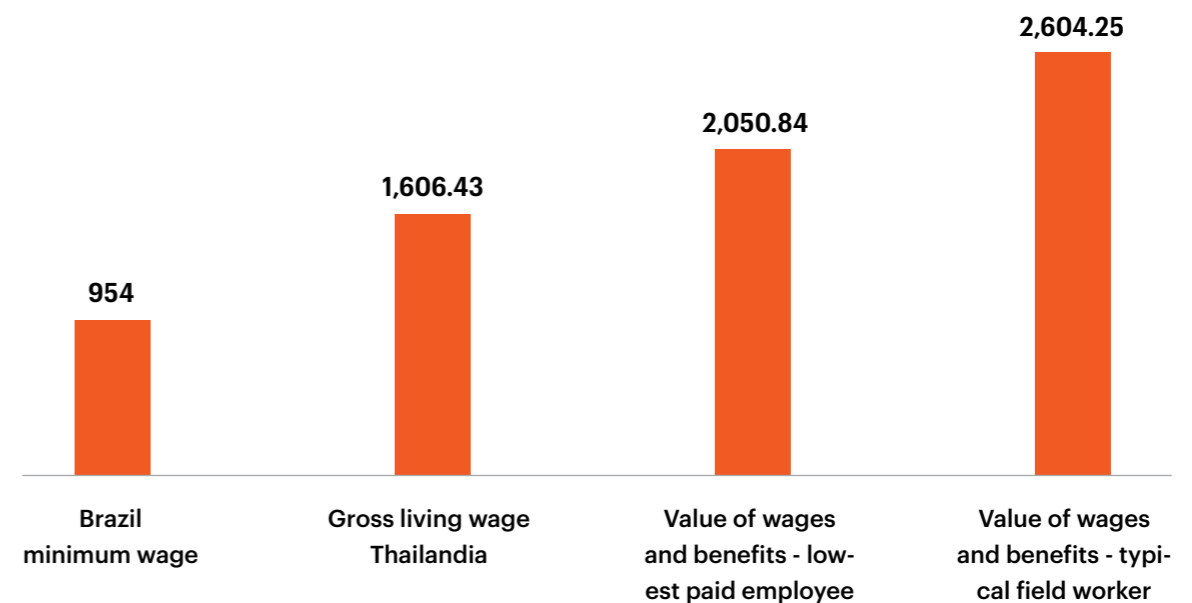
INCOME/BENEFIT	BRL PER MONTH
Wages	957.00
Life insurance	2.01
Food voucher*	200.00
Transport (Between home and work)	283.51
Health plan	74.41
Meals (breakfast and lunch)*	351.62
13th salary + 1/3 vacation divided by 12	105.73
Service time guarantee fund ²	76.56
Total value of wages and benefits	2,050.84

*. Employees can select their preferred company meals. Besides the meals, all company employees receive a food voucher for BRL 200.00, which they can spend in supermarkets or smaller shops to purchase food using a magnetic card.

Overall, we were happy to see that employee income at Agropalma was significantly above the living wage, even for those in entry-level positions. Field workers receive a much higher level as, on average, they are given additional productivity premiums above BRL 550.00. Our survey did not include a detailed analysis of outsourced functions, as we found that all employees in this category were paid higher wages than those benchmarked.

We believe this groundbreaking study marks a significant milestone, enabling us to monitor and ensure that our people can enjoy decent and secure livelihoods.

AGROPALMA LIVING WAGE BENCHMARK (BRL PER MONTH, 2018)



2. Fund to be used for unemployment insurance, house purchase or prolonged illness.



Freedom of association and collective bargaining

We respect and support the right to form and join unions, and around a quarter of our employees are union members. Because of new labor regulations, there has been a significant reduction in union membership over the past five years. Before 2014 new employees were given union membership forms as part of their induction package. While they were free not to enroll, many chose this as the default option. However, under the new regulations, unions are allowed to approach employees only a few weeks after they have started work, and at this point, many are opting not to join.

Agropalma's management and the union maintain a very positive relationship and meet regularly to discuss matters of concern to members and negotiate the terms of the collective bargaining agreement. This agreement covers all employees, whether unionized or not. Union representatives are allowed to attend meetings during working hours. Unions also assist employees in upholding their rights and calculating that correct payment of wages and benefits. When employees leave the company, the union signs off on any outstanding debts to the employee.

Enhanced workplace facilities

All employees at our refinery sites and plantations can sign on to our meal plan, which provides three daily meals served in our canteen, or delivered to shelters in the field. In 2019, through the introduction of mobile shelters, we expanded our offering to field workers in remote areas of our land to ensure they could gain access.

Expanding our labor pool - focusing on diversity

We are always searching for the best talent and the most productive workforce. We need to ensure our labor pool is broad and diverse and 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 essential way of enlarging our potential talent pool and ensuring Agropalma has access to a broad skill set.

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

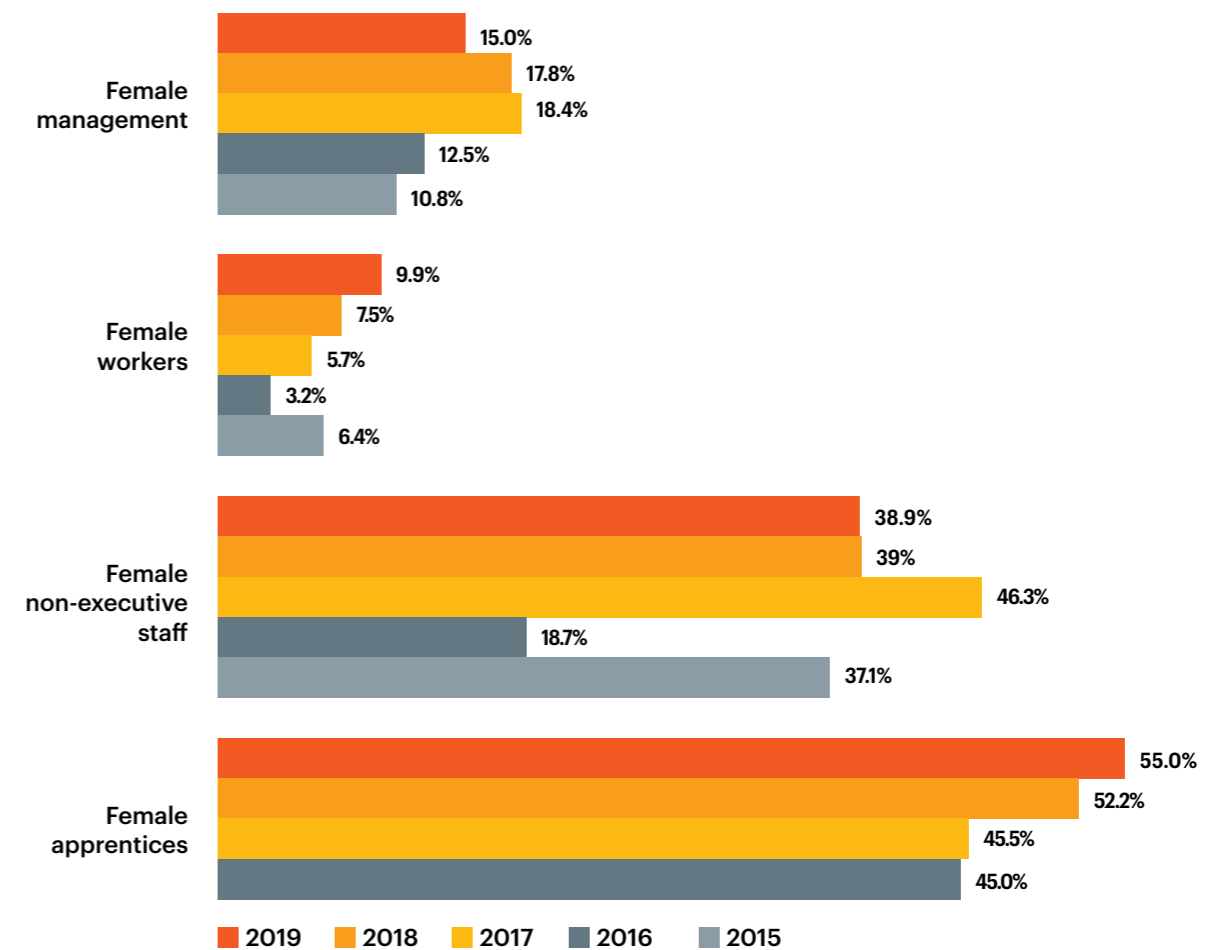
However, after reviewing our 2015 gender data, we found that women are generally

under-represented in our workforce: around 11% of employees. Although this since increased in 2019 to just over 15%, we are still making efforts to improve opportunities for women.

The biggest challenge 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, and fertilizing are now no longer necessary. We tested a program to train 120 women harvesters. Although it initially appeared to be successful, the lower productivity of female harvesters made the program unviable on a larger scale and in 2019 we retained only around 20 female harvesters and three tractor drivers. Our staff and mid-manager functions are significantly more diverse, with women making up about 39% of our employees in these support functions. At management level, we have increased female representation over the past year, and women now make up 15% of our senior management team.

We always hire the best talent, regardless of gender, but have found it challenging to attract women into our agriculture and manufacturing operations. 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 more than half of our 149 apprentices are women. We have further increased the number of technical, industrial, and agricultural roles for women in the apprentice scheme, which we believe will have a beneficial effect in the medium term.

GENDER DISTRIBUTION



Employees with disabilities

Our commitment to diversity includes an ongoing focus to ensure that we provide a workplace that is accessible to people with disabilities. We believe that we are one of only a few Brazilian companies that employ more than 5% of employees with disabilities, despite this being a mandated requirement. We also think we are the only palm oil sector company 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 employees with disabilities are identical to those without.

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 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 eventually eliminated.

We check contracts and paperwork for our suppliers' employees to confirm there are no breaches of Brazil's stringent anti-slavery laws.

Besides these internal safeguards, we have also adopted a broader role in preventing exploitative labor practices. We are an active member of InPacto, the Institute of National Pact to Eradicate Slave Labor, and from 2016 to 2019, our sustainability manager served as president of the initiative, which encourages good practice across Brazilian business.

As member of InPacto Agropalma Group recognizes and use the official "dirty list" of slave labor exploiters when assessing our potential suppliers and create commercial restrictions against the ones included in this list.

Workplace health and safety

We believe our ultimate responsibility is to ensure that we provide a safe workplace with a high level of monitoring, reporting, and constant improvement.

Over the past two years, we have witnessed a significant reduction in the number of accidents. We believe this is primarily due to much better reporting and monitoring via our newly developed Safety Performance Index (SPI). The SPI tracks all safety behavior deviations by type, severity, and location, giving us better insight into weak areas. As a result, we can target improvements in the use of PPE, as well as education and awareness.

As total accidents reduced, we are seeing an increase in severity rates. This is mainly because many minor accidents have now been eliminated, leaving a small number of more severe and harder to prevent accidents.

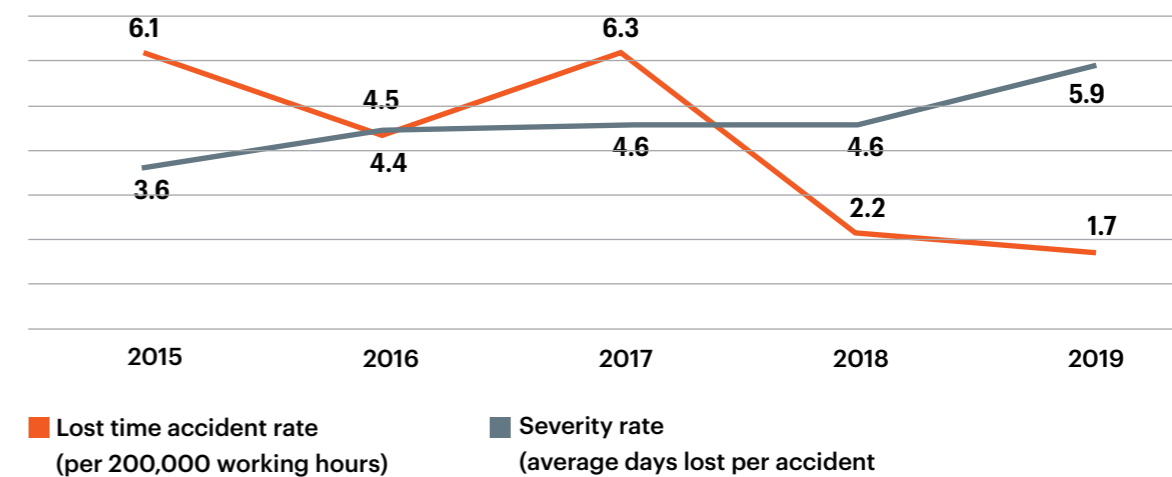
We have in place a separate Corporate Health, Safety, and Environment Department to enable a stronger focus on operational safety. Through our agriculture mechanization and innovation program, we have eliminated several factors that traditionally caused high levels of minor accidents. These include fruit collection, where the risk of cuts and thorn pricks is high, manual spraying, which may cause chemical injuries, and FFB loading, which often cause back injuries.

Sadly, we recorded a fatal accident in 2018, in which a tractor operator was



trapped between a tractor and a trailer. The accident was investigated, and we found that the brakes had not been applied. To safeguard against future incidents, we have ensured that all vehicle operators are made aware of the importance of the safe positioning of equipment.

ACCIDENTS



Medical services, health insurance, and healthy living

Our employees and local communities primarily rely on public health services, and we provide emergency medical help at our medical center. All work-related illnesses and injuries are provided for in our medical clinics, and we cover 100% of the costs. Also, general healthcare is available to all employees through a private medical scheme, where employees can choose to include their dependents, according 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. In 2019, we expanded the program, so employees can also choose to sign up for dental cover.

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% of the population classified as obese, and an estimated 10% suffering from type 2 diabetes. To support employees wanting to lead a healthier lifestyle, we have introduced a new healthy food range in our catering range, ensuring that employees who eat in our cafeteria, and those getting food delivered in the field deliveries, can select meals with lower fat, salt, and sugar.



Preventing the spread of COVID-19 and supporting community health

In early 2020, and at the time of this report's publication, the coronavirus pandemic continues to spread. Brazil was one of the later countries to be affected by the disease, recording its first case in the State of São Paulo on February 25, 2020. We rapidly established wide-ranging precautionary measures to protect our employees and the wider community, guided by the World Health Organization and state health authority best practices:

- Creation of a multidisciplinary COVID-19 prevention committee.
- Updated information on COVID-19 in communication vehicles such as email, notice boards, corporate TV.
- Conducting daily dialogue sessions with information about the disease and infection mitigation measures.
- Information on combatting misleading information.
- Production and distribution of printed material for guidance to truck drivers accessing operational areas.
- Mandatory use of masks for all employees.
- Limiting the number of bus passengers to 20 (instead of 45 or 50).
- New cafeteria lunch hours to avoid large crowds of employees and blocking seats to create more space.
- Temporary suspension of company recreational activities, such as swimming pools and football fields.
- Temporary suspension of classes for more than 432 students and 27 professional collaborators at Escola Agropalma.
- Distributing gel disinfectant in offices, factories, buses, cafeterias, and other company sectors.
- Working from home, wherever possible, for office-based staff.
- Temporary suspension of the Open Doors and VIP Visiting Programs.
- Cancelling all national and international trips made by Agropalma Group employees, contractors, and consultants.
- Mandating self-isolation at home for anyone displaying COVID-19 symptoms.
- Home screening and shielding of employees who work or live with people from high-risk groups.
- Case monitoring and home self-isolation for COVID-19 infected patients and those who may have come into contact with them.
- Providing medical care and support, where required.

Base Data



	Measurement unit/ breakdown	2019	2018	2017	2016	2015
MARKET AND FINANCIALS						
Total revenue Agropalma Group*	Million BRL	1,005.70	1,095.66	1,043.64	788.98	751.54
Customers (% of sales)	Food	85.20%	80,0%	74.6%	77.3%	82%
	Non-food	14.80%	20,0%	25.4%	22.7%	18%
Organic % of volume produced		3.58%	5.38%	5.93%	7.32%	5.45%
Fair trade % of volume produced		3.58%	5.38%	5.93%	7.32%	5.45%
WORKPLACE						
Number of employees	Full time equivalents (FTEs)	4,259.5	4,628	3,883	4,049.5	4,645
Number of young apprentices	Number	149	186	110	189	214
Employee turnover	-	48.71%	32.33%	19.61%	19.26%	23.20%
Employee categories	Management (FTEs)	40	45	38	32	37
	Non-executive staff (FTEs)	580.5	665	492	607.5	598
	Workers (FTEs)	3,639	3,918	3,353	3,410	4,010
Female employees	FTEs	594	559.5	426	225.5	482
Male employees	FTEs	3,665.5	4,068.5	3,457	3,824	4,163
Female non-executive staff	FTEs	226	260	228	113.5	222
Male non-executive staff	FTEs	355	406	264	494	376
Female workers	FTEs	362	292	191	108	256
Male workers	FTEs	3,277	3,626	3,162	3,302	3,754
Female management	FTEs	6	8	7	4	4
Male management	FTEs	34	37	31	28	33
Minimum starting wage	BRL per month	1,001	957	954	883	808
Number of employees who received formal qualifications funded by Agropalma		1,412	1,252	1,13	877	
Number of employees who are members of a trade union	-	1,119	2,123	2,306	2,929	3,134
% women returned after maternity leave	-	100%	100%	100%	100%	100%
Reported sexual harassment cases	-	1	0	1	0	0
Confirmed sexual harassment cases	-	0	0	0	0	0
Number of employees and dependants housed		856	891	1,051	1,255	

* Total revenue figures corrected for the years 2017, 2016 and 2015.

	Measurement unit/ breakdown	2019	2018	2017	2016	2015
COMMUNITY						
Breakdown of charitable contributions (BRL)	Sports	0	0	11,100	4,000	39,070
	Culture/religion	0	0	51,750	2,500	7,499
	Community health facilities	10,950	31,100	27,080	20,520	34,720
	Children and education	0	0	6,800	14,400	0
	Charity (basic needs)	0	0	2,000	0	0
HEALTH AND SAFETY						
Fatalities		0	1	0	0	1
Total number of accidents	Refineries	13	6	26	13	7
	Estates and mills	74	109	363	253	358
Total days lost to accidents	Refineries	52	7	171	77	77
	Estates and mills	459	525	1,499	1,052	1,239
Lost time accident rate	Incidents per 200,000 working hours	1.7	2.2	6.25	4.35	6.12
Severity rate	Average days lost per incident	5.9	4.6	4.6	4.46	3.6
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	39,094	39,023	39,023	39,042	39,042
Other areas	Hectares	694	765	765	746	746
PRODUCTION AND OUTPUT						
Yield per hectare (productive palm, older than 3 years)	Tons per ha	15.40	14.81	17.7	16.6	18.4
Yield per hectare (adult palm, older than 8 years)	Tons per ha	15.65	16.51	21.8	19.5	19.46
Extraction rate (CPO)	% of FFB	18.11	17.99	17.94	17.38	18.52
Total effluents	Tons	526,374	532,698	551,404	499,643	548,629
Total boiler ash	Tons	3,987	3,586	3,418	3,004	4,312
Total Production	CPO (tons)	136,271	128,822	158,779	138,189	159,552
	PKO (tons)	10,416	11,376	14,247	11,941	13,521
	PKE (tons)	26,364	24,489	25,357	20,316	25,874
	Fiber (tons)	91,302	96,024	111,594	98,829	107,807
	EFB (tons)	214,687	229,336	236,382	215,665	228,057

	Measurement unit/ breakdown	2019	2018	2017	2016	2015
MATERIALS AND INPUTS						
Total FFB processed	Tons	751,305	716,458	892,751	790,630	852,393
Agropalma estate FFB	Tons	564,596	560,401	669,363	613,352	664,316
Integrated outgrowers FFB	Tons	120,963	120,083	174,906	141,916	147,528
Family farmer FFB	Tons	40,929	35,974	40,835	39,567	40,548
Third party FFB	Tons	24,817	-	-	-	-
MATERIALS AND INPUTS						
Herbicide usage per hectare	Liters per ha	1.65	1.99	1.63	1.52	1.15
Herbicide active ingredient usage per hectare (only glyphosate)	Liters per ha	1.03	1.23	1.05	0.99	0.84
Total water usage (mills only)	Tons	815,326	795,339	783,588	757,334	735,957
Total diesel usage (all uses)	Litres	2,818,799	2,955,047	3,858,230	4,221,964	
Total fertiliser usage	Tons	12,069	16,402	8,058	35,342	31,305
Total chemicals	Tons	746	862	387	406	363
ENVIRONMENTAL IMPACT						
BOD levels (Average)	mg/L	4,070	7,250	6,403	4,470	5,809
Total number of significant spills	-	1	0	0	0	0

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 2016		
DISCLOSURE		PAGE OR REASON FOR OMISSION
Market and financials		
102-1	Name of organisation	Ownership and governance structure 7
102-2	Activities, brands, products, and services	About Agropalma 7 Ownership and governance structure 7 Our products and marketplace 11
102-3	Location of headquarters	About Agropalma 7
102-4	Location of operations	About Agropalma 7
102-5	Ownership and legal form	Ownership and governance structure 7
102-6	Markets served	About Agropalma 7
102-7	Scale of the organisation	About Agropalma 7 Our plantations and land 9 Ownership and governance structure 7
102-8	Information on employees and other workers	Safeguarding fair and responsible workplace practices 28 Base data 34-35
102-9	Supply chain	Traceability 12
102-10	Significant changes to the organisation and its supply chain	Traceability 12
102-11	Precautionary Principle or approach	Our approach to sustainability 13-15 Note: The POIG and RSPO require a precautionary approach
102-12	External initiatives	Environmental responsibility 16-22
102-13	Membership of associations	Our approach to sustainability 13-15
Strategy		
102-14	Statement from senior decision-maker	CEO Welcome 3
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Our approach to sustainability 13-15
Governance		
102-18	Governance structure	Ownership and governance structure 7-8
102-19	Delegating authority	Ownership and governance structure 7-8
102-20	Executive-level responsibility for economic, environmental, and social topics	Ownership and governance structure 7-8
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 31

GRI 101: FOUNDATION 2016		
GRI 102: GENERAL DISCLOSURES 2016		
DISCLOSURE		PAGE OR REASON FOR OMISSION
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 40-41
102-46	Defining report content and topic Boundaries	About the report 40-41
102-47	List of material topics	About the report 40-41
102-48	Restatements of information	Corrections of past revenue information, as explained in the data base, page 34 .
102-49	Changes in reporting	About the report 40-41
102-50	Reporting period	About the report 40-41
102-51	Date of most recent report	About the report 40-41
102-52	Reporting cycle	Bi-ennially
102-53	Contact point for questions regarding the report	Contact 44
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index 36
102-55	GRI content index	GRI Index 36-39
102-56	External assurance	About the report 40-41

MATERIAL TOPICS			
GRI STANDARD	DISCLOSURE		PAGE OR REASON FOR OMISSION
ECONOMIC			
Reporting Practice			
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Base data 34-35
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Contributing to the community and local economy 23-27
	103-2	The management approach and its components	Contributing to the community and local economy 23-27
	103-3	Evaluation of the management approach	Contributing to the community and local economy 23-27

MATERIAL TOPICS			
GRI STANDARD	DISCLOSURE		PAGE OR REASON FOR OMISSION
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Contributing to the community and local economy 23-27
	203-2	Significant indirect economic impacts	Contributing to the community and local economy 23-27
Procurement Practices			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Contributing to the community and local economy 23-27
	103-2	The management approach and its components	Contributing to the community and local economy 23-27
	103-3	Evaluation of the management approach	Contributing to the community and local economy 23-27
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Our mills 9-10
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	No to corruption 15
	103-2	The management approach and its components	No to corruption 15
	103-3	Evaluation of the management approach	No to corruption 15
ENVIRONMENTAL			
Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Protecting and conserving local water sources 20-22 Chemicals and pesticide usage 22
	103-2	The management approach and its components	Protecting and conserving local water sources 20-22 Chemicals and pesticide usage 22
	103-3	Evaluation of the management approach	Protecting and conserving local water sources 20-22 Chemicals and pesticide usage 22
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Protecting and conserving local water sources 20-22 Chemicals and pesticide usage 22 Base data 34-35

MATERIAL TOPICS			
GRI STANDARD	DISCLOSURE		PAGE OR REASON FOR OMISSION
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Protecting and conserving local water sources 20-22</u>
	103-2	The management approach and its components	<u>Protecting and conserving local water sources 20-22</u>
	103-3	Evaluation of the management approach	<u>Protecting and conserving local water sources 20-22</u>
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Forests and biodiversity 17-18</u>
	103-2	The management approach and its components	<u>Forests and biodiversity 17-18</u>
	103-3	Evaluation of the management approach	<u>Forests and biodiversity 17-18</u>
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<u>Forests and biodiversity 17-18</u>
	304-2	Significant impacts of activities, products, and services on biodiversity	<u>Forests and biodiversity 17-18</u>
	304-3	Habitats protected or restored	<u>Forests and biodiversity 17-18</u>
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Combatting climate change 19-20</u>
	103-2	The management approach and its components	<u>Combatting climate change 19-20</u>
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	<u>Combatting climate change 19-20</u>
	305-2	Energy indirect (Scope 2) GHG emissions	<u>Combatting climate change 19-20</u>
	305-3	Other indirect (Scope 3) GHG emissions	<u>Combatting climate change 19-20</u>
	305-4	GHG emissions intensity	<u>Combatting climate change 19-20</u>
	305-5	Reduction of GHG emissions	<u>Combatting climate change 19-20</u>
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Protecting and conserving local water sources 20-22</u>
	103-2	The management approach and its components	<u>Protecting and conserving local water sources 20-22</u>
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	<u>Protecting and conserving local water sources 20-22</u>

MATERIAL TOPICS			
GRI STANDARD	DISCLOSURE		PAGE OR REASON FOR OMISSION
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Contributing to the community and local economy 23-27</u>
	103-2	The management approach and its components	<u>Contributing to the community and local economy 23-27</u>
SOCIAL			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Safeguarding fair and responsible workplace practices 28-33</u>
	103-2	The management approach and its components	<u>Safeguarding fair and responsible workplace practices 28-33</u>
Labour/Management Relations			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Safeguarding fair and responsible workplace practices 28-33</u>
	103-2	The management approach and its components	<u>Safeguarding fair and responsible workplace practices 28-33</u>
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Workplace health and safety 32-33</u>
	103-2	The management approach and its components	<u>Workplace health and safety 32-33</u>
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<u>Workplace health and safety 32-33</u> Occupational disease, lost days and absenteeism are currently not recorded
	403-3	Workers with high incidence or high risk of diseases related to their occupation	<u>Workplace health and safety 32-33</u>
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Safeguarding fair and responsible workplace practices 28-33</u>
	103-2	The management approach and its components	<u>Safeguarding fair and responsible workplace practices 28-33</u>
	103-3	Evaluation of the management approach	<u>Safeguarding fair and responsible workplace practices 28-33</u>
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<u>Safeguarding fair and responsible workplace practices 28-33</u> There are no women on the board

MATERIAL TOPICS			
GRI STANDARD	DISCLOSURE		PAGE OR REASON FOR OMISSION
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Safeguarding fair and responsible workplace practices</u> 28-33
	103-2	The management approach and its components	<u>Safeguarding fair and responsible workplace practices</u> 28-33
	103-3	Evaluation of the management approach	<u>Safeguarding fair and responsible workplace practices</u> 28-33
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Freedom of association and collective bargaining</u> 31
	103-2	The management approach and its components	<u>Freedom of association and collective bargaining</u> 31
	103-3	Evaluation of the management approach	<u>Freedom of association and collective bargaining</u> 31
Child Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Elimination of child, forced and bonded labour</u> 32
	103-2	The management approach and its components	<u>Elimination of child, forced and bonded labour</u> 32
	103-3	Evaluation of the management approach	<u>Elimination of child, forced and bonded labour</u> 32
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	<u>Elimination of child, forced and bonded labour</u> 32
Forced or Compulsory Labour			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	<u>Elimination of child, forced and bonded labour</u> 32
	103-2	The management approach and its components	<u>Elimination of child, forced and bonded labour</u> 32
	103-3	Evaluation of the management approach	<u>Elimination of child, forced and bonded labour</u> 32
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<u>Elimination of child, forced and bonded labour</u> 32
Local Communities			
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	<u>Contributing to the community and local economy</u> 23-27

About the report



Completeness

The report covers calendar years 2018 and 2019. Unless otherwise stated, the data includes all our refinery, plantation, and mill operations as of December 31. The report does not contain detailed information on our small office-based operations in São Paulo. Besides impacts within our organizational boundaries, the report covers material aspects for all FFB suppliers.

The report contains updated information on some 2020 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 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.

Due to the current COVID-19 travel restrictions, we have altered the process for discussing priorities and determining material issues for this report. For previous reports, the senior management teams of Agropalma plantations and refineries in Belém and São Paulo participated in half-day workshops to prioritize the areas most material to the group. These were collated into the materiality matrix below. However, due to lockdowns throughout Brazil, this level of interaction was not possible. Instead, we collated individual input from each of the directors of the company through email on issues considered critical to Agropalma. This was collated and organized into key themes by the Sustainability Director, and a three-hour virtual workshop was held to rank the topics, adjust and identify gaps from the perspective of both the company and external stakeholders to build the materiality matrix. Unless expressly noted, boundaries were considered to be Agropalma organizational boundaries.

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



Reporting cycle and approach to assurance

Agropalma publishes a sustainability report every two years. Stakeholders can also review our progress annually via our RSPO annual communications of progress published each year in the second quarter 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. Most 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.



Glossary



BACK TO
SUMMARY

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 promote sustainability. Fair trade involves the payment of higher prices to small producers, encouraging 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) This approach identifies 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 initially developed by the Forest Stewardship Council (FSC) to standardize the definitions and evaluation approaches for natural forest that should be set aside for conservation. Six possible HCVs can be identified, covering the environmental and social aspects of a natural forest.

INTERNATIONAL LABOUR ORGANIZATION (ILO) A tripartite world body—and United Nations agency—that is representative of labor, management, and government. 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 seed 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 by developing and sharing a credible and verifiable benchmark that builds upon the RSPO and creates and promotes 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. It is often linked to sustainable development, which can be defined as development that meets the needs of the present without compromising the ability of to meet their own needs

TRACEABILITY Traceability is the capability to track sustainable palm oil throughout the entire supply chain.

SEGREGATION This system allows sustainable palm oil to be kept separate from conventional palm oil in the entire supply chain.

SME Small and medium-sized enterprises.

3-MPCD (3-MONOCHLOROPROPANE-1,2-DIOL OR 3-CHLOROPROPANE-1,2-DIOL)—This 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 by-product which may be formed in foods, the most commonly found member of chemical contaminants known as chloropropanols.



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