

# GRUPO PALMAS SUSTAINABILITY POLICY

Grupo Palmas believes it is possible to produce palm oil and cocoa sustainably, and in doing so, respect the Amazon and reduce deforestation and poverty in Peru's rainforest. The company commits to responsible production of palm oil and cocoa that is deforestation free, protects High Conservation Value (HCV) areas, High Carbon Stock (HCS) forests, and areas classified as peat or wetlands, and that does not exploit people or communities.

Grupo Palmas has a strategy aimed at achieving long-term economic, financial, environmental and social viability, and the company commits to managing its operations with transparency, integrity and ethical conduct. This implies opportune and just relationships with all stakeholders and the monitoring of environmental and social aspects of the company's operations.

Grupo Palmas recognizes that its Sustainability Policy requires a transparent implementation process. Therefore, the company will maintain communication with stakeholders, and periodically report on progress implementing the Policy.

## SCOPE

The Grupo Palmas Sustainability Policy applies to all its operations and business units, subsidiaries, and refineries, and to the Group's participation in existing and future investments. It likewise applies to independent oil palm and cocoa producers with whom there is a commercial relationship.

### 1. No Deforestation and Responsible Plantation Development

Grupo Palmas commits to no deforestation of High Conservation Value (HCV) areas and High Carbon Stock (HCS) forests in all its own operations and on properties managed by small producers in its supply chain.

Grupo Palmas will develop new plantations in areas with degraded land or on lands formerly used for agriculture or ranching. Prior to all development, Grupo Palmas will contract independent experts to conduct HCV studies to identify HCV areas according to the internationally accepted methodology<sup>1</sup> and the principles and criteria approved by the Roundtable on Sustainable Palm Oil (RSPO).

New plantation development by Grupo Palmas will be subject to the results of these studies and will implement the identified conservation or restoration measures. Grupo Palmas commits to identify and protect HCS areas in all plantations and expansion areas. The commitment to responsible development will also respect areas for protection and ecological conservation that have been identified by Peruvian government.

Grupo Palmas will not develop plantations in wetlands or peatlands. The company will enforce a strict "No Burn" policy, which means that fire cannot be used in the preparation of new plantations, replanting or any other type of development.

### 2. Use of best practices in agricultural and industrial processes

The work on plantations and manufacturing plants will focus on continuous improvement, seeking optimization, productive efficiency, maximum efficiency, and sustainability in the use of resources such as land, water and energy.

<sup>1</sup> For more information about the methodology, independent experts and transparency, please review The High Carbon Stock Approach ([www.highcarbonstock.org](http://www.highcarbonstock.org)) and HCV Resource Network ([www.hcvnetwork.org](http://www.hcvnetwork.org))

Grupo Palmas will employ best agricultural practices in all crops to maintain soil fertility, control erosion or degradation, and guarantee an optimum and sustained yield.

Activities such as land preparation, pest management, water management, among others, will be regularly reviewed, and Grupo Palmas will develop plans for their continuous improvement and to prevent and reduce environmental and social impacts.

All practices developed by Grupo Palmas will efficiently use water resources and maintain surface and groundwater quality and availability. Grupo Palmas will carry out regular monitoring to prevent and reduce impacts and to ensure water quality.

Grupo Palmas will prioritize the use of Integrated Pest Management (IPM) techniques to manage pests, diseases, weeds and invasive species. Paraquat will not be used. Other chemical use requires a justification and their application should be undertaken with care to protect workers, communities and neighboring producers. Pregnant or nursing women will not work with chemicals, and workers will have access to appropriate personal protective equipment to protect their health.

Solid waste will be handled according to national legislation and with appropriate plans which seek to reduce, recycle, reuse and dispose of it in an environmentally, socially responsible, and safe manner.

### **3. Compliance with applicable laws and regulations**

All Grupo Palmas operations will comply with all local and national laws and regulations and with agreements signed by the Peruvian State. Special attention will be given to issues related to forest lands, property rights, and environmental and social factors.

In accordance with national legislation which requires a participatory public consultation, Grupo Palmas operates with an environmental permit from the corresponding authority. Grupo Palmas will execute and monitor environmental management plans to prevent, mitigate and resolve possible impacts of ongoing operations and ensure compliance with laws and regulations. Grupo Palmas will regularly identify and monitor all pollutants from plantations and manufacturing plants, including greenhouse gas emissions, in order to design and implement adequate control, management and mitigation.

### **4. No Exploitation and Respect for our Workers' Rights**

A core principle of Grupo Palmas is to protect and respect the human rights of its employees. Grupo Palmas will comply with all social and labor laws and regulations, and will respect labor relationships. Working hours, salaries and labor benefits will comply with Peruvian laws.

Grupo Palmas employs a transparent recruitment procedure which ensures compliance with this commitment. Employment decisions are based on freedom of choice of employment. Forced labor or confinement, as well as any type of physical punishment or threats of violence and other forms of verbal, psychological, sexual or physical abuse as a method of control or discipline are prohibited. Grupo Palmas bans all child labor, and being of legal working age is a precondition for the hiring of all workers.

Grupo Palmas respects workers' rights to establish and join unions, associations and worker's organizations; additionally, the company will promote dialogue with its workers. These rights include freedom of association and collective bargaining. Any form of discrimination based on race, nationality, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited. Grupo Palmas promotes equal opportunities, and guarantees the implementation of policies in order to prevent and address sexual harassment and abuse of any kind.

When accommodations are provided, Grupo Palmas will offer safe living conditions, and sufficient and healthy food. Workers will have access to safe and adequate living space and there will be no restrictions for the workers to leave facilities during their free time.

Grupo Palmas workers have health insurance which covers medical treatment for work-related diseases and injuries, including a life insurance policy effective on the first day of employment, which grants the family a compensation for death due to accident or permanent illness. Safety and health risks are handled with a preventative focus to ensure an incident and accident-free environment.

## **5. Inclusion of small producers in the supply chain**

Grupo Palmas will implement a model for including small producers in the supply chain, which places the producer at the core of its strategy. This model will include responsible purchasing conditions that ensure respect for the Grupo Palmas Sustainability Policy, with special attention to principles of no deforestation, no development in wetlands or peatlands, no exploitation and respect for workers.

Grupo Palmas will add value to the sustainable production of small producers through a fair price and on-time payment, traceability of production, improved access to inputs, and long-term technical support to maximize plantation productivity. The model will prioritize the increase of productivity in existing plantations, development in areas with degraded land or on lands previously used for agricultural or ranching, and substitution of low-yield production.

## **6. Respect for communities, dialogue with interest groups and transparency**

A core principle of Grupo Palmas is to protect and respect the rights of indigenous peoples, local communities and any party affected by its operations.

The company will respect the rights of third parties, indigenous and local populations to grant or deny their Free, Prior and Informed Consent (FPIC) to operations on land with customary or communal rights.

In the event that conflicts arise, Grupo Palmas will not resort to violence. The company will put into place protocols to resolve conflicts in a peaceful manner with the participation of those affected.

Grupo Palmas will maintain a policy of dialogue and transparency. The company will implement protocols for the transparent handling of information, and the reception and resolution of complaints or inquiries. These procedures will ensure that information is disclosed in an appropriate format and language, thereby ensuring comprehension by stakeholders.

Grupo Palmas is committed to actively and constructively participating with all stakeholders, including communities, governments, clients and civil society.