



# 2021 Sustainability Report





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# Welcome statement



Beny Fiterman

Dear Reader,

Welcome to Agropalma's fifth sustainability report covering our activities, achievements, and challenges over the last couple of years. The report outlines our strategic vision to expand and consolidate our business. Its publication also coincides with the completion of our ten-year reporting cycle against the Global Reporting Initiative. As we celebrate this achievement, Agropalma is stepping its commitment to the highest levels of transparency and accountability.

Agropalma's reporting cycle began with a vigorous corporate restructuring plan. In 2020, we reviewed our business approach, emphasizing high-value solutions for a diversified portfolio of customers in the food and non-food sectors. This culminated in a 2021 rebrand, the launch of a new visual identity, and a transformative manifesto pledge to place Brazilian palm squarely at the heart of global sustainability. Having redefined our corporate goal, we are now hastening our efforts to attain the highest standards in environmental preservation, social responsibility, and good governance.

Reduced mobility because of the pandemic impacted our food service sector. During this period, we were able to adapt our commercial strategy to the "new normal" by increasing our focus on non-food services, such as hygiene and cleaning. We launched dozens of new products with higher added value, and despite the challenges, we increased our revenue.

Throughout the pandemic, our unrelenting focus was on providing a healthy and safe working environment. Agropalma implemented several

preventive measures, from face masks, physical distancing, hygiene and education to encouraging workers to get vaccinated. We did not suffer any internal COVID-19 outbreaks, and our mitigation measures were considered a positive example for companies in the Brazilian state of Pará.

Agropalma continues to improve our health and safety practices and policies. We are proud to report a significant reduction in occupational accidents over the last five years. However, despite this positive trend, we were deeply sad to record that in 2020 an employee died in a traffic accident during work activities. We offered his family assistance and took concrete steps to ensure that such an incident never happens again.

Agropalma's focus on forest protection continues apace. We recently celebrated a 15-year partnership with Conservation International. This program augmented our efforts to monitor, protect and preserve forests and biodiversity, and develop a sustainable palm production model in Pará. To date, we have registered 1,029 species of Brazilian fauna in our forest reserves and plantations. Forty of these are threatened, eleven are endemic, three are new, and three are the first ever recorded in the region. Our pristine forest reserves also bring about the unwelcome challenge of protecting our land against logging and hunting. Consequently, we are continually boosting our efforts to prevent such illegal activities by implementing technology solutions and specialized security teams and seeking support from communities and relevant authorities.





Unfortunately, at the beginning of this year (2022), we witnessed unprecedented upheaval in part of our operations. In February, a group identifying as part of the quilombola community entered and camped on one of our forest reserves without our consent. They left three weeks later following a peaceful negotiation process and legally mediated agreement. We feel that this was a positive, non-violent conflict solution. Agropalma is a responsible company and proud member of the Roundtable on Sustainable Palm Oil and the Palm Oil Innovation Group. Over the last 20 years, we have commissioned several independent social impact studies, and none have indicated the existence of quilombola communities on our land or the surrounding areas. Furthermore, local social scientists have not recorded quilombola rituals or customs on our property.

At the behest of the self-claimed quilombola leaders, the Pará State Lands Institute was on site in 2018. The Institute found no evidence of quilombola communities or families in the area. Agropalma also discovered that some community leaders had proximity to people involved in illegal logging activities and that the area they claimed overlapped almost exclusively with our forest reserves. Consequently, Agropalma believes that the group's claims over our forest lands should not be considered by the authorities.

The last two years have ushered in other significant milestones. These included an increase in FFB yields and extraction rate, a reduction in water consumption in extraction operations, and a demonstrable improvement in our gender balance, including senior

management. And we are also very proud to announce that ten Agropalma School graduates passed admission exams to public universities in Pará.

Agropalma recently celebrated ten years of RSPO certification and is a keen advocate for cementing RSPO's role in the Brazilian palm oil market. We can track 100% of the oil processed at our refineries to the mills and are working towards achieving 100% traceability to plantation.

As we look towards the future, Agropalma will continue increasing our yields and extraction rates by expanding our best management practices program in our plantations and improvements in mill equipment. We will also develop our FFB partnership program, increase our supply base, and invest in expanding the capacity of our Belém refinery—this will include increased quantities and a broader range of products, including the reactivation of biodiesel. We will continue to enlarge our organic plantation, supported by a composting system, and develop an in-house breeding program, starting with a clone (non-GMO) laboratory. We fully understand the need for a qualified workforce to achieve our goals and will continue striving toward a more equitable gender balance.

Lastly, we'd like to sincerely thank our employees, customers, suppliers, NGOs, and other parties for their interest in learning about Agropalma and our business. Have a good read!

*Beny Fiterman*  
Chief executive officer

Seedling Nursery –  
Pará, Brazil









# Our vision and milestones

As Agropalma continues to raise the bar and set the standard for responsible palm oil production, we must make a concerted effort to improve the lives of our local communities and employees, protect critical regional ecosystems and contribute to face global environmental challenges. To formalize our commitment, we reviewed our efforts against nine United Nations Sustainable Development Goals. This helped us to analyze our impact and set solid objectives in those areas where we think we can make the biggest difference.

SUSTAINABLE DEVELOPMENT GOAL	 1. NO POVERTY	 2. ZERO HUNGER	 3. GOOD HEALTH AND WELL-BEING	 4. QUALITY EDUCATION
2030 VISION	» Providing our family farmers with an income that exceeds the Brazilian average	» Contributing to family farmers’ food security » Achieving the highest productivity per hectare in the Brazilian palm oil sector and maximize edible oil production	» Providing a safe working environment and access to quality healthcare	» Supporting quality education for all employees’ children up to secondary school » Providing all employees with an opportunity to upgrade their basic skills
CURRENT PROGRESS	» Our family farmers’ earnings exceed the average by 2.5 times (compared to GNI per capita)	» Partnerships with 200 family farmers (90% of which have other non-palm areas set aside for food crop cultivation) » 16.63 MT FFB/Ha » 18.87 MT CPO/MT FFB	» One fatality in 2020 » 0.5 accident (per 200,000 working hours) » 95% of employees enrolled in private medical scheme	» 450 students enrolled in Agropalma schools » 48% acceptance rate for students applying to public universities » Adult learning programs were suspended during the pandemic
PAGE NUMBER	» <a href="#">PG. 32</a> , <a href="#">PG. 33</a>	» <a href="#">PG. 32</a>	» <a href="#">PG. 42</a> , <a href="#">PG. 43</a>	» <a href="#">PG. 34</a>
NEXT STEPS: PROJECTED MILESTONES	» 2025: Increase 1,000 ha in partnership with 100 new family farmers » 2025: Increase 5,000 ha in partnership with integrated outgrowers » 2025: Create 330 formal jobs in our FFB supply chain	» 2025: Implement 100 ha of agroforest systems trials » 2030: Collect and publicize the first trial results » 2025: Increase yields to 25 tons of FFB/ha in adult plantations (older then 8 years) » 2023: Increase CPO extraction rate to 19% » 2022: Complete construction of the cloning laboratory » 2023: Install EFB press in all mills	» Zero fatalities » Maintain accident rate to below 0.5 » Maintain access to private medical care for all employees	» Maintain the number of students at Agropalma school and increase school places in line with the number of eligible children » Maintain the college preparation program; continue preparing graduates for entry to the region’s best universities. » 2023: Launch revised adult education program » 2022: Launch new professional program including chemistry, mechanics, electrotechnics, and electromechanics




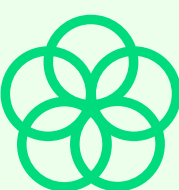




SUSTAINABLE DEVELOPMENT GOAL	 5. GENDER QUALITY	 6. CLEAN WATER AND SANITAITION	 8. DECENT WORK AND ECONOMIC GROWTH	 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE
2030 VISION	» Balance our labor force to reflect the Brazilian average (43.2% women in 2021 <sup>1</sup> )	» Protecting local waterways and ecosystems	» Ensuring that all employees are paid a fair living wage. Our employment conditions should meet or exceed ILO Core Labor Standards	» 100% digital coverage across our plantations
CURRENT PROGRESS	» 18.5% female employees » Low female participation in machinery operations	» Water usage in 2021 was 0.93m³/MT FFB » Toxicity levels in 2021: 412 units per hectare » 700 ha of riparian forests undergoing regeneration	» All employees are paid a living wage » Verité concluded a rapid labor standards assessment	» Currently, our plantations have poor communications and low connectivity
PAGE NUMBER	» <a href="#">PG. 40</a>	» <a href="#">PG. 28</a> , <a href="#">PG. 29</a>	» <a href="#">PG. 38</a>	» <a href="#">PG. 13</a>
NEXT STEPS: PROJECTED MILESTONES	» 2023: Train 270 women on machinery operations » 2023: Ensure 50% female participation in upcoming electro and mechanics courses	» Maintain water usage to below 1m³/MT FFB » 2023: Re-activate the reuse water system in the Limeira refinery » 2025: 25% reduction in toxicity levels of herbicides from 2021 levels (three-year rolling average) » Maintain and improve the regeneration process of riparian forests; restore buffer zones where needed at new plantings.	» Fully update our living wage index every five years » Desktop review of living wage index every two years » 2023: Launch of a long-term program with Verité	» 2023: 100% 4G coverage across all plantations » Implement our Agriculture 4.0 program

1. Labor force, female (% of total labor force) - Brazil | Data (worldbank.org)



SUSTAINABLE DEVELOPMENT GOAL	 12. RESPONSIBLE CONSUMPTION AND PRODUCTION	 13. CLIMATE ACTION	 15. LIFE ON LAND	 17. PARTNERSHIPS FOR THE GOALS
2030 VISION	» Producing the highest quality palm oil products on the market using the most sustainable and responsible production methods	» Minimize our contribution to climate change	» Protecting and promote biodiversity in our Pará conservation area and those surrounding our Limeira operations	» Remaining at the heart of multi-stakeholder partnerships sharing knowledge, expertise, technology, and financial support
CURRENT PROGRESS	» Identify and eliminate MOSH-MOAH and 3-MCPD » Current certifications: FSSC 22000, Kosher, Halal, organic, fairtrade, RSPO » POIG verification	» 1.66MT CO <sub>2</sub> eq/MT CPO when excluding forest conservation areas » - 0.74MT CO <sub>2</sub> eq/MT CPO, when considering forest conservation areas	» Over 1,000 fauna species were recorded in the conservation area » 30 permanent forest rangers in Pará » Launched the Tapir Conservation Project » 2.5ha of Atlantic Forest around the Limeira refinery restored; 100 species of native trees planted	» On going partnerships with Conservation International, Instituto Peabiru and Ecological Research Institute » Active member of multistakeholder initiatives, as InPacto, RSPO, POIG and PPA
PAGE NUMBER	» <a href="#">PG. 9</a> , <a href="#">PG. 19</a>	» <a href="#">PG. 26</a> , <a href="#">PG. 27</a>	» <a href="#">PG. 21</a> , <a href="#">PG. 22</a> , <a href="#">PG. 24</a>	» <a href="#">PG. 32</a>
NEXT STEPS: PROJECTED MILESTONES	» 2022: Acquire equipment for internal analysis of MOSH-MOAH, 3-MCPD, and GE » Maintain all certifications » Maintain POIG verification	» 2022: Introduction of the first natural-gas fuel truck » 2025: Adopt biomass as fuel in refineries » 2025: Methane capture or elimination system installed in five mills	» 2022: Resume field activities for the biodiversity monitoring project » 2026: Follow and support the Tapir Conservation Program » Maintain the Atlantic Forest restoration area and planted trees	» Maintain active participation and contribute to these essential multi-stakeholder organizations » Maintain and renew, if required, organizational partnerships and engage with other relevant NGOs

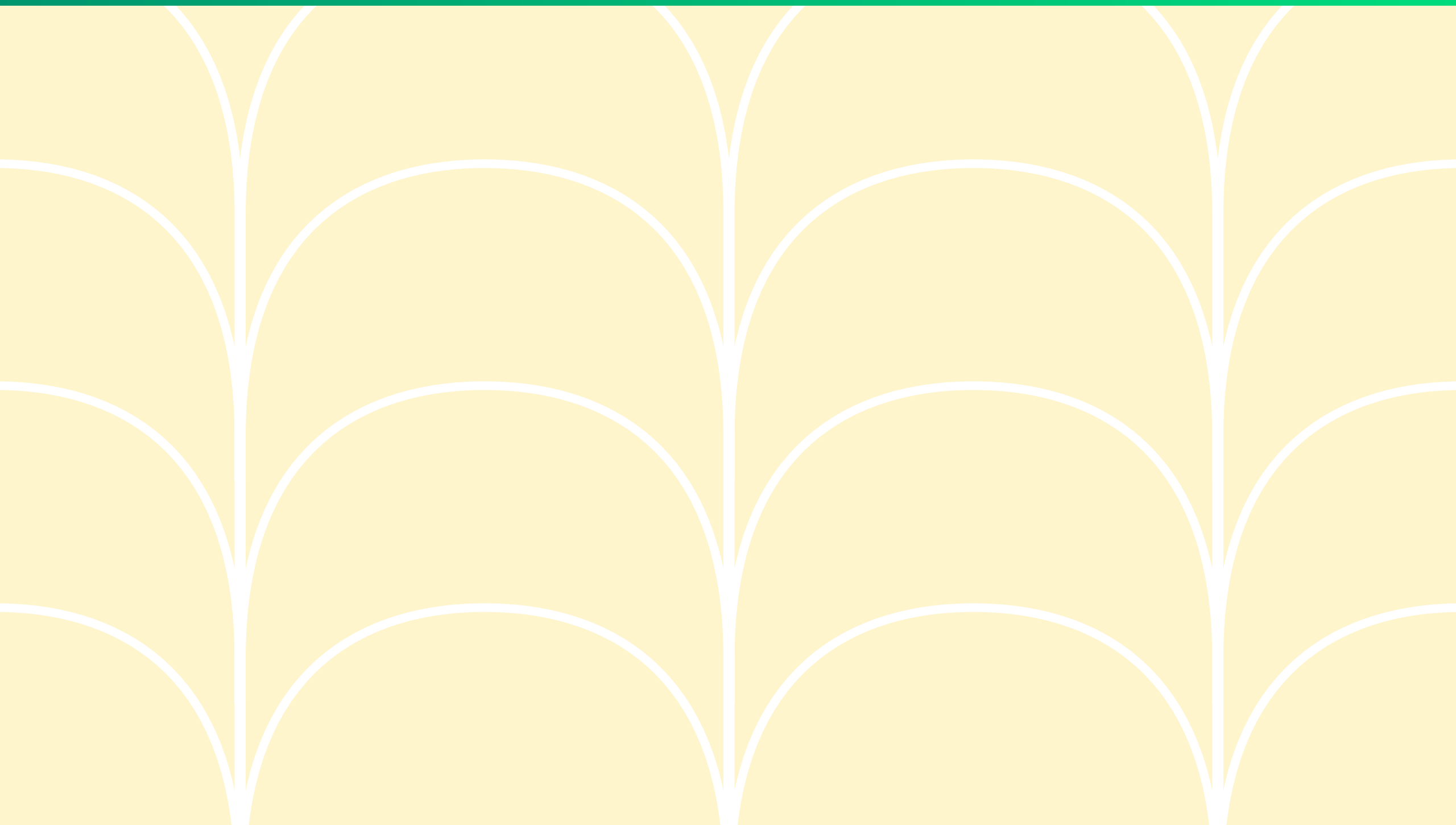




1.

# About Agropalma

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Agropalma is a vertically integrated producer of premium palm oil products. We operate estates, mills, and a refinery in Northern Brazil state of Pará and an ultramodern refinery in Limeira, state of São Paulo.

Our field operations comprise 39 thousand hectares of Roundtable on Sustainable Palm Oil (RSPO)-certified oil palm. Around 10% is certified organic and fair trade. We are the primary caretaker and guardian of a 64 thousand hectares Amazonian Forest reserve. Agropalma also operates six mills and two refineries capable of producing an infinite variety of fully segregated palm products and fractions.



Refinery in Belém, Pará - Brazil



Agropalma operates in domestic and international markets and exports around 5% of our production, mainly for Europe and USA.

Ownership and governance structure

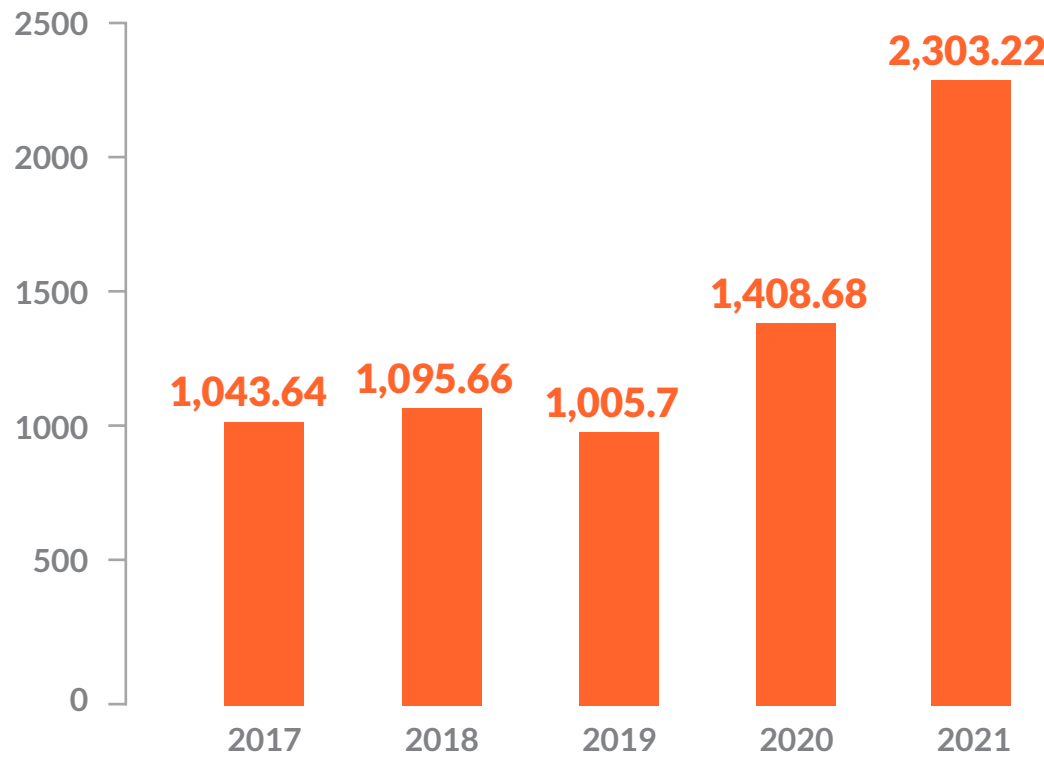
Agropalma Group was established in 1982 and is comprised of three companies: Agropalma S/A, Companhia Refinadora da Amazônia (CRA) and our new refinery company, Indústrias Xhara LTDA. Our 2021 gross revenue was BRL 2.3 billion, an increase from BRL 1.4 billion in 2020. We are part of the privately-owned Brazilian Alfa Conglomerate, which operates across various industries, including finance, agribusiness, food, beverages, building materials, communication and culture, and hotels.

Over the past two years, we have experienced significant financial growth and more than doubled our gross revenue from 2019 to 2021.

This was primarily due to our new commercial strategy, adapting to market changes, and launching new products with higher added value. We have also improved efficiency in our mills and refineries and capitalized on better currency exchange and higher CPO prices.

Our Group business strategy and development objectives are led by an experienced board that meets bimonthly. The board comprises a Chief Executive Officer and seven non-independent officers (eight Brazilian nationals, including one female). Agropalma Group's structure includes three operational sites: one for crude palm oil (CPO) production and palm kernel oil (PKO) (plantations and mills), and the other two for refined oils and downstream products. These three sites each have a team of senior managers who oversee operations and share several corporate support functions such as finance, IT, and group human resources.

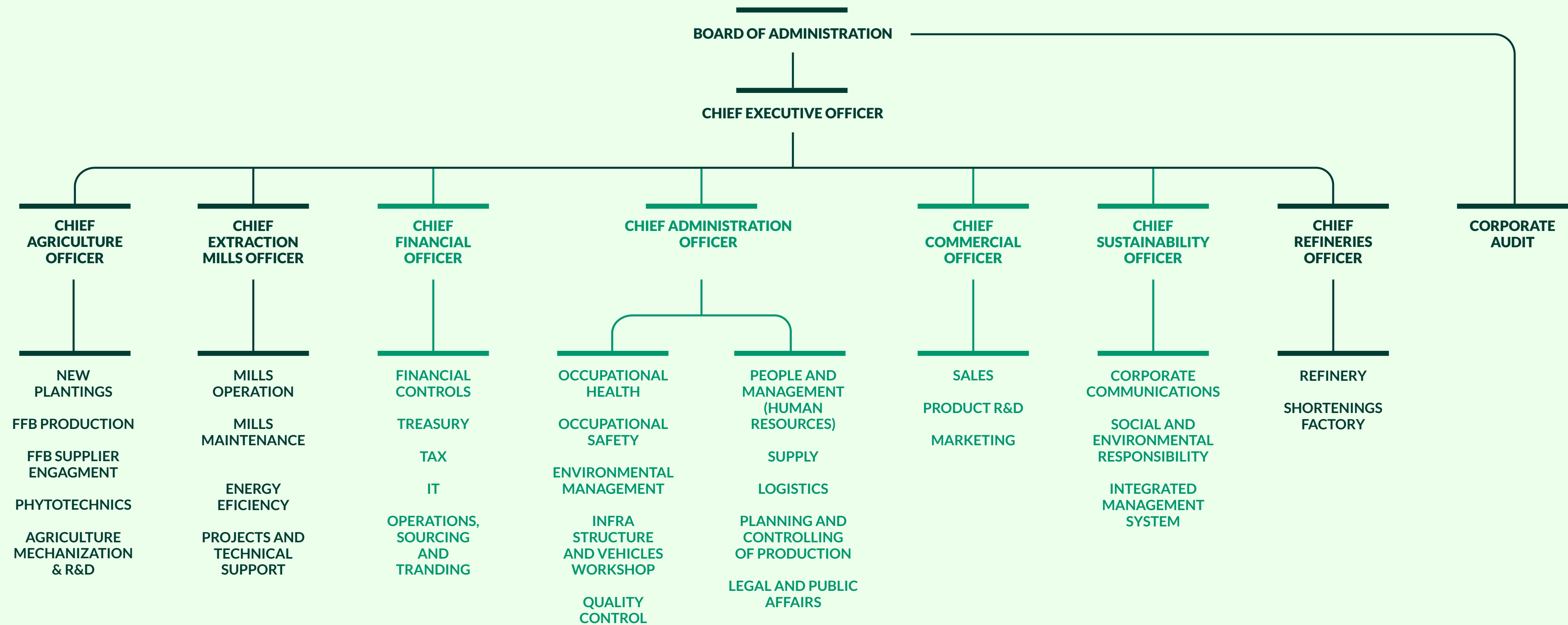
Total revenue Agropalma Group (BRL million)



We are part of the privately-owned Brazilian Alfa Conglomerate, which operates across various industries, including finance, agribusiness, food, beverages, building materials, communication and culture, and hotels.







● CORPORATE FUNCTIONS

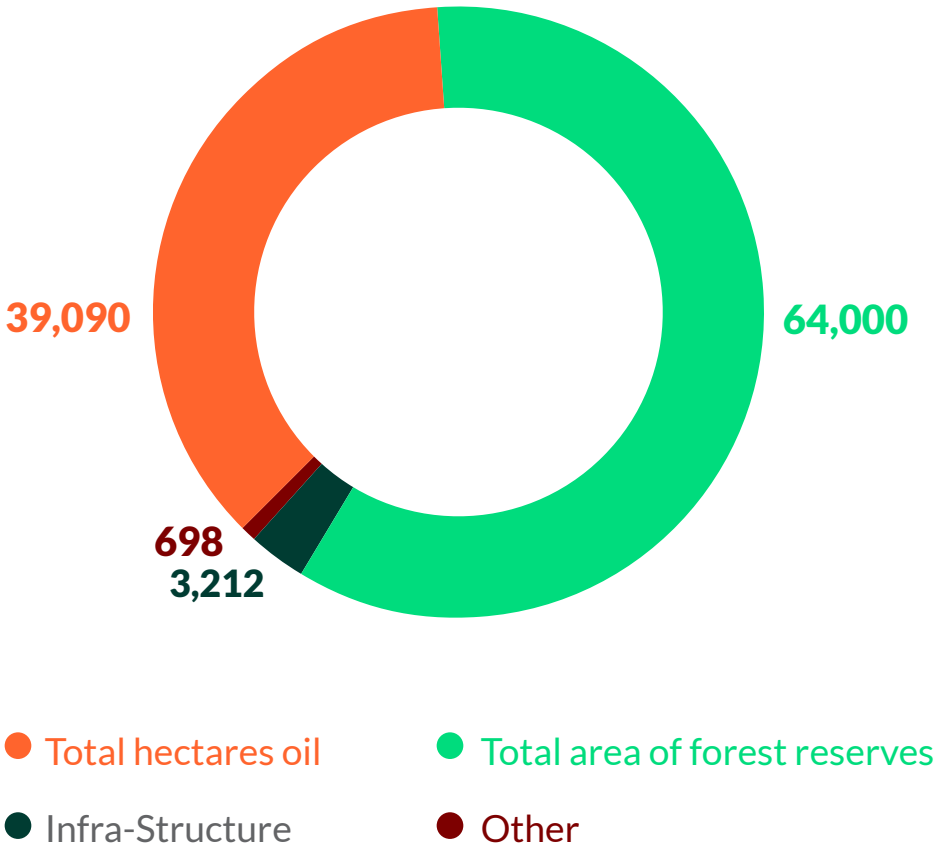






Forest Reserve –  
Pará, Brazil

Agropalma land (Total: 107,000ha)



Our plantations and land

Our palm oil estates are in Northern Brazil in the Amazonian state of Pará. Our total land covers 107,000 hectares, with 39,595<sup>2</sup> hectares planted with oil palm—4,087 hectares of which are organic, with a further 3,965 hectares being converted. Just over 3,200 hectares are used for infrastructures, such as mills, roads, and housing. The remainder—approximately 64,000 hectares—is a 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.

2. This includes extra 505ha of leased planted area managed by Agropalma.

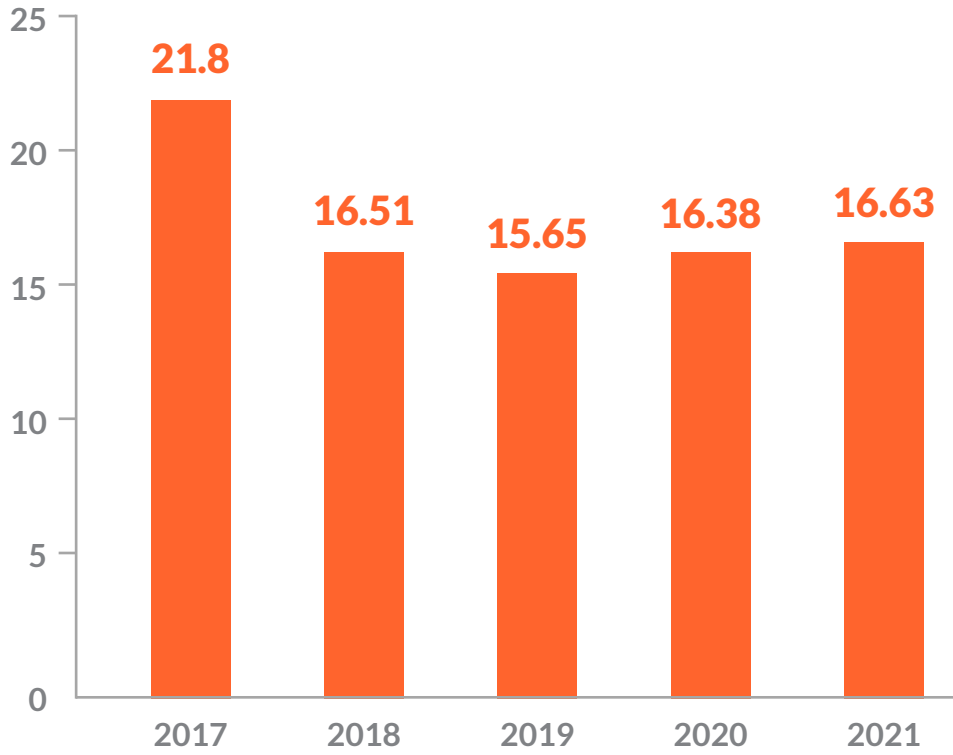
Over the past ten years, weather conditions have been challenging, with minimal rainfall and long dry seasons accounting for lower yields. This, and the impact of low CPO prices, has hindered new investment and significantly reduced our overall productivity. However, thanks to more favorable conditions and changes to our agricultural practices, we are now witnessing a gradual crop recovery. This is because areas replanted from 2014 to 2017 have now reached maturity. We have also initiated a new program of best management practices to achieve average yields of 23mt/ha in 2025 and 25mt/ha in 2028.

We are pleased that family farmers have been subject to less severe weather impacts due to better land locations. They currently have yields above 26mt/ha.

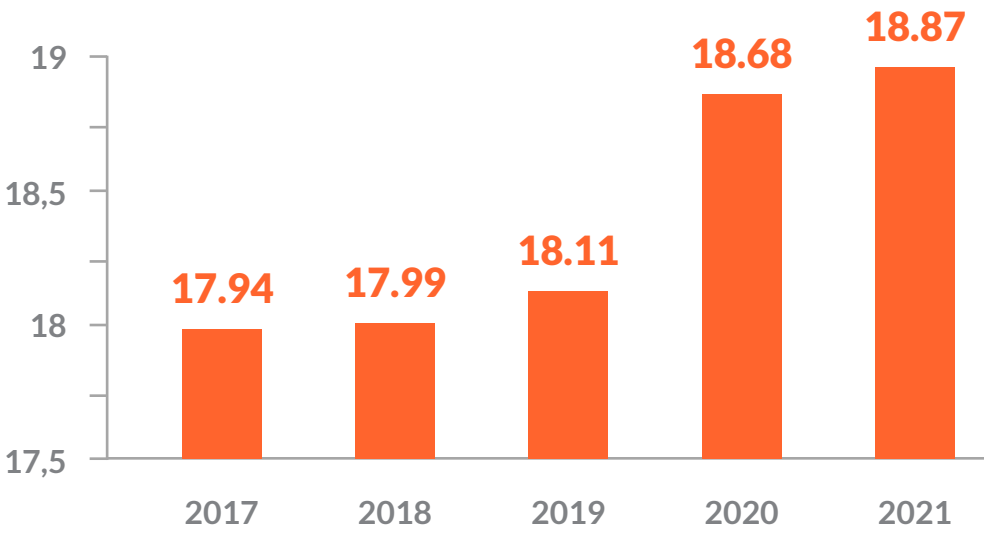
Our CPO extraction rates have increased consistently over the last few years because of mill innovations, such as enhanced deflector plate steam contact procedures and upgraded sterilization equipment management.

We have also benefitted from the re-introduction of loose fruit collection. These have a very high oil content, contributing to superior extraction rates. We continue to introduce new technology to increase extraction rates, including a new system to press EFB, which we expect to be operational in 2023. To strengthen our vertical integration and control over planting materials, we have begun constructing a non-GMO clone laboratory that we hope to open in 2023.

Yield per hectare  
(MT FFB/ha – adult palm, older than eight years)



Extraction rate  
(% CPO extracted/FFB processed)





Our mills

Agropalma operates six mills with integrated kernel crushers, one of which is used for identity-preserved certified organic and Fairtrade oil. Our newest mill, commissioned in 2015, was built to operate with the smallest possible environmental footprint. The mills use an advanced palm oil mill effluent (POME) treatment system that treats not only its own effluent but also that from an older neighboring mill. This system has two bioreactors prepared for methane capture, and we are in the process of reviewing potential partners and solutions.

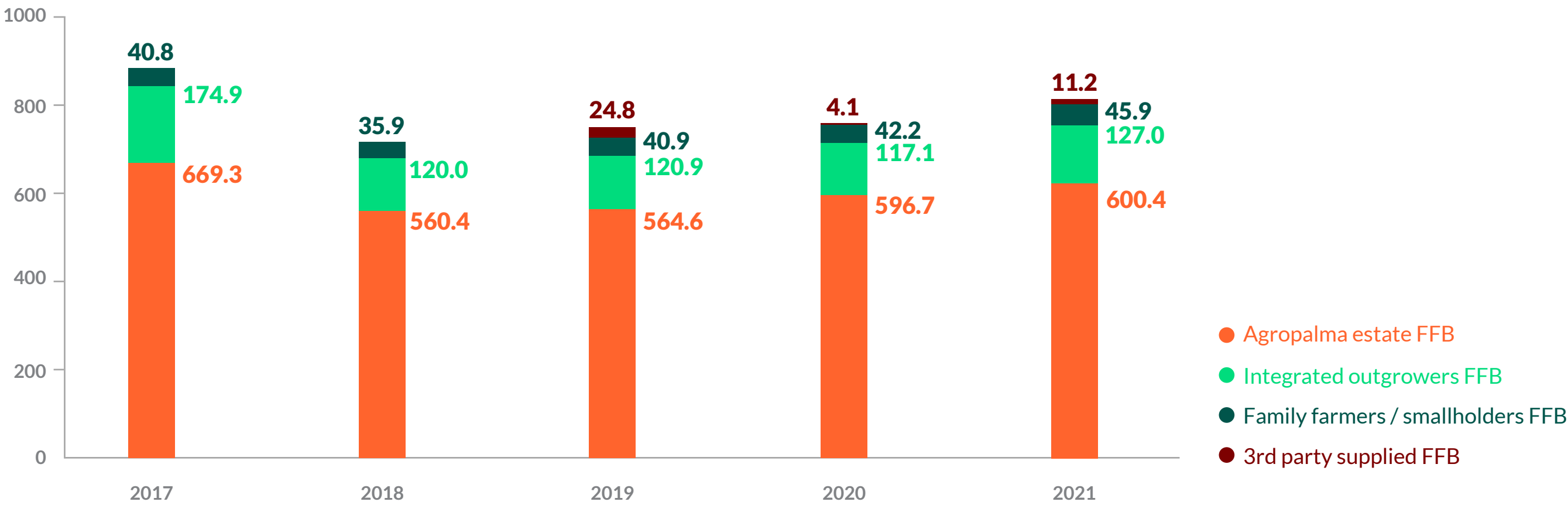
Our six mills process around 785,000 metric tons of FFB annually. 23.5% of our processed fruit comes from external sources: 5.9% from

family farmers and 16.2% from integrated out-growers. We source the remaining 1.4% of external FFB from a neighboring grower company with around 40,000 hectares of palm, which is in the process of receiving RSPO certification. Before sourcing fruit from this grower, our team completed a detailed assessment to ensure the fruit was not linked to deforestation, land issues, or labor concerns. Agropalma verified all policies and maps to establish land-use change history. We also confirmed that the area did not breach the Brazilian legal 2008 cut-off date and adhered to all agroecological zoning restrictions. We visited and interviewed field workers and contractors to verify labor conditions.



Our mills produce around 150 thousand tons of CPO annually

Fresh fruit bunch produced ('000 MT)



Investing in research and innovation

During the last decade, our plantations have focused on research and development (R&D) initiatives to modernize our approach, parts of which have not changed for over a century. We believe these innovations will improve land efficiency, increase employee safety, and reduce long-term costs. We encourage our teams to explore various changes, such as new initiatives and improvements in existing technology. In addition to our work on best management

practices and extraction rate improvements, we are focusing on four significant aspects of innovation: mechanization, agronomy, connectivity, and data analysis.

In addition to these projects, we tested several other unsuitable approaches. However, our R&D, phytotechnical, and IT departments continue to develop and test new ideas—from agricultural artificial intelligence to new ways of using oil palm production byproducts.





	INITIATIVE	OBJECTIVE	PROGRESS TO-DATE
MECHANIZATION	» Crushing palm trunks and removing any obstacles from the plantation	» Ensuring the soil surface is standardized and free of barriers to allow machinery to operate across 100% of the terrain	» In progress
	» Mechanical harvesting	» To develop and adapt equipment capable of cutting, storing, transporting, and unloading FFB	» In progress. This is a complex process. A mechanical bunch cutter was field-tested, but the performance was below our required standard. Further improvements are being considered
	» Mechanical FFB loading	» FFB loading with effective, efficient machinery	» Complete. In use for palms older than five years
	» Electronic truck monitoring	» Increasing the efficiency of FFB transportation through real-time fruit truck management, avoiding equipment depreciation, incorrect routes, and loss of time. This will ensure a reduction of costs and GHG emissions	» Complete and in use
AGRONOMICS	» Cloning Lab	» Producing standardized and high-quality genetic material	» In progress. Cloning technology has been developed over the past ten years. We are currently building a lab that will be commissioned in 2023
	» Commercial raising of predator and parasitoids insects	» Producing millions of local, native, natural predators annually. These will be released in our plantations, as required, for pest control purposes	» In progress. The first lab has already been established, and we intend to produce around 1,200 insects per week, by the end of 2023
	» Use of the hormone naphthalene acetic acid (NAA) in inter-species hybrid plantations	» Use of NAA on hybrid plantation female flowers to induce fruit formation and increase plantation yields in non organic plantations	» In progress. Tests were completed in 2021. Full implementation expected by 2023
CONNECTIVITY AND DATA ANALYSIS	» 4G network coverage across all farms	» Full 4G connectivity—ensuring faster, more efficient data collection—across all our plantations and forest reserves	» In progress. The project began in 2021. Three communication towers will be installed in 2022, with a further five in 2023
	» Agricultural data analysis	» Develop a system to combine existing data on physical characteristics, land use, and remote sensing technology » The system will allow better pattern analytics and production forecasting harnessing methods such as machine learning and artificial intelligence	» In progress
	» Business intelligence software	» Development of a database to deliver business and agricultural analytics. This will allow better top-level decision making	» Complete and in use





Our products and marketplace

Most of our customers are global brands that expect the highest standards in quality, environmental and social credentials. Agropalma is proud to be a highly responsive company that works closely with our customers to understand their needs and supply products that meet their commercial requirements.

During our 2020 corporate structure analysis, Agropalma undertook a major business strategy review, including rebranding and a new visual identity. The new brand and positioning reflect our transformation and resolute objective to make Brazilian palm a global sustainability focal point for environmental preservation, social responsibility, and good governance. As we continue developing a more client-centric approach, our renewed strategic focus is on high-added-value solutions for food and non-food markets. Agropalma believes that we are now better prepared to increase our brand value perception for a broader clientele. Our new branding and strengthening of our sustainability commitments have received a warm welcome from our commercial and civil society stakeholders as well as from our employees. Our two refineries in São Paulo and 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 tailored to our customers' specifications.

We have a large national sales force that covers all of Brazil and a sales team for our international customers in the United States and Europe.

BULK PRODUCTS

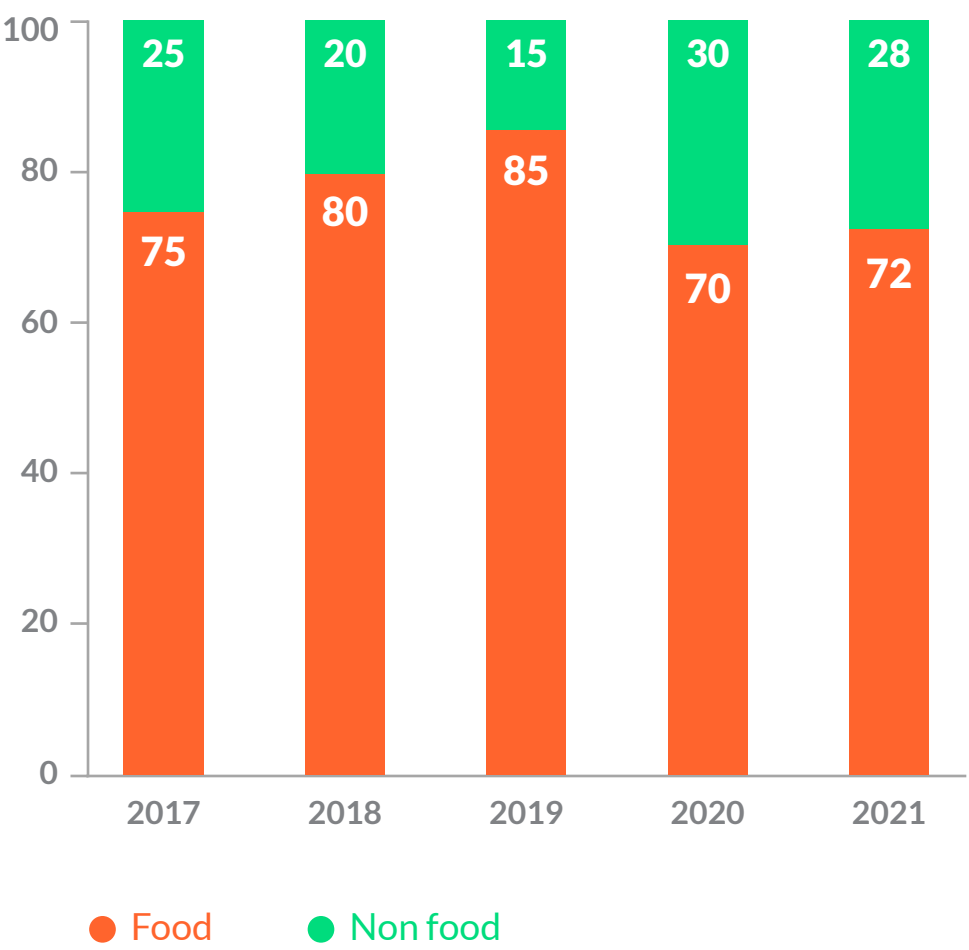
- » Cocoa butter substitutes
- » Palm oil olein PN3
- » Palm oil olein PN6
- » Palm kernel oil olein
- » Soft palm mid fractions
- » Interesterified fats
- » Fully hydrogenated palm oil
- » Blends of different vegetable oils

PACKED PRODUCTS

- » Filling fat
- » Confectionary fat
- » Emulsified fat
- » Pumpable fat
- » Cocoa butter substitute
- » Frying fats
- » Bakery fats
- » Bouillon fats
- » Ice cream fats
- » Spread fats

Our Limeira refinery allowed us to produce a more comprehensive array of products—an advantageous flexibility during the pandemic. Agropalma witnessed a significant 2020–21 shift in demand as there was a downturn in much of the global food service industry. However, the need for other direct-to-consumer food products and non-food products increased, as non-food comprised around 30% of our sales. Given our investment in the ability to produce bespoke and complex fractions, we will continue to develop this sector while remaining a key supplier for food manufacturers and service industries.

Sales by customer type (%)



Oils and fats produced in refineries







## A new refinery achieving the highest operational and environmental standards

Our refinery in São Paulo was commissioned in 2016 and operates at total capacity. It includes a strategic R&D department equipped with a state-of-the-art pilot application plant so that customers can develop and test their ingredients and products without disrupting their own production process. Over the past three years, we have developed 41 new high-value products. This has yielded an additional BRL 355 million in sales, demonstrating the capacity of our new refinery to increase value for our business and customers. Moreover, we have expanded our quality control focus, installing equipment to analyze and detect contaminants such as 3-MCPD and GE. This allows us to react much quicker than before.

We built our refinery according to 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 further reduce energy, we built access roads with solar-powered lighting.

We launched a reforestation program around our refinery to make a positive contribution beyond our operations. We have planted 2.5 hectares of Atlantic rainforest, a unique and highly threatened ecosystem. Because of the fragmented state of this forest type, even small areas are crucial to ensuring its survival. We have worked with restoration experts to ensure the program achieves maximum impact. The

trees are now getting taller and more robust, some up to ten meters tall. We are happy to report increased sightings of animals in the area, such as foxes, cougars, toucans, porcupines, hedgehogs, and capybaras.

## Traceability

Our customers demand supply chain transparency so they can be confident in how their products and ingredients have been grown and manufactured. Agropalma operates a fully traceable supply chain. Our certified family farmers and integrated outgrowers allow us to deliver refined and bulk products according to market demand by using either RSPO-segregated or identity-preserved supply chain mechanisms.

Since the opening of our Limeira refinery, Agropalma Group has started sourcing CPO and PKO from external suppliers. To ensure that oil purchased from other companies complies with our standards, we have established a sourcing and trade department to oversee the Responsible Sourcing Policy (RSP) implementation, allowing us to trace these oils at the mill level. In 2021, our two refineries purchased 27% (58,056 MT) of palm oil products from 313 external mills owned by ten parent companies. We have now amended our supply chain strategy to significantly reduce the number of mills in our supply chain. 75% of all palm oil purchases are traceable to plantation, and 100% are traceable to mill.

← Modern refinery with 100% traceable production Limeira – São Paulo, Brazil





José Brás Pereira, forest inspector, safeguarding Agropalma's reserves against hunters and loggers for 32 years

# 2. Our approach to sustainability



# We are the change that we want to see in the world.

We plan, take action and inspire a new way to create sustainable value.

# It takes courage to make a difference.

We challenge the status quo and are creative to find solutions to evolve and grow.

# Open minds take us further.

We remain open to dialogue, so we connect to new ideas and ways of thinking and doing.

# Simplicity builds bridges.

We work with transparency towards simplification and, thus, always being accessible.



Agropalma's foundation is based on a robust set of values that are part of everything we do. Our overriding philosophy is a no-excuses culture where legal compliance and integrity are non-negotiable.

A fundamental principle is strict adherence to national laws and state statutes. The Brazilian legal framework for social and environmental protection sets a very high bar, and we often find that even the most robust certification schemes fall short of these regulations.

We are collaborating with our stakeholders to develop a product and service benchmark for vegetable oils and derivatives. Our ensuing vision will ensure that Agropalma remains a global leader in the production and trading of sustainable palm oil and a national focal point for the production and trading of vegetable oils and fats.

Our sustainability approach has developed organically over the last 20 years, drawing upon the most progressive certification schemes, stakeholder feedback, and strict adherence to Brazil's robust environmental, social, and ethical legislation.

Having made explicit commitments across most of these areas, we felt it would be helpful to combine these elements into a complete sustainability policy incorporating our transparent

commitment to human rights, environmental protection, and anti-corruption.

As a result, in 2016, we launched our first comprehensive sustainability policy—a guiding document to ensure our values were operationalized. Most significantly, the policy explicitly outlines the commitments and the frameworks we adhere to, such as the UN Declaration on Human Rights and the POIG Charter. Our responsible sourcing policy also ensures that external FFB to our mills and palm oil to our refinery conforms to our environmental standards. Our principal shareholders are also diligent in enforcing our values, and our operations are subject to regular internal and external audits and assessments to ensure they strictly adhere to company policies. Our audit department safeguards its independence by reporting to the Board of Administration rather than being part of operational reporting lines.

Our sustainability approach ensures that we base our activities on a robust legal compliance framework supported 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.

→ Pedro Furtado de Lima, family farmer with 10 ha of oil palm plantation and President of the Family Farmers Association. Program partner since 2004







Organic palm -  
Pará, Brazil

## RSPO certification and Palm Oil Innovation Group verification

We believe the best way to assure our stakeholders is by implementing diligent and independent third-party certification and verification standards.

We are celebrating ten years of RSPO certification. In 2011, we certified our plantations against the RSPO Principles and Criteria (P&C) and, in 2014, achieved certification of our family farmers and integrated outgrowers. New outgrowers continue to be 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 with progressive palm oil producers and international NGOs, such as Rainforest Action Network, Forest Peoples Program, and WWF. POIG builds on the RSPO standard but attempts to strengthen RSPO systems. This is achieved by improving the requirements and demonstrating innovative and robust ways of implementation, including no-deforestation policies, labor standards, community engagement, and corporate transparency.

**Our organically certified plantations have been certified against the IBD Fair Trade certification since 2008.**

## Fairtrade and organic certification

We currently have 4,087 hectares reserved for organic fairtrade palm oil and we are working on adding an additional 2,500 hectares over the next 3–4 years. We will also expand our certification scheme to meet Chinese organic certification standards as we have witnessed increased demand there.

Our organically certified plantations have been certified against the IBD Fair Trade certification since 2008. This demonstrates that Agropalma is not only a positive contributor to local development but that our employees have a better life quality and livelihood than the general population in the municipalities where we operate. Our findings are supported by human development indicators such as income, education, and access to healthcare. Furthermore, any price premiums from the sale of certified products are used in social and environmental programs selected by the fairtrade management board, composed of company and employee representatives.



## Sustainability management structure

Although sustainability considerations are integral to each on-the-ground decision, we recognize the need to drive advancement and monitor compliance and performance. Our dedicated health and safety and environment departments are tasked with driving ongoing compliance and continuous improvement to our legal requirements and existing commitments. Our social and environmental responsibility department is now even more focused on ensuring better engagement with customers and local and global civil society stakeholders. It also supports and manages external partnership initiatives within the local community and NGOs. These teams support the plantations and refineries.

## Sharing our experience and engaging with stakeholders

Agropalma knows that we will only succeed through close collaboration with our commercial partners and civil society stakeholders. We maintain an open-door policy and always welcome plantation and refinery visits.

We believe our experience can be valuable for industry peers and remain highly engaged in the continuous development and improvement of the entire palm oil industry. Over the past two years, we have remained active participants in the RSPO Human Rights Working Group and its gender subgroup, which released practical guidance on gender and inclusion in April 2021. As

the only Brazilian palm oil company with RSPO certification, we have also provided informal support for Brazilian palm oil companies hoping to achieve certification.

The last couple of years have seen increased concern about palm oil plantation labor standards. Ever conscious that sustainability is continually evolving and that norms change over time, we endeavor to remain abreast of new developments. Although we believe that we provide excellent working conditions, we wanted to be aware of any gaps. Consequently, in 2020 we partnered with international labor rights NGO, Verité to assess our operations as a basis for continuous improvement. The initial assessment took place between November 2020 and December 2021 and it was done remotely, due the pandemic. The scope was Agropalma's labor management system and dozens of online interviews were carried out with our workers. According to the findings and considering the scope, Agropalma is at low risk of child labor, forced labor or serious health and safety issues. That said, improvements could be made concerning gender diversity, management of supplier labor conditions, as well as external stakeholder engagement and grievance procedures. We are collaborating with Verité to renew this important partnership and are currently developing a concrete improvement plan.

Although the pandemic meant that international stakeholder engagement was somewhat limited over the past two years, we continue to actively participate wherever possible



Mr. Domingos – Agropalma Farming Program partner since 2002







with our commercial and civil society partners. Agropalma is engaged at a national level in multi-stakeholder organizations and initiatives, such as Coalizão Brasil, Clima Florestas e Agricultura; Fórum Amazônia Sustentável; and Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPACTO).

We believe that our experience is invaluable in supporting local, regional, and statewide efforts. In 2019 we joined Parceiros pela Amazônia (PPA), a regional Amazônia partnership platform supported by USAID. PPA is private sector-led and aims to build innovative sustainable development solutions and conservation of biodiversity, forests, and natural resources in the Amazon. The organization has four main workstreams, focusing on entrepreneurship, strategic investment, community partnerships, and interfacing with public policy and legal obligations. Additionally, we are currently playing an active role in reactivating the activities of the Forum Amazônia Sustentável (Forum for a Sustainable Amazon Region).

We make every effort to be responsive and maintain a constant dialogue with our customers. Although travel was restricted because of the pandemic, we have resumed customer operations visits. We are again hosting them at our sites so that we can address any potential concerns.

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

## No corruption

As part of our no-excuses culture, we must uphold 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 any such offenses. Penalties can include fines of up to 20% of a company's previous year's gross revenues and suspension or dissolution of the company.

We have a detailed Code of Conduct for employees, as well as a code for suppliers and service providers. The codes for external partners outline 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 forms a part of our standard contracts.

Agropalma is also a member of the Businesses Pact for Integrity and Against corruption, an initiative led by Instituto Ethos, which monitors the policies and the performance of the signatories annually.

← Karoline Marques, PhD. Project Manager  
at Conservation International

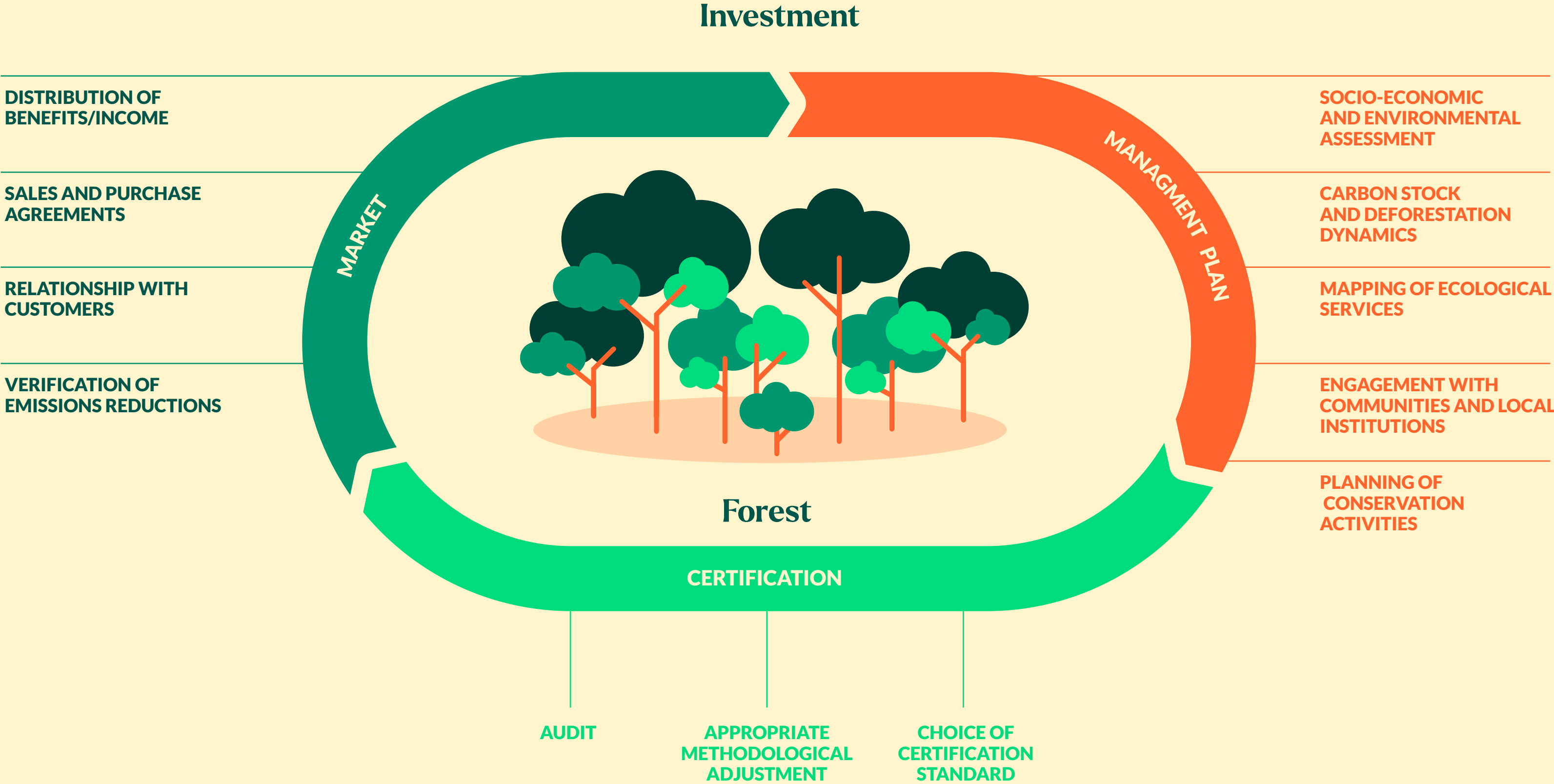


# Agropalma's REDD+ project



REDD+ are measures to combat deforestation through social, climate and biodiversity activities. These activities result in the reduction of emissions from deforestation and forest degradation for the conservation of forest carbon stocks, sustainable forest biodiversity management, increased forest carbon stocks, and surrounding community benefits. When a forest is protected from deforestation, atmospheric carbon releases are mitigated. Any avoided carbon can be counted as carbon credits. This instrument was developed within the UN framework. See more [here](#).

In 2021, Agropalma began a REDD+ process slated to run from 2021–2023. The initial approach to establish a carbon inventory baseline, community engagement and biodiversity mapping is already underway, and a concept note outlining the scope of the project is being developed. The project is being undertaken in partnership with Biofílica Ambipar and collaboration with other specialized organizations.





3.

# Environmental responsibility

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## Forests and biodiversity

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

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, formal partner for over 15 years, helping us to monitor and record over 1,000 species of birds, mammals, reptiles, amphibians, fish, and invertebrates, many of which are either threatened, endemic or both. Three new species were also found. Our original program focused on Agropalma forest reserves, but in 2020 it was updated to also include forest reserves belonging to some of our FFB suppliers. Unfortunately, because of the pandemic, no field activity took place in 2020 and 2021. We expect to resume field activities in the second half of 2022.

One of our most recent initiatives is a partnership with the Lowland Tapir Conservation Initiative (INCAB) of the Ecological Research Institute (IPÊ). Tapirs play a crucial ecological role in local ecosystems, mainly through dispersing larger seeds throughout the forest. In the last two years, the INCAB team has identified several areas frequented by tapirs. It intends to put radio collars on some animals to better understand their movement patterns and allow future science-based conservation initiatives. According to the IUCN, the lowland tapir is considered threatened because of hunting and habitat loss.

### Defending our forests

Although many of our activities are designed to conserve and enhance our forest areas, the most critical issue is the prevention of deforestation from illegal logging.

We employ 30 permanent forest rangers who continuously patrol the area and engage with local and state government officials and industry peers to develop a security strategy for our entire operational regions. In late 2021 and early 2022, because of the increasingly violent behavior of loggers and the invasion of our land in February 2022, we hired a specialized team of around 100 trained and armed forest guards.



The Brazilian tapir is the largest land mammal in Brazil

### Reforestation beyond the Amazon

Our forest initiative is expanding beyond the Amazon to our new refinery in the state of São Paulo. We are restoring and reforesting 2.5 hectares of Atlantic Forest adjacent to our new plant. This distinct and vulnerable ecoregion stretches along South America's east coast and extends inland towards the Amazon. Although just 7% of the original forest remains, it is still one of the most diverse ecosystems in the world and second only to the Amazon. This area is endemic to around 20,000 species of plants, and can shelter 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.

Trees in our restoration project are getting taller by the year, and their trunks are becoming more expansive. Many are already bearing fruit, and the forest canopy is becoming thicker, blocking direct sunlight from reaching the ground. In several parts of the forest, the grasses are gone, and the soil is reverting to mature forest covered by a layer of dead leaves. New fauna such as cougars, foxes, toucans, hedgehogs, and capybaras have also been sighted.







April /2014 – there was an orange plantation in the area



March /2020 - native trees seedlings planted in 2015/16 grew well and almost covered the area



July /2015 – orange trees have been removed but the few native trees were left in the area



March/2022 - native trees planted in 2015/16 grew and their canopy fully covered the area





Combatting climate change

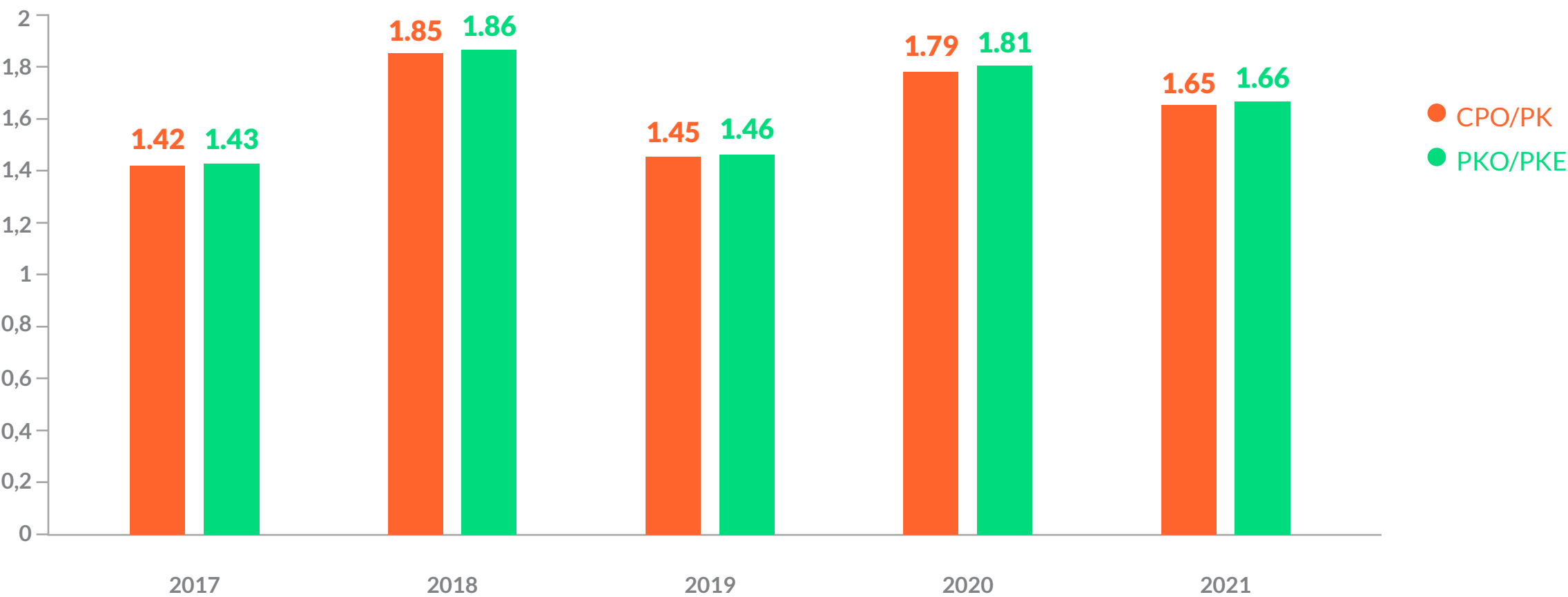
Agropalma understands that climate change is a significant threat to the entire planet, communities, and ecosystems already being impacted by unpredictable weather events and natural disasters. We are also keenly aware that climate change can cause major commercial disruptions. Indeed, in our own operations, we have experienced significant rainfall reduction during the dry season. This has resulted in much lower yields than we would have forecasted a decade ago.

Given that climate change is an existential threat to humanity and the natural environment, Agropalma is committed to minimizing our emissions footprint and being a responsible guardian of our natural resources. We

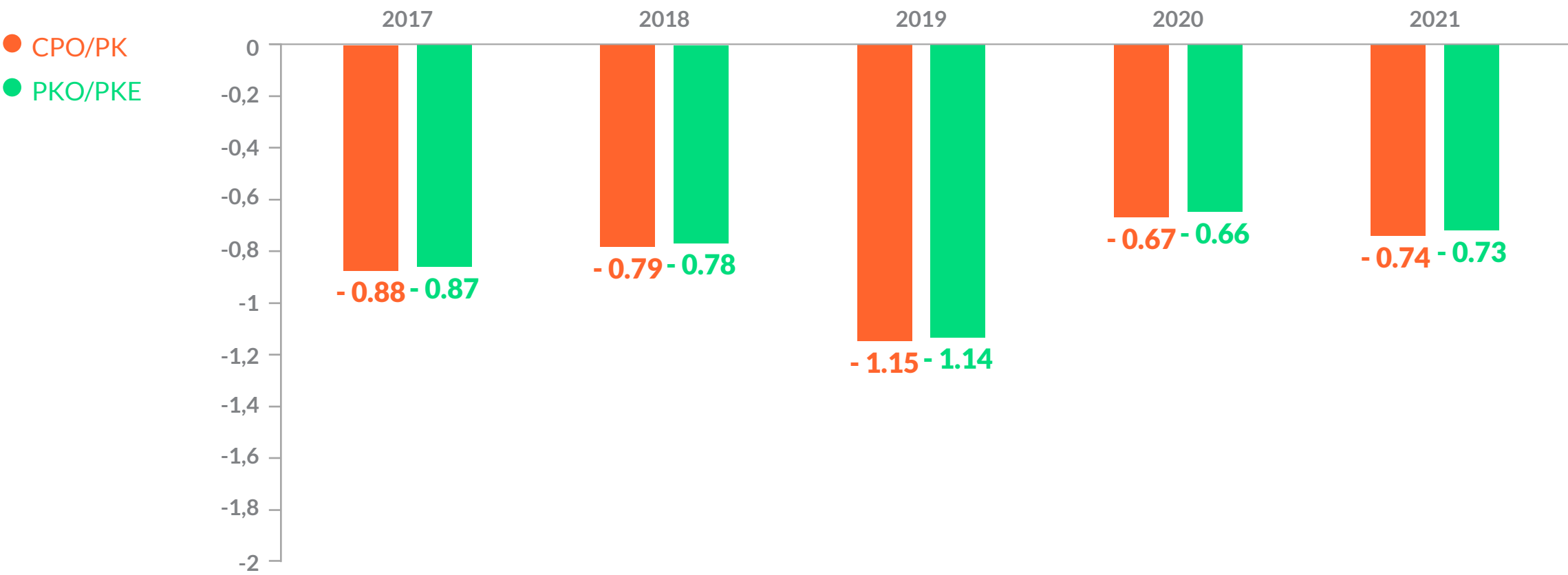
began monitoring our emissions in 2013 to identify ways to reduce or eliminate avoidable emissions, such as those from palm oil mill effluent, and to monitor emissions from land use change (LUC).

Our carbon footprint is measured using the RSPO PalmGHG Calculator, including total land use change emissions. The Calculator reports on two indicators: one that offsets the carbon sequestration resulting from our 64,000 hectares of conservation area and one that excludes conservation areas. Including Agropalma’s conservation areas allows us to understand the real impact of our entire operations - neutral emissions balance - and highlights the importance of forests in mitigating climate change.

MT CO<sub>2</sub>eq per MT output 2017–2021  
Excluding conservation area sequestration



MT CO<sub>2</sub>eq per MT output 2017–2021  
Including conservation area sequestration



Since 2013, we have monitored our greenhouse gas emissions (GHG) and today our carbon balance is negative because our forest reserves sequestrate more than 416 thousand tons of CO<sub>2</sub>eq every year.

However, we also want to measure our progress and impact against other companies in the palm oil sector, including some that do not include conservation areas in their calculations.

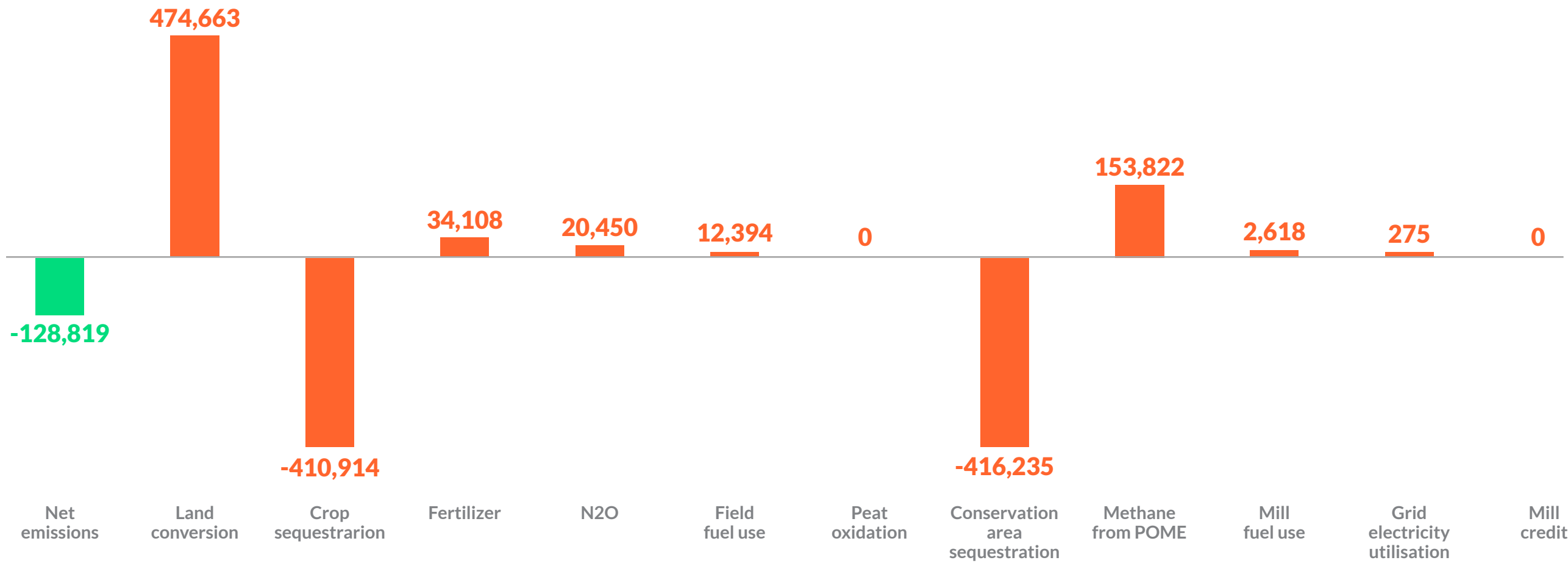
Comparisons with figures from reports prior to 2016 are not meaningful as these were measured using the previous version of the PalmGHG calculator.

Palm GHG V1 and V2 used different default values, resulting in lower net emissions despite identical input data. There were no significant changes from PalmGHG V3 to V4, so comparisons remain valid.

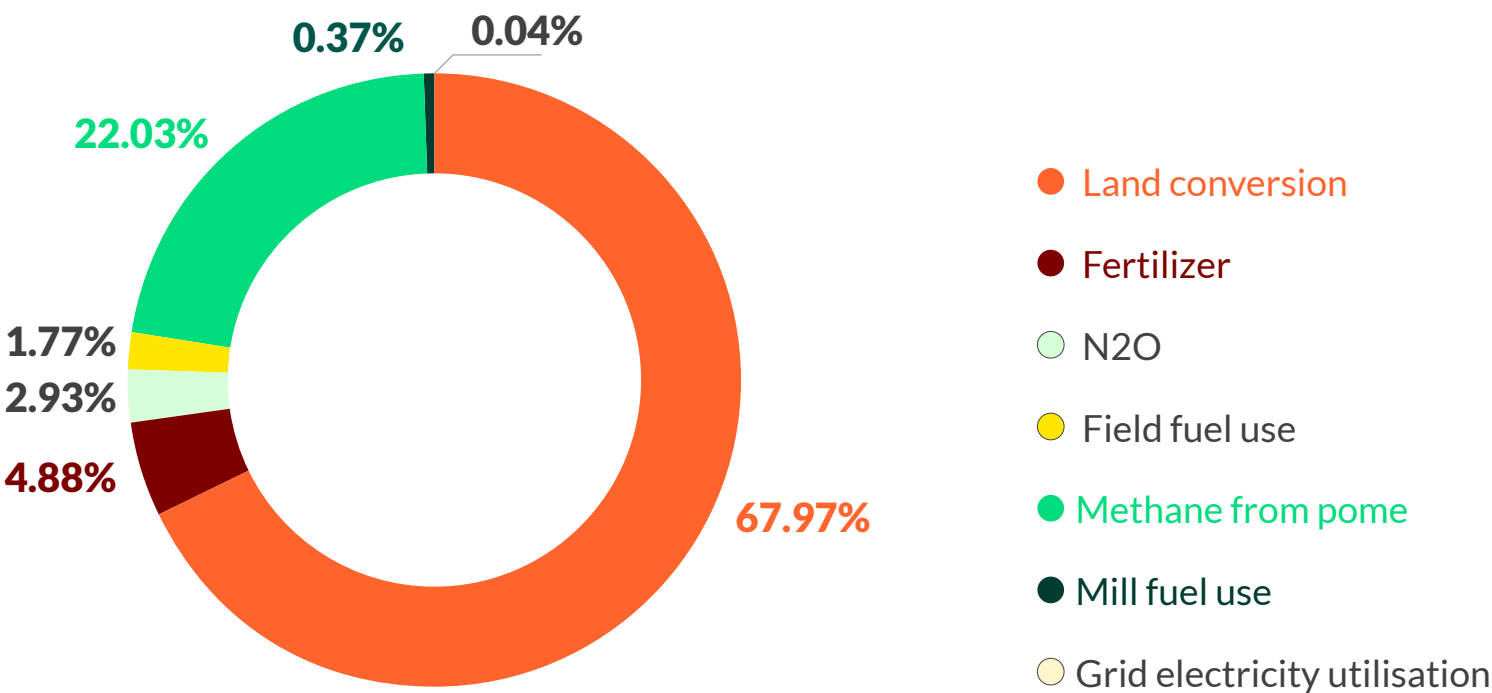




**Agropalma upstream emission sources and sinks 2021**  
 MT CO<sub>2</sub>eq (PalmGHG V4.0)



**Gross emissions by type 2021**



**Emissions reduction**

Around 32% 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 POME emissions will be vastly reduced when we complete the methane capture system. We had intended to install similar systems in a further three of our six mills by 2021 and to cover the ponds to enable methane capture for electricity generation at these mills by 2023. We hope to complete effluent treatment and methane capture for five mills by 2025.

However, we are still in the process of identifying partners, understanding business models, and assessing the financial impact of these investments, as well as researching alternative technologies, so our original schedule will probably be revised. Once emissions from historical land conversions have been resolved, we still need to ensure that future developments by our external fruit suppliers or us do not result in further emissions. In addition to our no peat policy, we have also committed to preventing future developments on land with high carbon stock, such as primary or regenerating forests.



Truck powered by natural gas





Blue headwaters inside forest reserve, Pará, Brazil

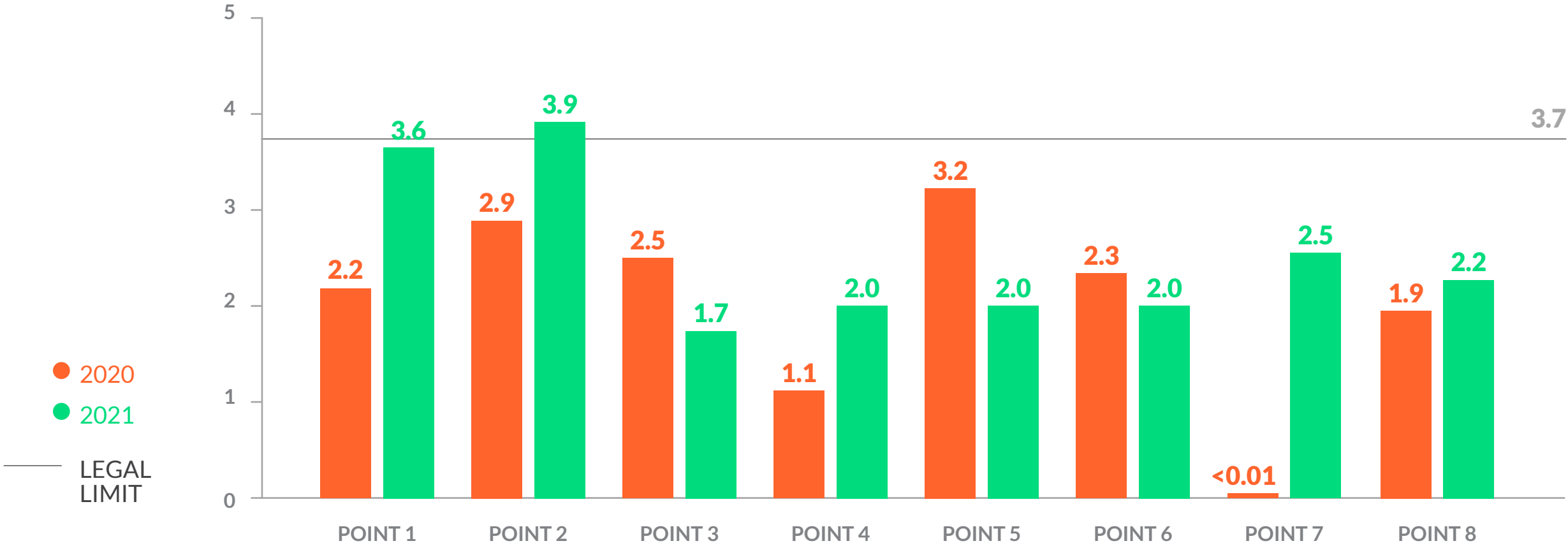
Protecting and conserving local water sources

Agropalma understands that accessible water sources are critical in sustaining ecosystems and that access to clean water is essential for community welfare.

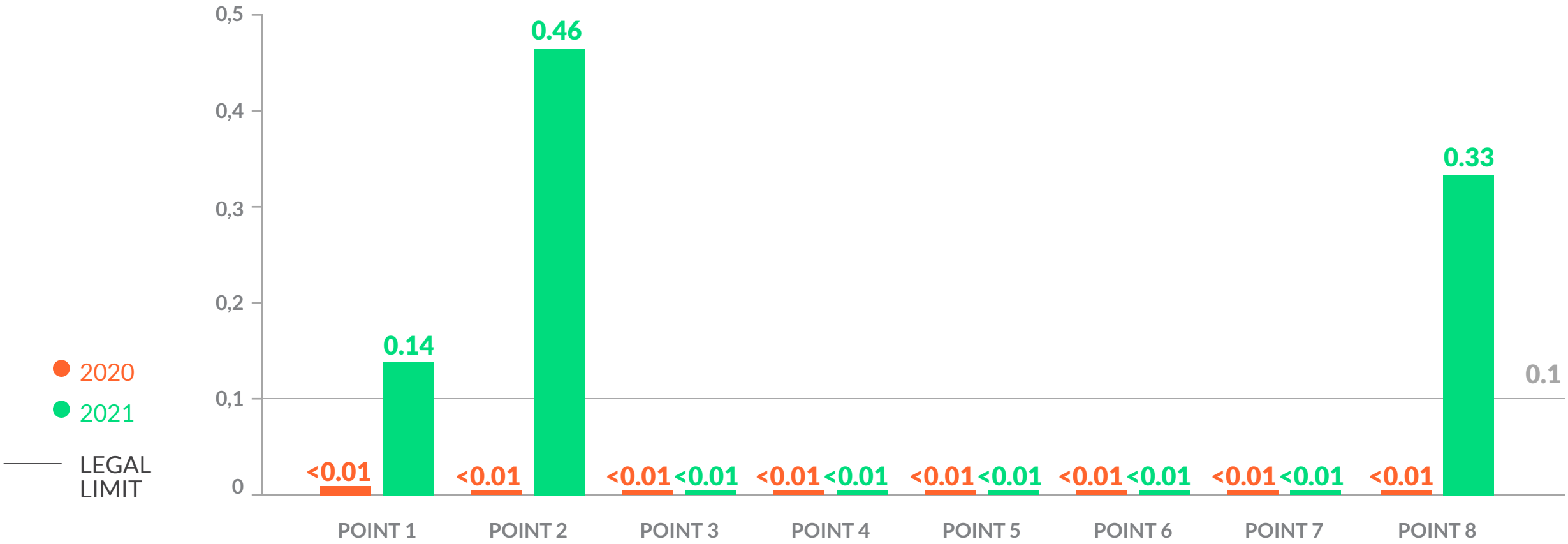
We operate in two very different environmental landscapes. The state of São Paulo is highly populated and prone to severe water shortages. We were determined to prevent our new refinery from exacerbating this problem. Therefore, we invested in water treatment and reuse systems, allowing us to recycle around 65% of water extracted from wells and rivers at our refinery. Unfortunately, in 2020 the wastewater treatment system

collapsed after four years of efficient operations. The new technology proved to be unsuitable for our refinery, and effluent with high solid contents (above the legal requirement) was released into the river, fortunately without any environmental impact. We had to install a provisional treatment system to meet the minimum legal quality of the effluents released. To resolve the issue permanently, we have identified a new treatment system with a big decanter tank and are engaging with a new supplier to provide the equipment. Once the new system is established, we will reuse treated wastewater again.

Nitrogen in water courses of Agropalma plantations (mg/L)



Phosphorus in water courses of Agropalma plantations (mg/L)





As part of our POIG commitment, we have monitored nitrogen and phosphorous levels in waterways near our plantation. We handpicked 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 0.1 mg/L for phosphorus.

In 2020, all figures for nitrogen and phosphorus were below the legal limit. In 2021, results for point 2 exceeded the limit for both parameters and points 1 and 8 for phosphorus. Our environmental team determined that the higher figures were caused when unexpected heavy rain washed freshly applied fertilizer into the streams. The team concluded that there were no significant environmental impacts, such as dead fish or eutrophication, and all streams appeared normal.

Our plantations are in a region of Pará state where towns and villages are not affected by water shortages. Nevertheless, as part of our commitment to the POIG Charter, we do our utmost to ensure we have little to no impact on the quality or volume of locally available water.

Over the past few years, we have made great strides in reducing biological oxygen demand (BOD) levels to less than 10% of previous levels. We have achieved this through more efficient cleaning of POME ponds and implementing a new state-of-the-art effluent pond that treats POME from the new mill and the neighboring one. We are delighted to have decreased BOD levels by around 90% to normal levels by reducing the oil content in POME, implementing better recirculation, correcting pH levels, and

improving the microbiota. With lower volumes of effluents, we can also mitigate BOD levels as retention time in the ponds increases.

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 mills are sprayed more uniformly on plantations, minimizing the risk of run-off into waterways.

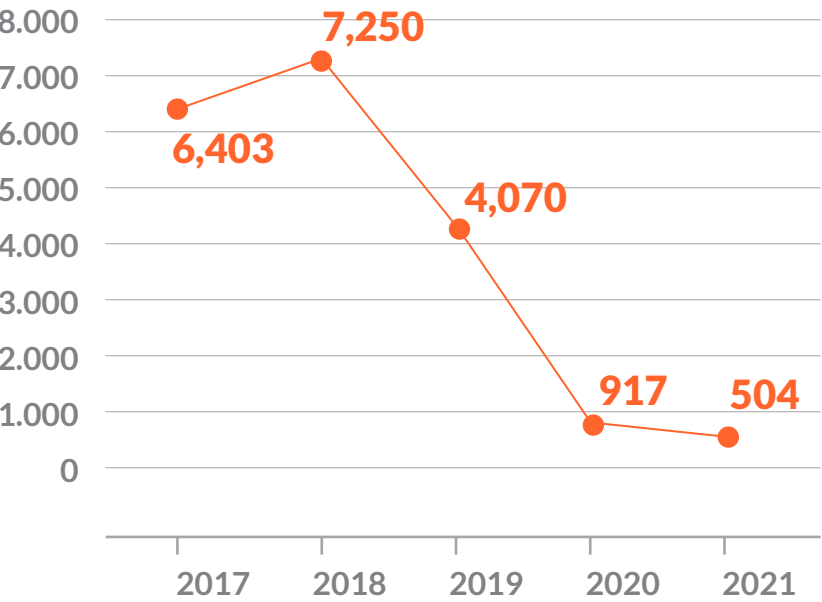
Mill water usage

We use river and well water to process our fruit—around one metric ton of water per metric ton of FFB processed in our mill. Water usage has been a significant challenge, as the

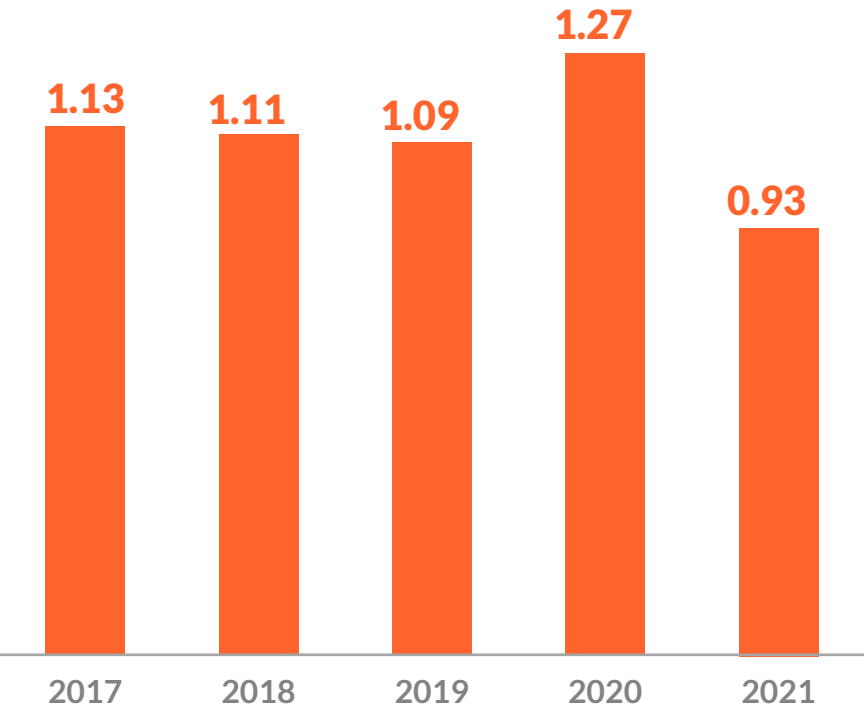
use of recycled water can influence the level of 3-MPCD and other contaminants, potentially affecting product quality. Therefore, we have had to carefully balance water use. However, we have continued to introduce options to reduce water use. We have now installed a dynamic clarification system and changed lubricant types to prevent leakage of mineral oils into our products, so we were able to reduce water usage by almost 27% from 2020 to 2021. Water usage may fluctuate slightly according to total FFB because the same volume of water is required to run the mills regardless of FFB volume.

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

BOD levels  
(mg/L—average all mills)



Water usage per tonne  
of FFB processed  
(MT/MT FFB)



Acará River –  
Pará, Brazil





Organic practices and chemical pest control

Agropalma’s approach to agriculture is to maximize the use of natural inputs and minimize the use of inorganic fertilizer and synthetic pesticides wherever possible. At year-end 2021, we had 4,087 hectares of certified organic plantings, and in April 2022 we completed the conversion of an additional 3,965 hectares for organic cultivation. We are working towards the transformation of a further 2,500 hectares. Due to phytosanitary challenges, we have had to alter the genetic material used in our original organic areas, resulting in an oil type that is not in demand by the organic market. As a result, we plan to discontinue the certification of our original organic area, but with the two new conversions, we will have more than 6,000 hectares of organic plantings by 2025. To further improve our organic areas, we are

currently evaluating whether to add other crops to the areas to harness synergies with oil palm and underplanted food crops.

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 and growing useful weeds. Until 2019, we used only one herbicide: glyphosate. However, some stakeholders were concerned about its potential ecological effects, and we have since been

actively trialing alternative options and use-reduction strategies, intending to eventually eliminate it. As a result, approximately 32% of our overall herbicide applications are now non-glyphosate-based.

Notwithstanding the above, our volume of glyphosate-based herbicides applied increased by around 5.9% compared to 2019. However, the toxicity from the glyphosate active ingredient reduced as we have substituted several commercial products with lower concentration of active ingredient. The use of these products was primarily due to the re-introduction of loose fruit collection, which has necessitated a thorough cleanup of weeds around the palms.

We are still aiming for a significant reduction in herbicides for weed management. Most of our glyphosate-based herbicide application

is now mechanical, which has greatly reduced the risk of contact exposure for our workers. However, we have reached the limits of the efficacy of our current system. New equipment is being tested to allow application to only the base of the palm trees.

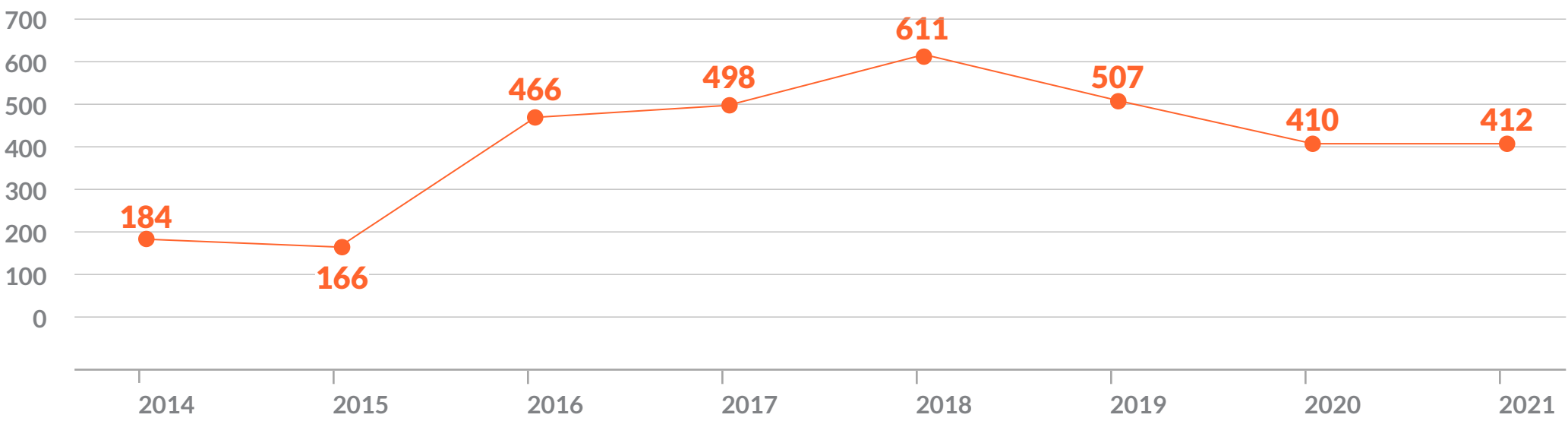
We report our pesticide usage by tracking toxicity per hectare instead of volumes. This allows us to monitor any year-on-year changes and track our performance against our industry peers, regardless of changes in formulation or the type of pesticide used. Volumes used will vary according to the planting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

We continue to optimize the use of inorganic fertilizers and pesticides through efficient integrated pest management and a plant care program. This minimizes our ecological footprint and is critical in keeping our production costs low.



Palm plantation – Pará, Brazil

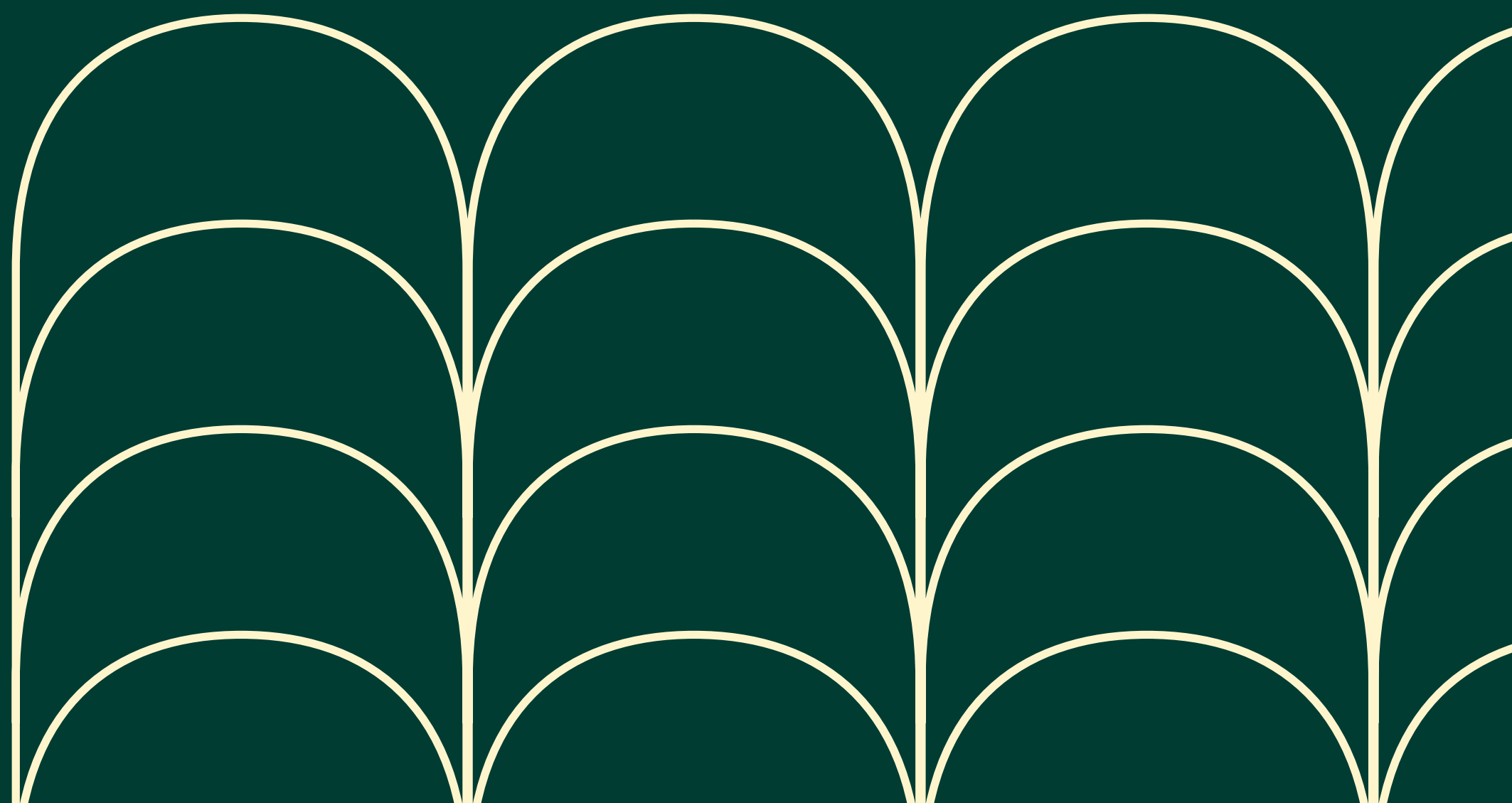
Toxicity unit/ha 2014–2021  
(Glyphosate only)



Note: Past year figures have been restated after a review of the recorded data.







Mrs. Iracema da Silva Pinto,  
with her husband and son in law.  
Palm family farmer since 2005

# 4. Contributing to the community and local economy

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

Instead of charitable donations, we firmly believe in building more robust and stable communities by providing employment and business opportunities. For example, we may support local authorities' efforts to invest in

local infrastructures, such as road maintenance, or donate land for medical facilities. We also implement, manage, or stimulate sustainability initiatives. A recent example is our partnership with Instituto Peabiru to implement sustainable development goals (SDG) in Palmares village. The village determines priority goals and targets and develops an implementation strategy. Instituto Peabiru is a social NGO focused on local development for the Amazônia communities. It initiates an assessment process to determine whether a village is achieving its SDGs. Although the pandemic impacted the program because no meetings could take place, Agropalma is collaborating with the community to restart the process.

Angela Maria dos Santos. Partner farmer of the Agropalma Family Agriculture Program. She produces 37 tons of FFB per hectare



In addition to donations funds, we are also using state tax incentives to support cultural initiatives. For example, in 2021, we supported a project to provide public cinema sessions in the local villages that lacked such facilities.

Family farm program

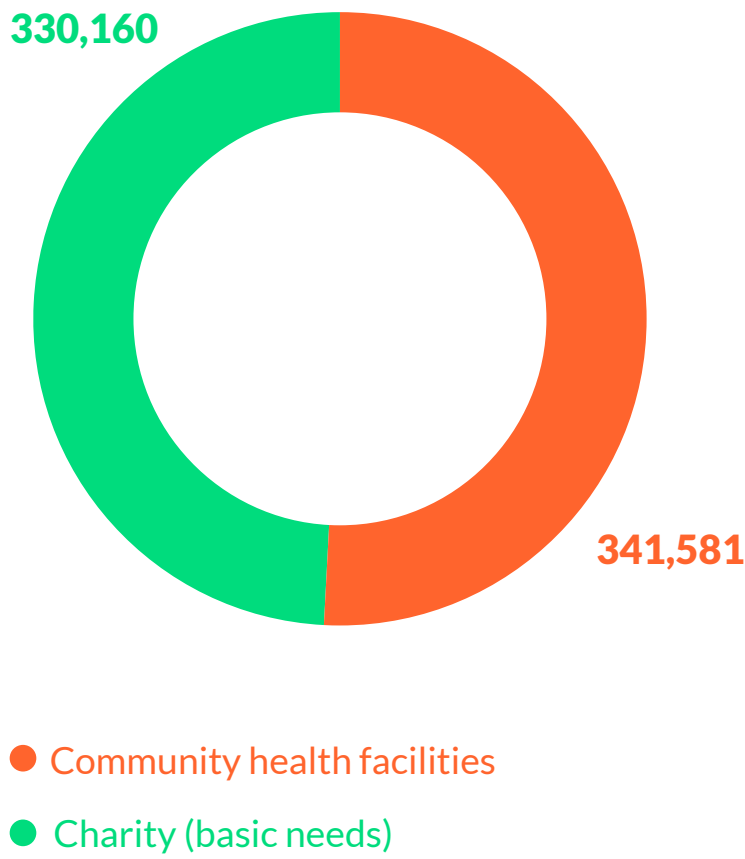
Family farmers are our most essential suppliers, accounting for around 6% of our fruit. We started our first family farm program in 2002. The latest phase began in 2019 and will reach harvesting age in 2022.

Agropalma works closely with family farmers, ensuring access to the best planting materials and farming inputs. We also advise on sustainability

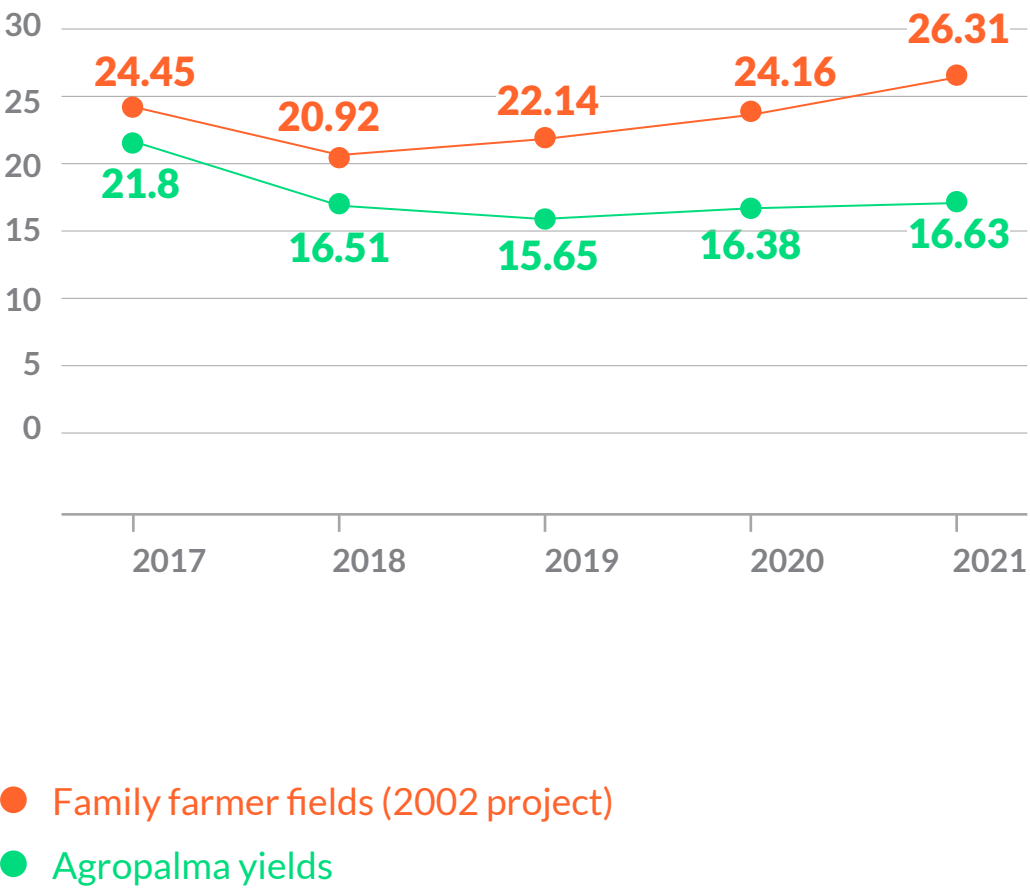
practices and legal requirements. In 2014, we reached an important milestone when all our FFB suppliers passed a vigorous RSPO Principles and Criteria certification audit. This enabled them to share the premium we received for certified products and allowed us to produce segregated palm oil products.

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 a beneficial land location less prone to drought than other estates in the area.

Charitable contributions 2020–2021

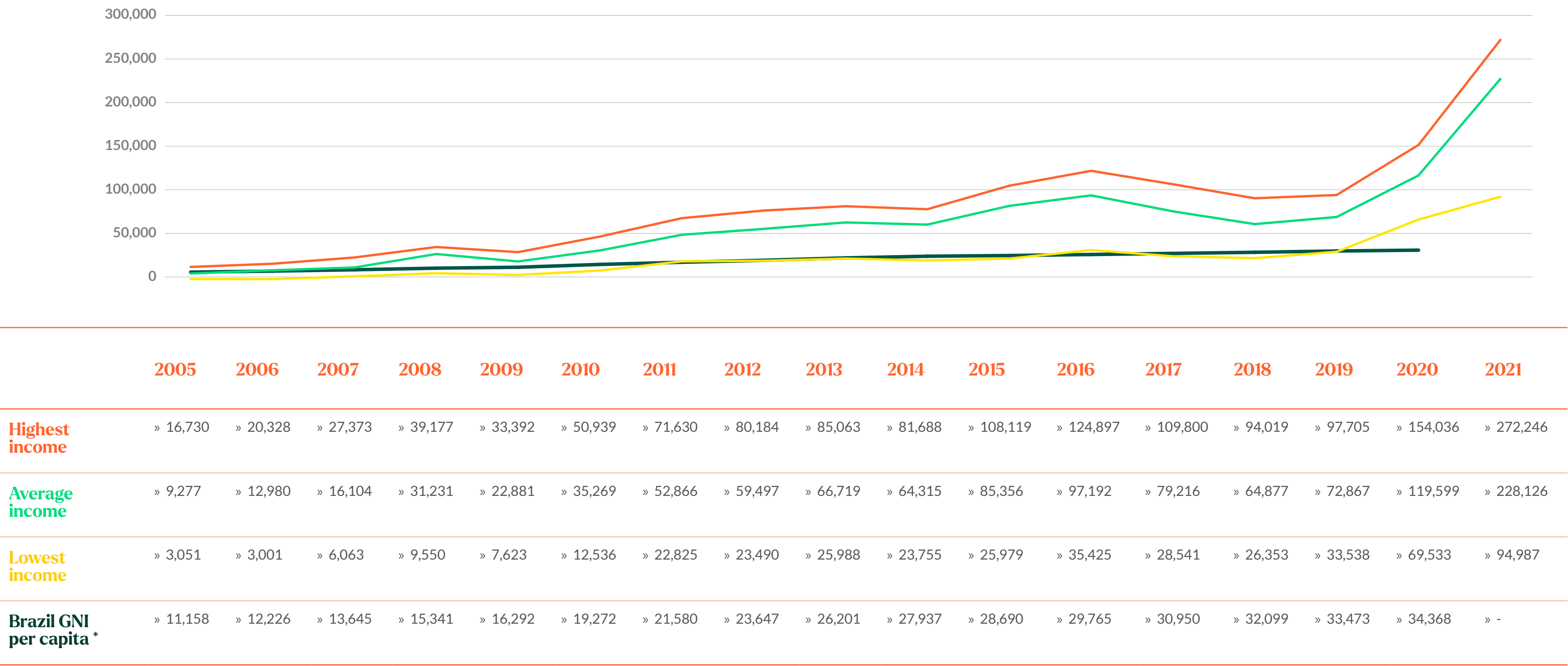


Family farmer productivity (MT FFB/ha)





Family farmer gross income from oil palm per year  
2005–2021 (BRL)



- Highest income
- Average income
- Lowest income
- Brazil gni per capita\*

Note: Figures are for Agropalma's first family farmer project (2022) in which families had just over 11 hectares of land on average and where all palms are now mature.

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

### Integrated outgrowers and new FFB suppliers

23.5% of our fruit comes from small- and medium-sized community growers. We collaborate closely with these growers to ensure they observe the same high standards that we demand of our own estates. All of our integrated outgrowers and family farmers have passed RSPO certification audits.

Due to our expanded mill capacity, and an increased need for CPO and PKO at our new refinery, a significant challenge will be to assess new outgrower due diligence. To ensure the integrity of our RSPO certification, our most important task will be to map previous land use and year of land clearing 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 have not been assessed, our team is making every effort to categorize previous land use. The RSPO compensation mechanism was launched in 2014 and allows 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.

We are pleased to have increased the land planted by both existing and new outgrowers and small farmers by more than 800 hectares in 2022. All expansion has been done per our certification frameworks and policies.





### 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 local suppliers in engaging with municipal authorities to help them register their business and handle administrative tasks, from tax filings to permit issues and environmental licensing.

Our purchasing policies prioritize local suppliers. We currently have contracts with 17 Tailândia-based suppliers: in Moju and Tomé-Açu. This accounts for just over BRL 31.5 million in services and materials (e.g., transportation, industrial maintenance, hydraulic and pneumatic devices, auto parts, building materials, and groceries).

We wanted to ensure that our education gives a strong foundation for those interested in higher education advancement

### 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. The school is equipped with science and computer labs and provides a state-of-the-art learning experience. Its fundamental priority is to ensure all students have access to and can complete a quality basic education.

Given that the school is in an area where few students have an opportunity to attend university, we wanted to ensure that our education gives a strong foundation for those interested in higher education advancement. Our evening classes were developed to help students pass the Pré-Enem university entrance exam. Consequently, many of our students have gained admission to some of Pará’s best universities.

For most of 2020–2021, we had to suspend classroom activities due to the pandemic and instead provided our 450 students with online classes. Despite the challenges, our graduates continued to excel, with 10 of 21 accepted to federal universities. We resumed classroom activities in 2022.



Naine de Souza Ramos was a student at Escola Agropalma and is currently a company employee in the PCP area

### Adult learners

Before the pandemic, Agropalma School provided a range of adult evening classes, including fundamental literacy and mathematics for our workforce. However, given that most of our adult learners did not have access to adequate internet or computer facilities at home, we had to suspend the program. The adult education program is currently being

redesigned in partnership with the municipal education agencies that will run the program in the public schools closer to where our employees live. The initiative will open up physical space for a new technical program focusing on mechanics and electrics. We hope to launch the revised adult learning program and the technical courses program in 2023.







Palm planting area and preserved forest – Pará, Brazil

## Land management and claims

### Quilombola case

In February 2022, a group of approximately 50 people entered Agropalma’s plantations and camped at an old riverside cemetery that had not been used for decades. The group claimed to be quilombolas—a community of Afro-Brazilian descendants with customary land rights to

specific areas in Brazil that escaped enslaved people had previously founded and inhabited.

Given that Agropalma had been in possession of the land for over 40 years and had not been given evidence that it was, in fact, Quilombola land, we initiated a series of legal

and administrative measures, including soliciting state representatives to act as mediators for a peaceful and diplomatic solution. However, the group’s leaders were unwilling to engage in dialogue with us, stating that they “would only leave the area after receiving a court decision.”

Agropalma was concerned for the safety of our employees, our company assets, and the well-being of the protesters, many of whom were camped on the land. Therefore, to prevent more people from accessing the land – and help mitigate direct or physical altercations – truck container barriers were erected, and two trenches were dug to make access more difficult.

To reiterate what has been reported online, Agropalma has never attempted to forcefully remove the protestors, nor did we prevent entry onto our land, as long as they were registered with our farm gates. Furthermore, we never created an impediment to visiting the cemetery or blocked the movement of local people.

Following repossession request, the Agrarian Court of Pará State invited both parties to a mediation session on February 17, 2022. Both parties negotiated a settlement: the Quilombola Association (ARQVA) recognized Agropalma’s land rights and agreed to vacate the area in ten days. Furthermore, the company agreed to remove the barriers and allow access again—but only to the people listed by the association. The agreement was accepted by the public defender’s office (which represented the Quilombola Association) and was formally endorsed by the

public prosecutor’s office, which oversees the human rights element, the legality of the agreement, and its implementation. The group peacefully left the area on February 25, 2022, and Agropalma provided transportation for some of them to do so. We believe that the conflict was resolved in the best way possible: quickly, peacefully, and by agreement.

Agropalma has sought to understand the basis for the claim and discovered that the group was registered as a fishermen’s association until 2016. After then, the statutes and bylaws were changed to become the Quilombola Association (ARQVA).

Due to a lack of land claim evidence and concerns that some of the disputed lands impeded not only on Agropalma property but also village and farmer land, we are determined to resolve this issue through the appropriate administrative and legal channels. As such, the case is now pending in the relevant state agencies.

In addition to legal avenues, we have also made every effort to keep our commercial and civil society partners updated on any further developments. We have requested that one of our local NGO partners assist us in assessing the situation. With the help of an independent third party, we have commissioned an expert review of the case.

The next step will be to await the formal position of the relevant state body on the quilombola claim and keep all our stakeholders closely updated.





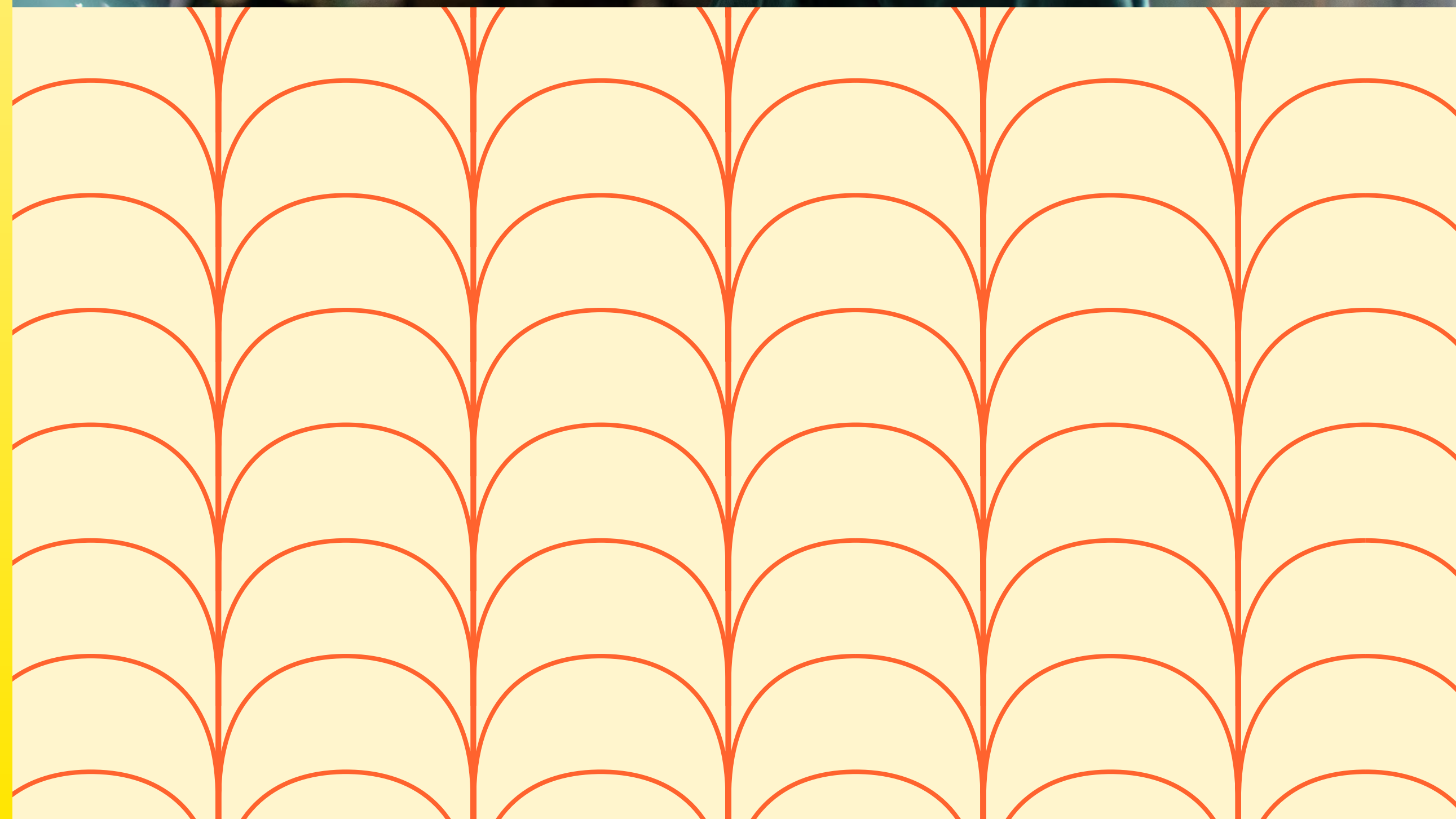
5.

# Safeguarding fair and responsible workplace practices

[Back to Summary](#)



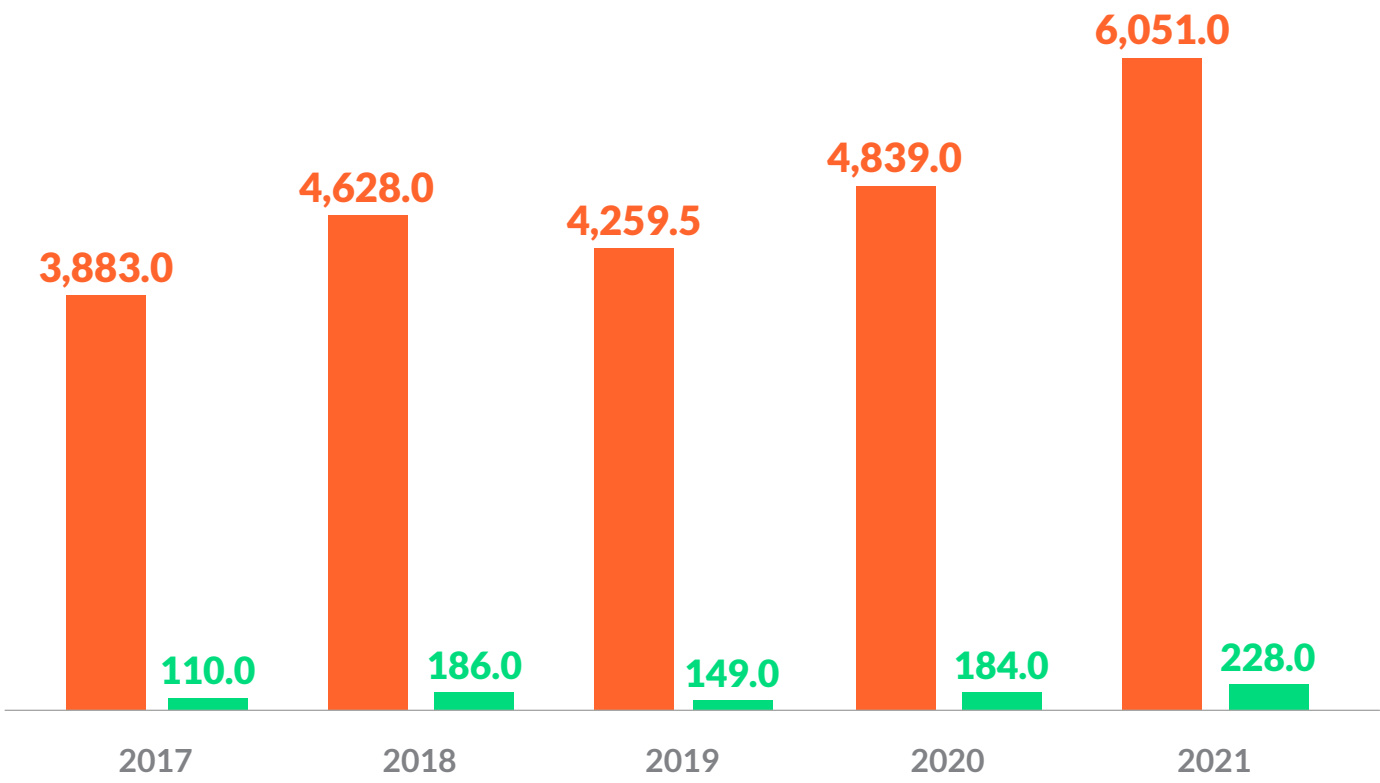
Mr. Celso Miranda  
do Nascimento.  
Leader refinery operator.  
Belém - Pará, Brazil





Our employees have always been 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 one of our employees—from field maintenance crews to executives—is critical to the ongoing success of our business. Over the past two years, we have significantly increased employment opportunities. This was achieved because of enhanced plantation maintenance, reintroducing loose fruit collection, and expanded production.

Agropalma employees



● Number of employees (Full Time Equivalent)  
● Apprentices (Part-Time)

Palm harvest workers using proper PPEs





Human rights in the workplace

We adhere strictly to Brazilian labor law and align ourselves to International Labor Organization (ILO) core labor standards and the POIG Charter. We also follow the principles of the NGO-led Fair and Free Labor in Palm Oil Production.

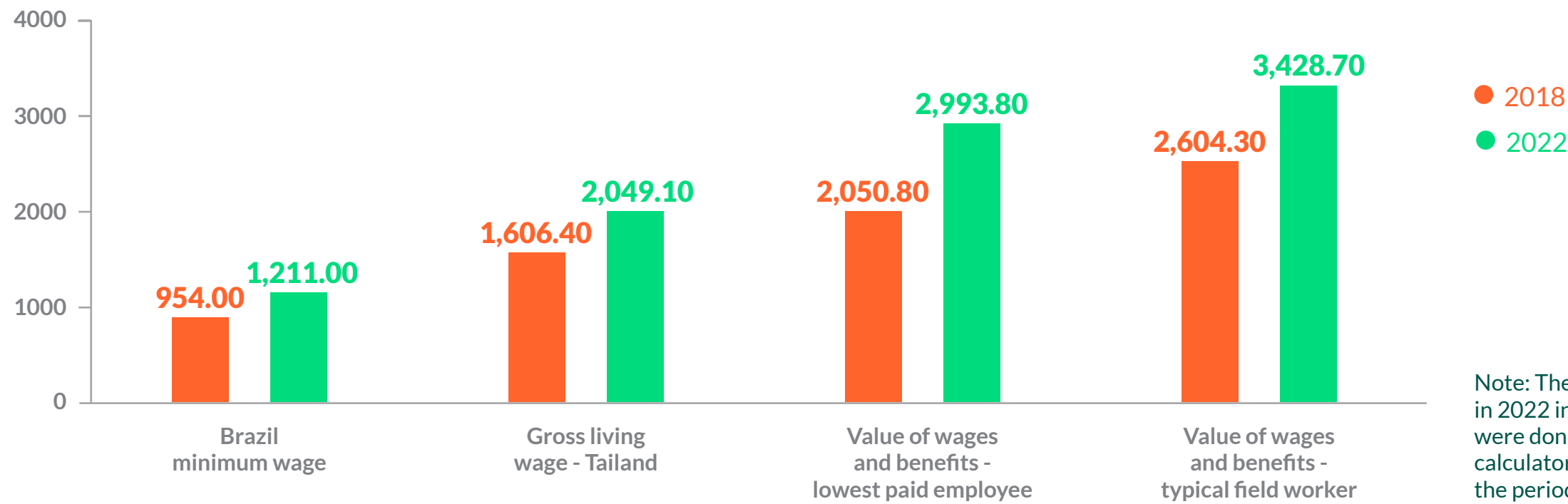
Fair and equal pay and benefits

We must continue to 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, in 2018, we completed a detailed living wage review. 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 this was one of the industry’s first and most detailed assessments. A detailed overview of the methodology can be found in our 2018–19 Sustainability Report. During the past three years, we have approached various organizations seeking project feedback on our report and its conclusions but have yet to receive substantial comments.

However, we think the living wage calculation is a crucial tool and initiated a desktop update in 2022 to account for the increased cost of living. We have set a target for a detailed update every five years and to include our Limeira refinery workers in 2023.

Agropalma living wage benchmark (BRL per month)



Extraction plant workers using proper PPEs

Freedom of association and collective bargaining

We respect and support the right to form and join unions, and 15% of our employees have done so. Due to new labor regulations, union membership has been significantly reduced over the last five years. Before 2014, new employees were given union membership forms as part of their induction package. Although whether to join was entirely their choice, many opted for enrollment as a default option. However, under the new regulations, unions can only approach employees a few weeks after they have started working, and at

this time, many are choosing not to join. Agropalma’s management and the union maintain a positive relationship and regularly meet to discuss matters of concern for members and negotiate the terms of their collective bargaining agreement. The agreement covers all employees—unionized or not. Union representatives are allowed to attend meetings during working hours. Unions also assist employees in upholding their rights and calculating the correct payment of wages and benefits.





Enhanced workplace facilities

All employees at our refinery sites and plantations have an opportunity to enroll in our meal plan, which provides three daily meals in our canteen or field shelters.

Over the years, we have significantly expanded our services to field workers and currently have:



41  
fixed male and female toilet facilities in total (permanent buildings).

117  
male and female mobile toilet facilities installed in field worker buses (each team is transported to the work site in a dedicated bus).

14  
portable toilets at the mobile shelters.

11  
chemical toilets.



43  
fixed field shelters.

14  
mobile shelters equipped with a table and benches, each with a sink, tap, running potable water, soap and paper towels.



Potable water supply is provided for everyone, and each worker is given a 5-liter water flask.



Mobile shelter for support of farming workers

We believe that our facilities are amongst the best in the industry, so we were disappointed to be allegedly found in breach of labor regulations following an inspection by the labor public prosecutor. The lowest court fined Agropalma for lack

of toilet and shelter facilities. However, we believe the judgment was unwarranted and have appealed the decision and resulting fine. In October 2022, the state court has judged our appeal and the three judges ruled in favor of Agropalma.





Expanding our labor pool—focusing on diversity

Agropalma always aims to hire the best talent and most productive workforce. Our objective is a broad and diverse labor pool. We aim to be a company where everyone has equal opportunities regardless of gender, disability, race, sexual orientation, religion, or any other social classification.

Promoting gender diversity

We believe that gender diversity is essential to increasing our potential talent pool and ensuring Agropalma has access to a broad skill set.

All Agropalma employees are paid equally for the same work, regardless of gender. We are developing a robust culture to protect and respect female employees. We have established a generous paid maternity leave allowance of 180 days—60 days more than mandated by Brazilian law. We also have robust policies and reporting systems to address any cases of alleged sexual harassment or workplace discrimination.

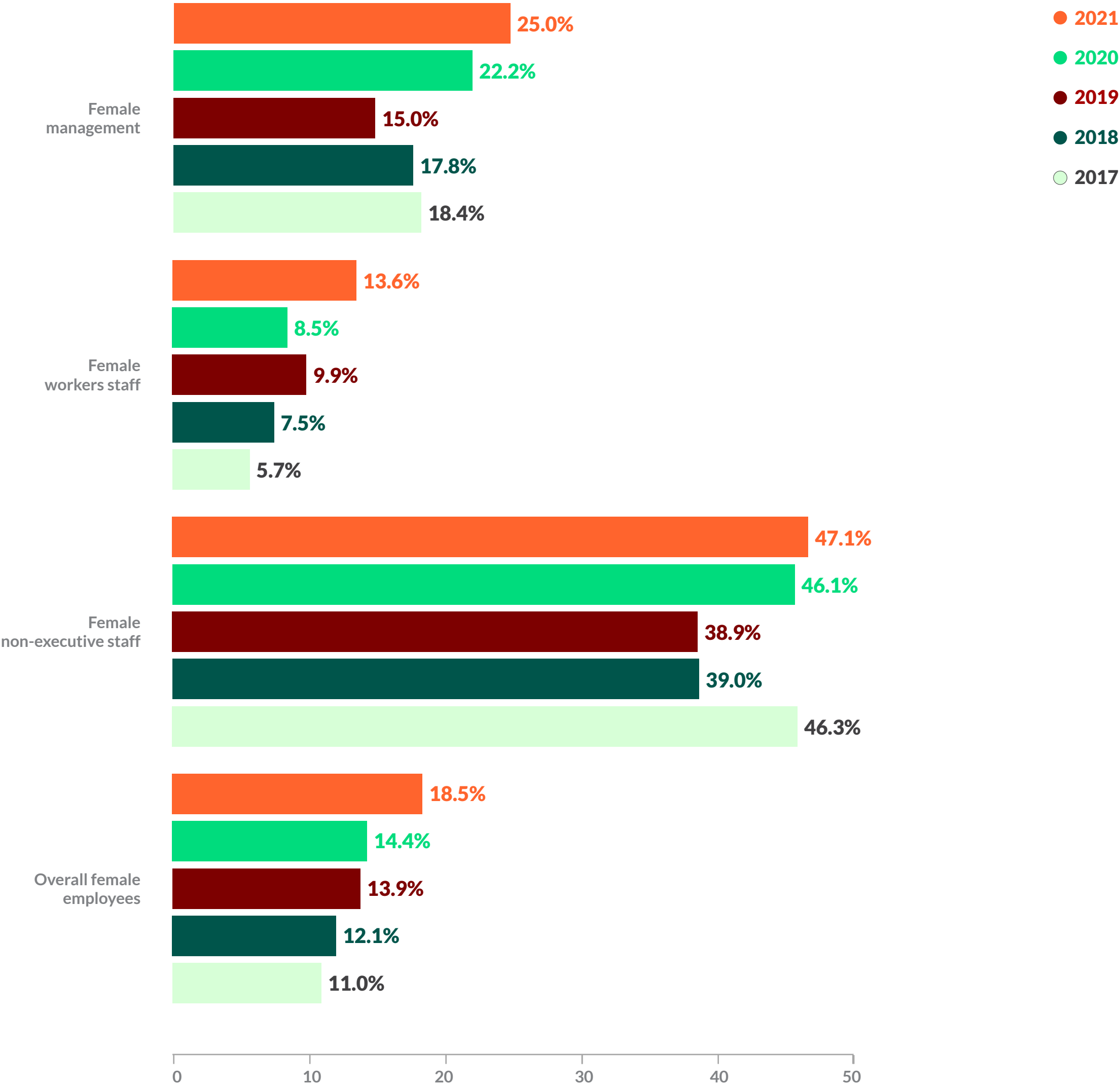
In 2016 we sought to increase the number of women in our workforce at all levels. When the program began, only 11% of our workforce were female. But we have gradually increased the percentage of female employees to 18.5% and continue improving opportunities for women.

We believe that gender diversity is essential to increasing our potential talent pool and ensuring Agropalma has access to a broad skill set.

Increasing female representation in fieldwork is challenging due to the physical requirements of many traditional tasks such as harvesting. Previous trials have shown that this can be arduous work for women. However, we are increasing the number of female drivers and operators for our trucks, tractors, mechanical equipment, and buses. With the reintroduction of loose fruit collection, we have also been able to offer more opportunities to unskilled female workers. Although still at a low level, we have more than doubled female workers since 2017.

Agropalma has been accelerating the integration of women into the workforce and promoting female machinery operation training initiatives. The results are promising: At the start of 2022, we had 17 female tractor operators, four female mini-wheel loader operators, and one female car driver—work that was typically performed by men. In 2022, we entered a pilot program in partnership with the National Industry Service Agency (SENAI) to provide training for 30 women in the operation of tractors, wheel loaders, excavators, and trucks. Each employee will be mentored by an experienced professional to help them adapt and excel in their new role. We expect to maintain the SENAI partnership through 2023 and hope to increase the training to include 250 women.

Gender distribution







In addition to machinery operations, our objective is that 50% of trainees in the new electromechanics courses are women from the surrounding communities.

Our staff and mid-manager functions are significantly more diverse, with women comprising almost half of support function roles. At senior level, we have increased female representation over the past year, and women now make up 25% of our management team. We were delighted to welcome a woman to our Board of Directors in 2020 and our first female mill manager in 2021.

Agropalma always hires the best talent, regardless of gender, but we have found it challenging to attract women for our agriculture and manufacturing operations. However, we also understand that we have to play a constructive role in fostering a wider talent pool for the future. Consequently, our apprentice and trainee program has emphasized gender diversity as a critical criterion for intake over the past four years. We are pleased that more than half of our 228 apprentices are women. We have further increased the number of women's technical, industrial, and agricultural roles in the apprentice scheme. We believe this will have a beneficial effect in the medium term.

## Employees with disabilities

Our commitment to diversity includes an ongoing focus on ensuring that we provide a workplace that is accessible to people with disabilities. We believe that we are one of only a few Brazilian companies to comply with the quota of 5% employees with disabilities, despite this being a mandated requirement. It is our understanding that we are the only palm oil sector company to have achieved this benchmark. Employees in this group may have various disabilities, ranging from audio-visual impairment to mobility-related issues. Some are being rehabilitated following work-related accidents. Salaries, benefits, and working conditions for employees with disabilities are identical to those without. Over the past few years, we have incentivized employees with disabilities to progress in their professional careers and have encouraged them to accept roles with greater responsibilities.

We are developing specific targeted training in several areas to support employees with disabilities in enhancing their skills and developing their full potential. The training will be implemented in 2023.

← Lorena Miranda do Couto - Industrial Production Manager – Extraction Plants  
Member of the Women's Leadership Program



Eradication of child, forced and bonded labor

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

We have concerns about young people working in the field on some family farms. We are continuing 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.

In addition to these internal safeguards, we have also adopted a broader role in preventing exploitative labor practices. Agropalma is an active member of The Institute for the National Pact to Eradicate Slave Labor (InPACTO). As a member, we recognize and refer to the official “dirty list” of slave labor exploiters when assessing our potential suppliers and instigate commercial restrictions against the ones on the list.

Occupational health and safety

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

Over the last five years, we have witnessed a significant reduction in accidents. We believe this is primarily due to more stringent reporting and monitoring with 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. Consequently, we can target improvements in occupational safety strategy and procedures, like developing new PPE, education, and awareness.

Coupled with a reduction in total accidents, we have also seen an increase in severity rates. This is mainly because minor accidents have largely been eliminated, leaving a small number of more severe and more complicated-to-prevent accidents.

We have established separate corporate health and safety and environment departments to provide 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 chemical wounds from manual spraying and back injuries from FFB loading. When we reintroduced loose fruit collection in 2021, we supplied workers with specialized rakes and shovels to mitigate back strain from manual picking. Although these tools form part of our standard operating procedure, ensuring that all our employees use them is challenging.

Sadly, we recorded a fatal accident in 2020 when an employee on a motorcycle stopped at a blind spot outside our plantation and was run over by a fertilizer truck. To prevent similar accidents, we launched an investigation involving employee representatives and safety engineers. Consequently, we have banned motorcycles from guiding trucks, posted road warning signs, and launched a new transit safety campaign.

Furthermore, we provided the family with financial assistance for funeral expenses, food, and a lump-sum insurance payment.



Alice Cordeiro dos Reis.  
Farm tractor operator





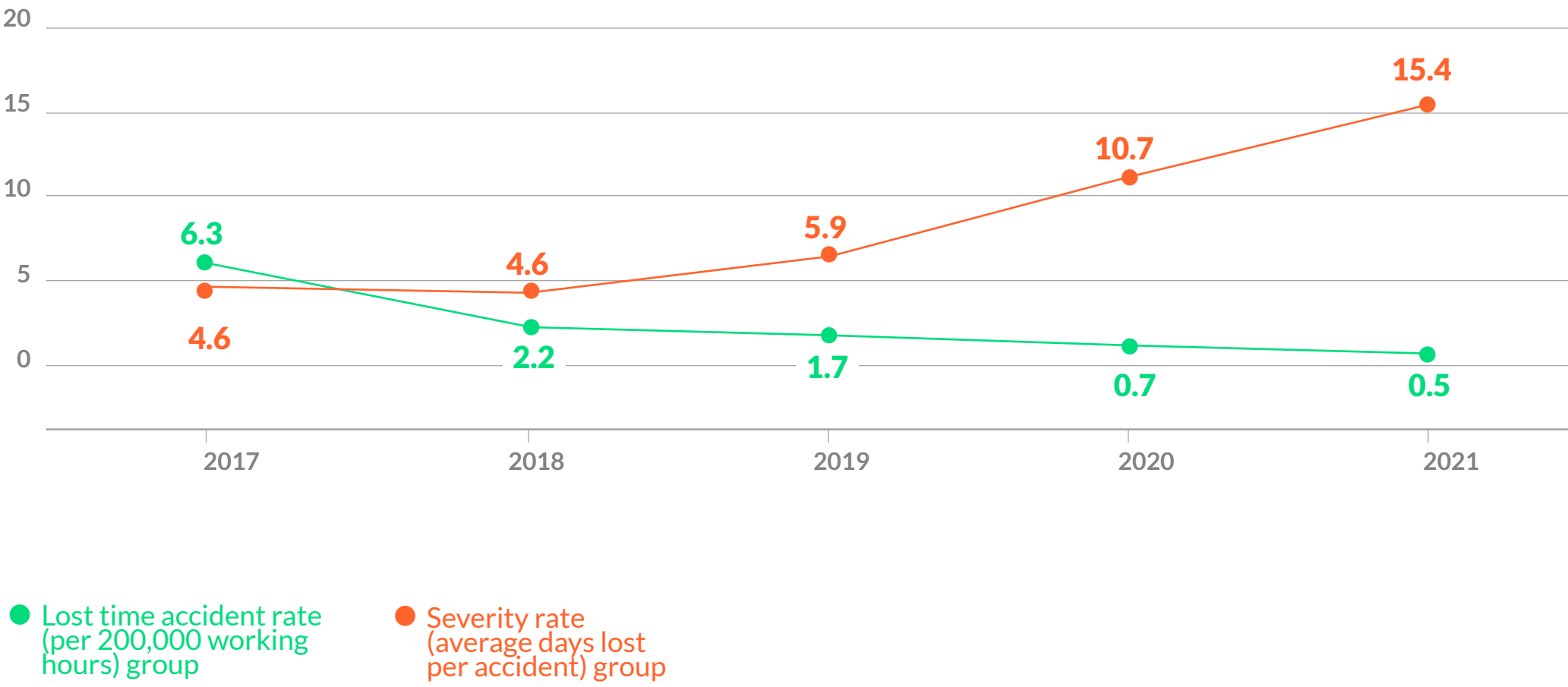
Medical services, health insurance, and healthy living

Our employees and local communities primarily rely on public health services, and we provide emergency medical assistance at our medical centers. All work-related illnesses and injuries are treated at our medical clinics, and we cover 100% of the costs. Moreover, general healthcare is available to all employees through a private medical scheme that includes dental coverage. Employees can opt to include their dependents and be liable for 30% of the medical costs of the low-priced service. Take-up has been very high, and over 95% of employees have signed up to date.

In common with many other parts of the world, lifestyle diseases such as diabetes and heart disease are a significant concern in Brazil. Over 20% of the population is classified as obese, and an estimated 10% suffer from type 2 diabetes. Following a thorough assessment, our medical team has determined that the situation is similar among our employees.

To encourage better nutrition, our medical team has partnered with nutritionists to improve healthy food choices in our catering services while ensuring that the selection is adjusted to meet local palates and the availability of ingredients.

Accidents



Inácio Guedes de Assunção, refinery boiler operator in Belém

Preventing the spread of COVID-19 and supporting community health

The pandemic impacted our operations throughout most of this reporting period, and we experienced minor outbreaks throughout our operations. But guided by the World Health Organization and state health authority best practices, we have been able to contain the spread through our wide-ranging medical care, preventive measures, and communications initiatives to protect our employees and the wider community. We have established

a multidisciplinary COVID-19 prevention committee and continue to maintain a high level of awareness and communication in plantations, mills, and refineries. Wherever possible, we have limited bus passengers, curtailed some recreational facilities, and provided online education to our primary and secondary school students. More information can be found in our 2019 sustainability report.





# Baseline data

	Measurement unit/ breakdown	2021	2020	2019	2018	2017
Market and financials						
» Total revenue: Agropalma Group	» Million BRL	» 2,303.22	» 1,408.68	» 1,005.70	» 950.65	» 1,020.06
» Customers (% of sales)	» Food	» 72.0%	» 70.0%	» 85.2%	» 80.0%	» 74.6%
	» Non-food	» 28.0%	» 30.0%	» 14.8%	» 20.0%	» 25.4%
» Organic % of volume produced		» 4.16%	» 3.12%	» 3.58%	» 5.38%	» 5.93%
» Fair trade % of volume produced		» 4.16%	» 3.12%	» 3.58%	» 5.38%	» 5.93%
Workplace						
» Number of employees	» Full-time equivalents (FTEs)	» 6,051.0	» 4,839.0	» 4,259.5	» 4,628.0	» 3,883.0
» Number of young apprentices (part time)	» Number	» 228	» 184	» 149	» 186	» 110
» Employee turnover	» -	» 29.53%	» 29.67%	» 48.71%	» 32.33%	» 19.61%
» Employee categories	» Management (FTEs)	» 48	» 45	» 40	» 45	» 38
	» Non-executive staff (FTEs)	» 870	» 740	» 580.5	» 665	» 492
	» Workers (FTEs)	» 5,133	» 4,054	» 3,639	» 3,918	» 3,353
» Female employees	» FTEs	» 1,122	» 696	» 594	» 559.5	» 426
» Male employees	» FTEs	» 4,929	» 4,143	» 3,665.5	» 4,068.5	» 3,457
» Female non-executive staff	» FTEs	» 410	» 341	» 226	» 260	» 228
» Male non-executive staff	» FTEs	» 460	» 399	» 355	» 406	» 264
» Female workers	» FTEs	» 700	» 345	» 362	» 292	» 191
» Male workers	» FTEs	» 4,433	» 3,709	» 3,277	» 3,626	» 3,162
» Female management	» FTEs	» 12	» 10	» 6	» 8	» 7
» Male management	» FTEs	» 36	» 35	» 34	» 37	» 31
» Minimum starting wage	» BRL per month	» 1,103	» 1,048	» 1,001	» 957	» 954





Baseline data	Measurement unit/ breakdown	2021	2020	2019	2018	2017
» Number of employees who received formal qualifications funded by Agropalma		» 1,714	» 1,244	» 1,412	» 1,252	» 1,113
» Number of employees who are members of a trade union	» -	» 930	» 999	» 1,119	» 2,123	» 2,306
» % women returned after maternity leave	» -	» 100%	» 100%	» 100%	» 100%	» 100%
» Reported sexual harassment cases	» -	» 3	» 2	» 1	» 0	» 1
» Confirmed sexual harassment cases	» -	» 0	» 0	» 0	» 0	» 0
» Number of employees and dependants housed		» 514	» 703	» 856	» 891	» 1,051
Community						
» Breakdown of charitable contributions (BRL)	» Sports	» 0	» 0	» 0	» 0	» 11,100
	» Culture/religion	» 0	» 0	» 0	» 0	» 51,750
	» Community health facilities	» 100,359	» 241,222	» 10,950	» 31,100	» 27,080
	» Children and education	» 0	» 0	» 0	» 0	» 6,800
	» Charity (basic needs)	» 165,080	» 165,080	» 0	» 0	» 2,000
Health and safety						
» Fatalities		» 0	» 1	» 0	» 1	» 0
» Total number of accidents	» Refinery	» 5	» 10	» 13	» 6	» 26
	» Estates and mills	» 27	» 31	» 74	» 109	» 337 <sup>3</sup>
» Total days lost to accidents	» Refinery	» 207	» 91	» 52	» 7	» 171
	» Estates and mills	» 287	» 349	» 459	» 525	» 1,499
» Lost time accident rate	» Incidents per 200,000 working hours	» 0.46	» 0.74	» 1.74	» 2.19	» 6.25
» Severity rate	» Average days lost per incident	» 15.44	» 10.73	» 5.87	» 4.63	» 4.60

3. Restated.





Baseline data	Measurement unit/ breakdown	2021	2020	2019	2018	2017
Land						
» Total own 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
» Infrastructure area	» Hectares	» 3,212	» 3,212	» 3,212	» 3,212	» 3,212
» Total hectares of oil palm <sup>4</sup>	» Hectares	» 39,595	» 39,595	» 39,599	» 39,528	» 39,528
» Other areas	» Hectares	» 193	» 193	» 189	» 260	» 260
Production and output						
» Yield per hectare (productive palm, older than three years)	» Tons per ha	» 16.25	» 15.94	» 15.40	» 14.81	» 17.70
» Yield per hectare (adult palm, older than eight years)	» Tons per ha	» 16.63	» 16.38	» 15.65	» 16.51	» 21.80
» Extraction rate (CPO)	» % of FFB	» 18.87	» 18.68	» 18.11	» 17.99	» 17.94
» Total effluents	» Tons	» 482,319	» 596,650	» 526,374	» 532,698	» 551,404
» Total boiler ash	» Tons	» 7,317	» 7,414	» 3,987	» 3,586	» 3,418
» Total production	» CPO (tons)	» 148,267	» 141,517	» 136,271	» 128,822	» 158,779
	» PKO (tons)	» 11,646	» 11,722	» 10,416	» 11,376	» 14,247
	» PKE (tons)	» 23,922	» 19,169	» 26,364	» 24,489	» 25,357
	» Fiber (tons)	» 103,360	» 99,440	» 91,302	» 96,024	» 111,594
	» EFB (tons)	» 193,911	» 185,531	» 214,687	» 229,336	» 236,382

4. Restated. Including 505ha of leased plantations that were not registered in the previous reports.





Baseline data	Baseline data					
	Measurement unit/ breakdown	2021	2020	2019	2018	2017
Materials and inputs (FFB)						
» Total FFB processed	» Tons	» 786,337	» 760,278	» 751,305	» 716,458	» 892,751
» Agropalma estate FFB produced	» Tons	» 600,357	» 596,767	» 564,596	» 560,401	» 669,363
» Family farmers FFB produced	» Tons	» 45,965	» 42,206	» 40,929	» 35,974	» 40,835
» Integrated outgrowers FFB produced	» Tons	» 127,034	» 117,146	» 120,963	» 120,083	» 174,906
» Third-party supplied FFB	» Tons	» 11,282	» 4,159	» 24,817		
Materials and inputs (chemicals, fertilizers, water and fuel)						
» Herbicide usage per hectare (glyphosate-based only)	» Liters per ha	» 1.73	» 1.72	» 1.63	» 1.97	» 1.61
» Herbicide active ingredient usage per hectare (glyphosate-based only)	» Kg per ha	» 0.88	» 0.97	» 1.01	» 1.22	» 1.00
» Total water usage (mills only)	» Tons	» 728,154	» 966,066	» 815,326	» 795,339	» 783,588
» Total diesel usage (all uses)	» Liters	» 2,878,757	» 2,875,114	» 2,818,799	» 2,955,047	» 3,858,230
» Total fertilizer usage	» Tons	» 32,878	» 20,653	» 12,069	» 16,402	» 8,058
» Total chemicals	» Tons	» 991	» 943	» 746	» 862	» 387
Environmental impact						
» BOD levels (Average)	» mg/L	» 504	» 917	» 4,070	» 7,250	» 6,403
» Total number and volume of significant spills	» -	» 0	» 0	» 1	» 0	» 0





# Global Reporting Initiative content index

The Global Reporting Initiative (GRI) is a multi-stakeholder standard for sustainability reporting, providing guidance on determining report content and indicators. GRI is the most widely adopted global standard for sustainability reporting. It has been designed to enhance the comparability and quality of global information on environmental and social impacts, thereby enabling greater transparency and accountability of organizations. This report has been prepared following the GRI Universal Standards 2021. Our GRI Content Index references our 2021 Sustainability Report.

**Statement of use** Agropalma has reported the information cited in this GRI content index for January 1, 2020, to December 31, 2021, with reference to the GRI Standards.

**GRI 1 used** GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
» GRI 2: General Disclosures 2021	» 2–1 Organizational details	» About Agropalma, p8 » Ownership and governance structure, p9
	» 2–2 Entities included in the organization’s sustainability reporting	» About Agropalma, p8 » About the report, p52
	» 2–3 Reporting period, frequency, and contact point	» About the report, p52 » Contact, p56
	» 2–4 Restatements of information	» Stated throughout where relevant
	» 2–5 External assurance	» About the report, p52
	» 2–6 Activities, value chain, and other business relationships	» About Agropalma, p8 » Ownership and governance structure, p9 » Our products and marketplace, p14
	» 2–7 Employees	» Safeguarding fair and responsible workplace practices, p37 » Baseline data
	» 2–8 Workers who are not employees	» Safeguarding fair and responsible workplace practices, p37
	» 2–9 Governance structure and composition	» Ownership and governance structure, p9
	» 2–11 Chair of the highest governance body	» Ownership and governance structure, p9
	» 2–12 Role of the highest governance body in overseeing the management of impacts	» Ownership and governance structure, p9





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GRI STANDARD	DISCLOSURE	LOCATION
» GRI 2: General Disclosures 2021	» 2–13 Delegation of responsibility for managing impacts	» Ownership and governance structure, p9 » Our approach to sustainability, p16
	» 2–14 Role of the highest governance body in sustainability reporting	» Ownership and governance structure, p9
	» 2–16 Communication of critical concerns	» About the report, p52 » Ownership and governance structure, p9 » Our approach to sustainability, p16
	» 2–17 Collective knowledge of the highest governance body	» Ownership and governance structure, p9
	» 2–22 Statement on sustainable development strategy	» Welcome statement, p3
	» 2–23 Policy commitments	» Our approach to sustainability, p16
	» 2–24 Embedding policy commitments	» Our approach to sustainability, p16
	» 2–25 Processes to remediate negative impacts	» Our approach to sustainability, p16 » Environmental responsibility, p23 » Contributing to the community and local economy, p31
	» 2–26 Mechanisms for seeking advice and raising concerns	» Our approach to sustainability, p16
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	» 2–28 Membership associations	» Our approach to sustainability, p16
	» 2–29 Approach to stakeholder engagement	» Materiality, stakeholder inclusiveness, and sustainability context, p52 » Sharing our experience and engaging with stakeholders, p20
	» 2–30 Collective bargaining agreements	» Freedom of association and collective bargaining, p38
» GRI 3: Material Topics 2021	» 3–1 Process to determine material topics	» Materiality, stakeholder inclusiveness, and sustainability context, p52
	» 3–2 List of material topics	» Materiality, stakeholder inclusiveness, and sustainability context, p52
	» 3–3 Management of material topics	» Management approaches provided throughout report





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GRI STANDARD	DISCLOSURE	LOCATION
» GRI 202: Market Presence 2016	» 202–1 Ratios of standard entry-level wage by gender compared to local minimum wage	» Fair and equal pay and benefits, p38
» GRI 203: Indirect Economic Impacts 2016	» 203–1 Infrastructure investments and services supported	» Contributing to the community and local economy, p31
	» 203–2 Significant indirect economic impacts	» Contributing to the community and local economy, p31
» GRI 204: Procurement Practices 2016	» 204–1 Proportion of spending on local suppliers	» Our mills, p12
» GRI 303: Water and Effluents 2018	» 303–1 Interactions with water as a shared resource	» Protecting and conserving local water sources, p28 » Baseline data
	» 303–2 Management of water discharge-related impacts	» Protecting and conserving local water sources, p28 » Baseline data
» GRI 305: Emissions 2016	» 305–1 Direct (Scope 1) GHG emissions	» Combatting climate change, p26 » Emissions reduction, p27
	» 305–2 Energy indirect (Scope 2) GHG emissions	» Combatting climate change, p26 » Emissions reduction, p27
	» 305–4 GHG emissions intensity	» Emissions reduction, p27
	» 305–5 Reduction of GHG emissions	» Emissions reduction, p27
» GRI 401: Employment 2016	» 401–1 New employee hires and employee turnover	» Safeguarding fair and responsible workplace practices, p37 » Baseline data
	» 401–2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	» Safeguarding fair and responsible workplace practices, p37 » Baseline data
» GRI 402: Labor/Management Relations 2016	» 402–1 Minimum notice periods regarding operational changes	» Safeguarding fair and responsible workplace practices, p37
» GRI 403: Occupational Health and Safety 2018	» 403–1 Occupational health and safety management system	» Occupational health and safety, p42
	» 403–2 Hazard identification, risk assessment, and incident investigation	» Occupational health and safety, p42
	» 403–3 Occupational health services	» Occupational health and safety, p42
	» 403–4 Worker participation, consultation, and communication on occupational health and safety	» Occupational health and safety, p42
	» 403–6 Promotion of worker health	» Occupational health and safety, p42





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GRI STANDARD	DISCLOSURE	LOCATION
» GRI 403: Occupational Health and Safety 2018	» 403–8 Workers covered by an occupational health and safety management system	» Occupational health and safety, p42
	» 403–9 Work-related injuries	» Occupational health and safety, p42 » Baseline data
» GRI 405: Diversity and equal opportunity	» 405–1 Diversity of governance bodies and employees	» Promoting gender diversity, p40
» GRI 406: Non-discrimination 2016	» 406–1 Incidents of discrimination and corrective actions taken	» No incidents of discrimination were reported.
» GRI 407: Freedom of Association and Collective Bargaining 2016	» 407–1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	» Freedom of association and collective bargaining, p38
» GRI 408: Child Labor 2016	» 408–1 Operations and suppliers at significant risk for incidents of child labor	» Eradication of child, forced and bonded labor, p42
» GRI 409: Forced or Compulsory Labor 2016	» 409–1 Operations and suppliers are at significant risk for incidents of forced or compulsory labor	» Eradication of child, forced and bonded labor, p42
» GRI 413: Local Communities 2016	» 413–1 Operations with local community engagement, impact assessments, and development programs	» Contributing to the community and local economy, p31
Other topics not covered by the GRI Standards 2021		LOCATION
» RSPO certification		» RSPO certification and Palm Oil Innovation Group verification, p19
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» New industrial and harvesting technology		» Investing in research and innovation, p12
» Produce own genetics materials		» Investing in research and innovation, p12
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» Organic certification		» Fairtrade and organic certification, p19





# About the report

## Completeness

The report covers the calendar years 2020 and 2021. Unless otherwise stated, the data includes all our refinery, plantation, and mill operations as of December 31, 2021. The report does not contain detailed information on our small office-based São Paulo operations. Besides impacts within our organizational boundaries, the report covers material aspects for all FFB suppliers.

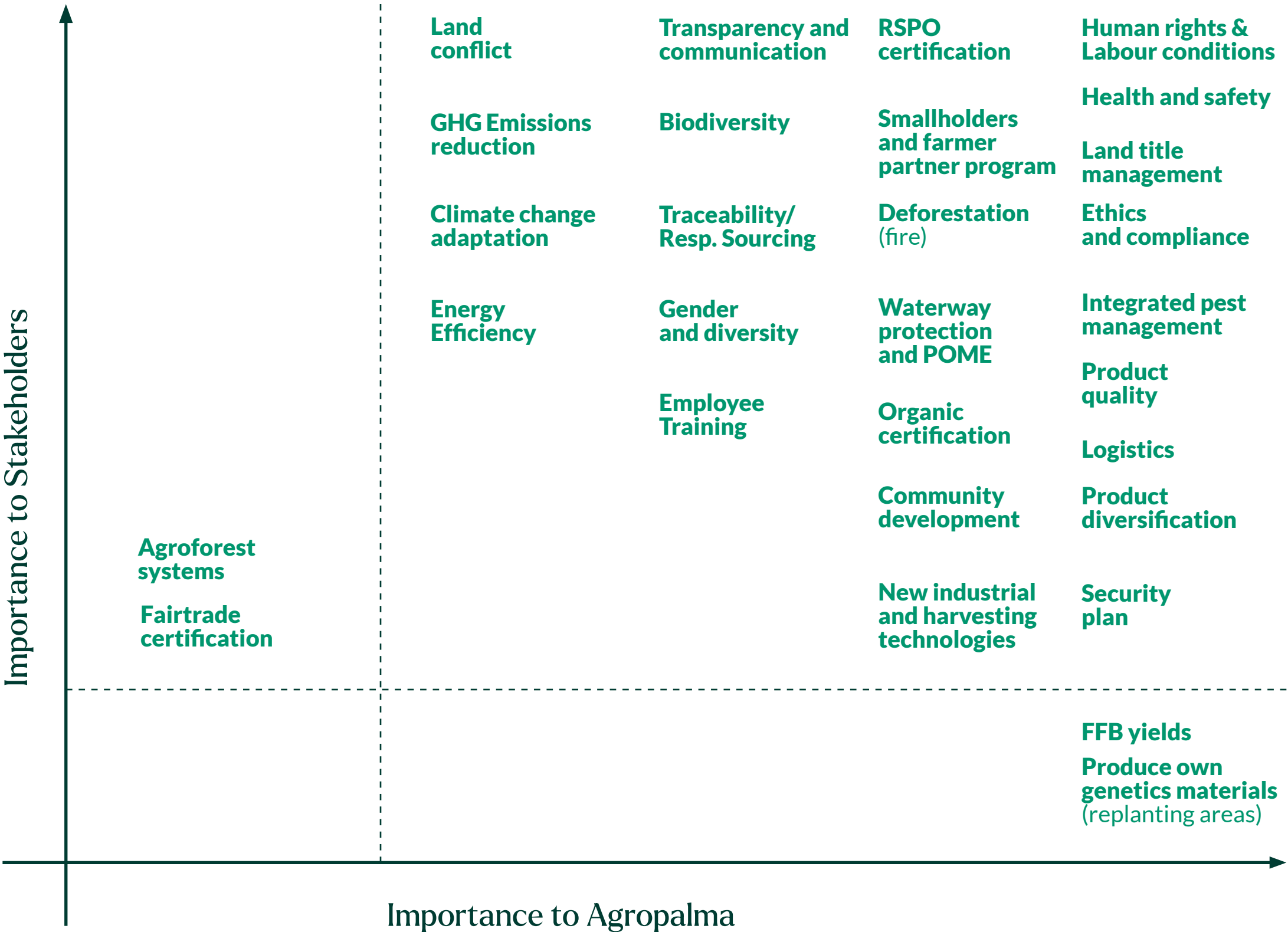
The report contains updated information on some 2022 events that we consider of material importance to our stakeholders.

## 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 inquiries, and research was undertaken on behalf of the Group.

As travel remains problematic due to the COVID-19 pandemic, we have made some changes to how we determined material issues for this and the previous report. For earlier reports, senior management teams of Agropalma plantations and refineries in Belém and São Paulo participated in half-day workshops to prioritize the areas that are most material to the group. These were collated in the materiality matrix below. To develop the matrix in 2022, an external consultant conducted an online workshop for our senior management and sustainability team to adjust and identify gaps from a company and external stakeholder perspective. We hope to be able to return to physical workshops by the time of the following report. Unless expressly noted, boundaries were considered Agropalma organizational boundaries.

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







## Reporting cycle and approach to assurance

Agropalma publishes a sustainability report every two years. Stakeholders can also track our progress at our RSPO annual communications of progress posted each year in the second quarter [here](#).

We have not engaged a third party to provide assurance or data verification. We believe that our multiple certification audit provides adequate assurance of our performance to our stakeholders. Most content is documented in our annual RSPO audit report, which is prepared by IBD Certifications, and which can be downloaded [here](#).

However, we will continue to collate stakeholder feedback on whether third-party assurance should be a priority.



# Glossary

## Biodiversity

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

## Biological oxygen demand (BOD)

The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

## CO<sub>2</sub> equivalents (CO<sub>2</sub>eq)

These provide a universal measurement standard to evaluate the impacts of releasing (or avoiding the release of) different greenhouse gases.

## Crude palm oil (CPO)

An edible oil extracted from oil palm fruit pulp.

## Deforestation

This is defined by POIG as the direct human-induced conversion of forest to non-forest, except 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 atmospheric gas emissions that absorb and emit radiation within a thermal infrared range. This 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 removed from mill oil palm fruit. 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 forests that should be set aside for conservation. Six possible HCVs can be identified, covering the environmental and social aspects of a natural forest.

## International Labor 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.

## IUCN

The International Union for Conservation of Nature is a membership union composed of government and civil society organizations. IUCN is widely considered the global authority on the status of the natural world and the measures needed to safeguard it.





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 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 adopt 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.

Quilombola

Afro-Brazilian resident or rightsholder of quilombo settlements first established by escaped enslaved people in Brazil. They are the descendants of Afro-Brazilian enslaved people who escaped from slave plantations that existed in Brazil until their abolition in 1888.

Roundtable on Sustainable Palm Oil (RSPO)

Established in 2004, RSPO is a not-for-profit, international membership organization that unites stakeholders from the key sectors of the palm oil industry to promote the growth and use of sustainable palm oil through credible global standards.

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 encourage 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 phrase 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 future generations 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 that is carcinogenic and highly suspected to be genotoxic in humans, has male anti-fertility effects, and is a chemical byproduct that may be formed in foods, the most commonly found member of chemical contaminants known as chloropropanols.





# Contact

We welcome feedback on this report and our sustainability performance in general. Please contact Social and Environmental Responsibility Coordinator, Wander Antunes.

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Sustainability  
Report

