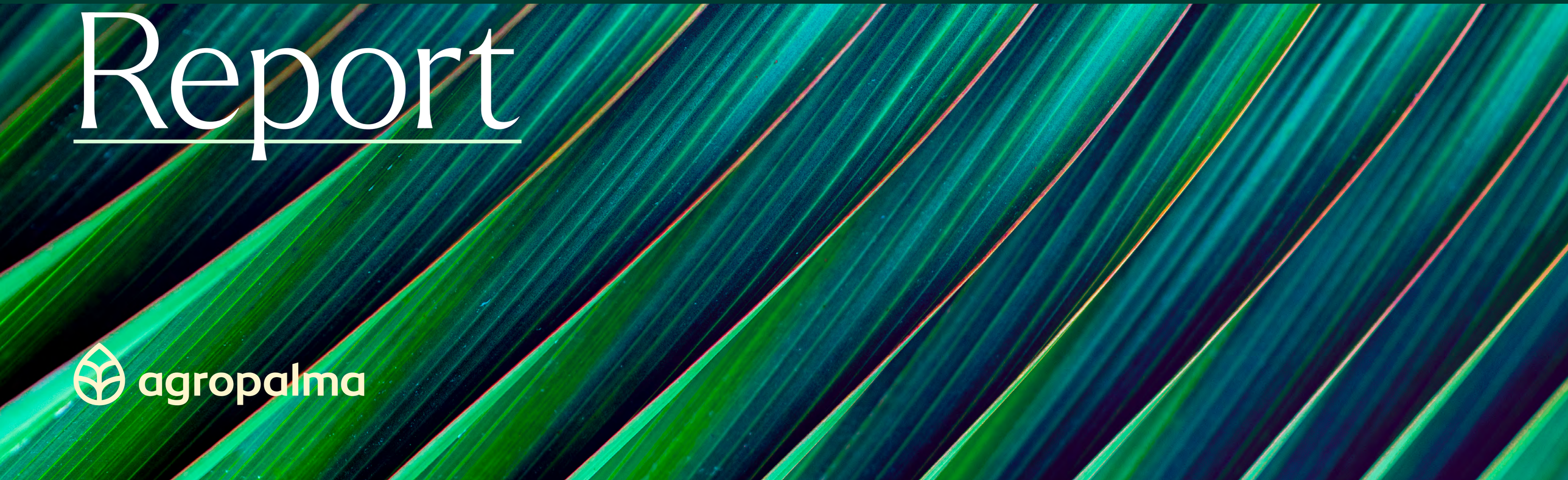
2023 Sustainability Report



agropalma

The fruits we harvest and transform supply industries and enrich stories, while we make the Brazilian palm synonymous with preservation and sustainable production.

Clediane do Socorro Mendes Cruz is a family farmer with her husband Raimundo Nonato Gonçalves Pompeu, in the village of Jutaiteua, in the municipality of Moju (PA)

Welcome statement

Dear Reader,

Agropalma is pleased to present our sustainability report for 2022 and 2023, which outlines our efforts, successes, and challenges over the last few years.

We have worked hard to maintain and enhance our performance. The recent period has been exceptionally positive in terms of performance and financial results, and we have achieved record revenue and profitability. During this time, Agropalma has successfully engaged new family farmers and integrated outgrowers into our supply chain. We have also initiated a seedling cloning laboratory and achieved the occupational health and safety objectives that were outlined in our last report.

We have also had to grapple with major social challenges that affected our business and contributed to the loss of RSPO certification in five of our mills. In 2022, two land invasions occurred on our property. In the most recent incursion in November 2023, we were shocked to discover a deceased person on our farm in circumstances that are still being investigated. We are deeply concerned about this incident and are fully collaborating with the authorities to ensure that this case is swiftly resolved.

Despite these setbacks, we have made solid progress on the social agenda. As part of our collaboration with SENAI to offer professional training courses in mechanics, electrical engineering, and electromechanics to 250 students in the rural area of Tailândia, Pará, we are proud to report that half of the participants are women. This initiative forms part of our efforts to promote gender equality across Agropalma. Women currently comprise 21% of our employees – a significant increase from 2018, when they only accounted for 12%.

Our Somar program is particularly noteworthy. It was established in partnership with the NGO Earthworm Foundation and aims to promote the preservation of the forest and biodiversity and the economic and social development of communities, to strengthen, improve, and establish positive dialogues with the 33 villages in the surrounding area, and further develop integration between the company and our surrounding communities. We have facilitated dozens of meetings, with around 500 participants expressing their positions, needs, and priorities. These efforts have resulted in 43 project ideas, which will be used to jointly develop specific action plans for villages interested in continuing their involvement with the scheme. Topics included education, infrastructure, environment, health, and well-being.

Deforestation and climate change remain top priorities for Agropalma. In recent years, we subsequently developed new initiatives to enhance forest protection and reduce greenhouse gas (GHG) emissions.

Thanks to our partnership with Biofílica Ambipar, we established the Ararajuba REDD+ carbon credit. The revenue will help protect and monitor forest reserves and develop programs to generate employment and income opportunities for the surrounding communities.

As part of our ongoing initiative to reduce GHG emissions, we have made progress in constructing the first stage of a composting plant, which will convert empty bunches (EFB) and effluents from the palm oil extraction process (POME) into organic fertilizer. By doing so, we will eliminate methane emissions from treatment ponds and reduce our reliance on chemical fertilizers, which are two of our primary sources of GHG emissions. These emissions reduction measures have also positively impacted our Limeira refinery. For instance, we have replaced our diesel-powered customer-delivery truck with one that runs on natural gas. This endeavor has been so successful that we have added a second gas-powered vehicle to our fleet. We plan to incorporate new units as part of the continual development of our natural gas supply infrastructure.

At our refineries, we have also upgraded our laboratories with advanced equipment to monitor levels of 3-MCPD, GE, and MOSH-MOAH. As one of the few companies in Brazil that can perform these analyses, we have been able to promptly meet our customers' international quality standards for food safety.

Backed by over 42 years of experience in the Amazon region, Agropalma is poised for a bright future. Our strengths lie in the vertical integration of our supply chain, which enables us to serve niche markets with flexibility and agility. To maximize the value of these competitive advantages, we will continue to invest in improving agricultural and industrial efficiency by adopting best management practices and nurturing our relationships with local communities. Moreover, we are committed to preserving our credibility with our customers and stakeholders by transparently managing disruptive events such as land invasions. To help achieve these goals, establishing and reinforcing partnerships with the third sector will be crucial.

Although we still have some way to go toward achieving gender equality, Agropalma is focused on addressing cultural, management, and infrastructure challenges, especially in operational and senior management positions, which are currently held mainly by men. Simultaneously, creating more opportunities for women at all company levels is crucial, including roles traditionally dominated by men, like heavy machinery, driving trucks, and leading operational teams.

We have high expectations for our newly established cloning laboratory. As we continue to adjust to climate change, we aim to create superior genetic seedlings to increase agricultural yields, enhance extraction rates, and adapt to shifting weather patterns.

In conclusion, we would like to extend our heartfelt thanks to our employees, customers, suppliers, NGOs, and other partner organizations and individuals. Agropalma's growth and success as a beacon in sustainable palm oil production would not have been possible without your support.

Warm regards, and please enjoy your reading.

André Borba, André Gasparini, Edison Delboni, Marcella Araújo and Tulio Dias Brito
Executive Board of Agropalma Group

Highlights and achievements 2022-23

No deforestation P. 33

64,000 hectares of protected forest stewarded by 40 permanent rangers

Living wage P. 55

Documentation completed for all three Agropalma operational sites

Diversity P. 58

21% of employees and 50% of apprentices and mill managers are women

Innovation P. 18

Opened Brazil's first non-GMO clone laboratory

Health and safety P. 64

Zero fatalities and an industry-leading low accident rate

Climate change P. 38

24% reduction in GHG emissions from baseline (2017)

Community relations P. 49

Launch of SOMAR project with initial engagement of over 500 community members

Quality P. 22

Refineries upgraded to detect and avoid 3-MCPD, GE, and MOSH-MOAH

New products P. 23

New vegetable oil-based flakes canreplace petroleum products for wide-ranging uses

Chemicals P. 44

75% reduction in glyphosate usage since 2019

Smallholders P. 47

Family farmers earned on average more than double Brazilian GNI per capita

Targets

Our journey to continuous improvements

In 2024, we reviewed our approach to target-setting, to ensure that our focus and effort remains on material issues, and that our key objectives are measurable and ambitious, but achievable.

SUSTAINABLE DEVELOPMENT GOAL	1. No poverty	2. Zero hunger	3. Health and well-being	5. Gender equality	8. Decent work and economic growth	13. Climate action	
MATERIAL ISSUE	Smallholders	Innovation and production	Health and safety	Human Rights	Labor conditions	Climate Change	Non-food diversification
OUR GOAL	Support family farmers and ensure that their incomes continues to outpace average Brazilian income	Enhance production through innovation	Provide a safe working environment	Balance our labor force gender composition to reflect the Brazilian average (43% women in 2023) Balance our labor force racial composition to reflect the state average	All employees are paid a living wage and maintain an updated living wage index for all operations	Reduce and monitor greenhouse gas emissions	Increase share of non-food sales in portfolio
TARGET INDICATOR	Average family farmer income remains 100% above Brazilian GNI per capita	Increase yields by 10% by YE 2027 Increase CPO extraction rate by 5% by YE 2027 Clone lab to produce two million seedlings annually by YE 2028	Zero fatalities Maintain lost time accident rate below 0.2	Increase percentage of women year-on-year at all job levels Include racial breakdown in 2024/25 Sustainability Report	Full reassessment complete and include permanent service-provider personnel for Belém – 2026 Limeira – 2027 Tailândia – 2028	Operational* emissions reduced 50% by YE 2030 GHG protocol scope 1, 2 and 3 reporting completed every two years	Biofuel operations resumed by YE 2025 Share of non-food sales exceed 31% by YE 2025

* Excludes previous land use change and crop and conservation sequestration.

Targets

Our journey to continuous improvements

SUSTAINABLE DEVELOPMENT GOAL	6. Clean water and sanitation	12. Responsible consumption and production			15. Life on land	17. Partnerships for the goals
MATERIAL ISSUE	IPM and pesticides	Quality	Organic certification	RSPO certification	Deforestation	Community relations
OUR GOAL	Maintain use of highly toxic herbicides	Meet our customers' international standards	Maintain organic certification	Recover RSPO certification for all operations	Maintain and protect forest reserves in Para and in Sao Paulo	Enhance ongoing engagement with local communities
TARGET INDICATOR	Rolling 5-year average of herbicide toxicity is reduced to below 417 by 2025	Zero deliveries rejected by customers due quality issues.	A minimum of 10% of planted area is certified organic	Five mills have completed RSPO audits by YE 2025 One mill has retained certification	No less than 64,000 hectares of land in Para is protected conservation area. No less than 5 hectares of land in Sao Paolo is protected conservation area	Continue to develop SOMAR in 2024 and 2025

Note: There are four highly material issues which do not have linked targets: In the case of *Land documentation and Impact of Invasions*, we do not believe that simple measurable targets will address such issues, and a significant portion is in the control of third parties, including the legal authorities. Please see page 15 which explains the issues and strategies employed to address these. For *Fruit prices for third party growers*, this issue is largely beyond Agropalma's control, as it is linked to the pricing set by competing mills. Finally, we do not believe it is possible to set a robust, measurable target for *Ethics and compliance*. Please see page 31 for an overview of our ethics framework and efforts.

1.

About Agropalma

Agropalma is a vertically integrated producer of premium palm oil products. We operate estates, mills, and two refineries, one in Northern Brazil's Pará state, and the newest one in Limeira, São Paulo state.

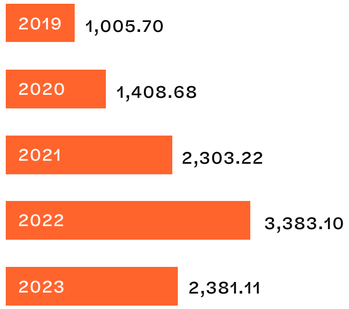
Our field operations span 39,600 hectares of Roundtable on Sustainable Palm Oil (RSPO)-certified oil palm, of which around 12% is certified organic. We are the primary caretaker and guardian of a 64,000-hectare Amazonian forest reserve. Agropalma also operates six mills and two refineries capable of producing an infinite variety of fully segregated palm products and fractions.

Agropalma operates in domestic and international markets and exports around 4% of our production, mainly to Europe and the United States.

Maurício Viana began a partnership with Agropalma in Family Farming. The property, which was started by the patriarch to grow palm oil, went through a process of professionalization with the entry of his son, Ismael Viana, into the business

Total revenue agropalma group

(BRL million)



We are part of the privately owned Brazilian **Apar Holdings**, which operates across various industries, including agribusiness, food, beverages, conventions, communications and media, and hotels.

Ownership and governance structure

Agropalma Group was established in 1982 and comprises three companies: Agropalma S/A, which produces CPO and PKO, Companhia Refinadora da Amazônia (CRA), our first refining company, and Indústrias Xhara Ltda, the most recent refinery. Our 2023 revenue was BRL 2.4 billion—on par with our revenue in 2021 but a reduction from BRL 3.4 billion in 2022. The increased revenue in 2022 was primarily a result of historically high CPO prices, which significantly declined in 2023.

We are part of the privately owned Brazilian Apar Holdings, which operates across various industries, including agribusiness, food, beverages, conventions, communications and media, and hotels. The agribusiness segment accounts for more than half of Apar's revenues.

Our Group business strategy and development objectives are led by an experienced board, which meets bimonthly. The board comprises an executive president (currently vacant) and seven nonindependent executive directors, including Agropalma's Director of Sustainability. As of March 2024, all directors are Brazilian, and one is 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. Each site includes a team of senior managers who oversee operations and share several corporate support functions, such as finance, IT, and group human resources.

Board of shareholders

Executive board (incl CEO)

Agriculture director

- NEW PLANTINGS
- FFB PRODUCTION
- FFB SUPPLIER ENGAGEMENT
- PHYTOTECHNOLOGY
- AGRICULTURE MECHANIZATION AND R&D

Extraction Mills Director

- MILLS OPERATION
- MILLS MAINTENANCE
- ENERGY EFICIENCY
- PROJECTS AND TECHNICAL SUPPORT

Finance director

- FINANCIAL CONTROLS
- TREASURY
- TAXES
- IT
- OPERATIONS, SOURCING, AND TRADING

Administrative director

- OCCUPATIONAL HEALTH
- OCCUPATIONAL SAFETY
- ENVIRONMENTAL MANAGEMENT
- INFRASTRUCTURE AND VEHICLES WORKSHOP
- QUALITY CONTROL

- PEOPLE AND MANAGEMENT (HUMAN RESOURCES)
- SUPPLIES
- LOGISTICS
- PLANNING AND CONTROL OF PRODUCTION
- LEGAL AND PUBLIC

Commercial director

- SALES
- PRODUCT R&D
- MARKETING

Sustainability director

- CORPORATE COMMUNICATIONS
- SOCIAL AND ENVIRONMENTAL RESPONSIBILITY
- INTEGRATED MANAGEMENT SYSTEM

Refineries director

- REFINERY
- SHORTENING FACTORY
- BIODIESEL (BELÉM)

Corporate audit

CORPORATE FUNCTIONS

Our plantations and land

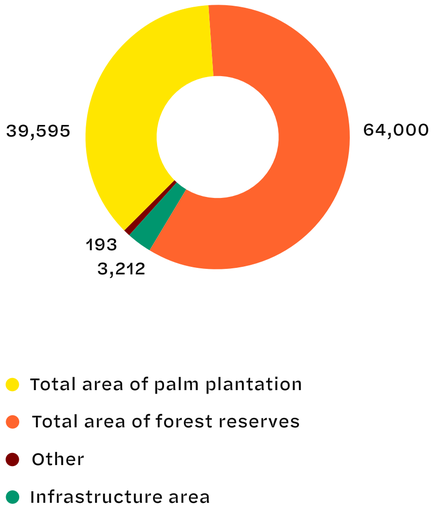
Our palm oil estates are in Northern Brazil in the Amazonian state of Pará. Our total land area covers 107,000 hectares plus 503 hectares of leased land, with 39,595 hectares planted with oil palm, 4,866 hectares of which are organic—an increase of 19% from 2021. Just over 3,200 hectares are used for infrastructure, such as mills, roads, and housing. The remainder, approximately 64,000 hectares, is protected forest reserve, which we manage and enhance. 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.

Weather conditions have been challenging during the past ten years, with minimal rainfall and long dry seasons resulting in lower yields. This has hampered new investment, including replanting, and significantly reduced our overall productivity. To increase output, we are trialing a best management practices program, which we hope will help reverse this downward trend.

Due to improved land locations, we are pleased that family farmers have been less impacted by severe weather and currently have yields above 23mt/ha.

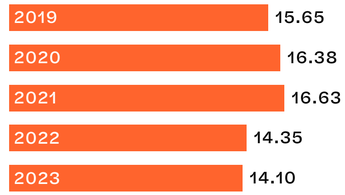
1. In 2021–22, we expanded our organic area, reaching just over 8,000 hectares in 2022. However, due to a lack of organic market demand for the specific type of palm oil grown in part of this area, organic certification was discontinued for just over 3,000 hectares.

Agropalma land (Total: 107,000ha)



Yield per hectare

(MT FFB/Ha - mature palm over than 8 yo)



Extraction rate

(MT CPO/MT FFB processed)

Climatic issues have also affected the quality of our fruit, leading to a reduction in CPO extraction rates. Nevertheless, this decrease has been somewhat offset by mill innovations, such as enhanced deflector-plate steam-contact procedures, upgraded sterilization equipment management, and new EFB presses that are being implemented in some of our mills.

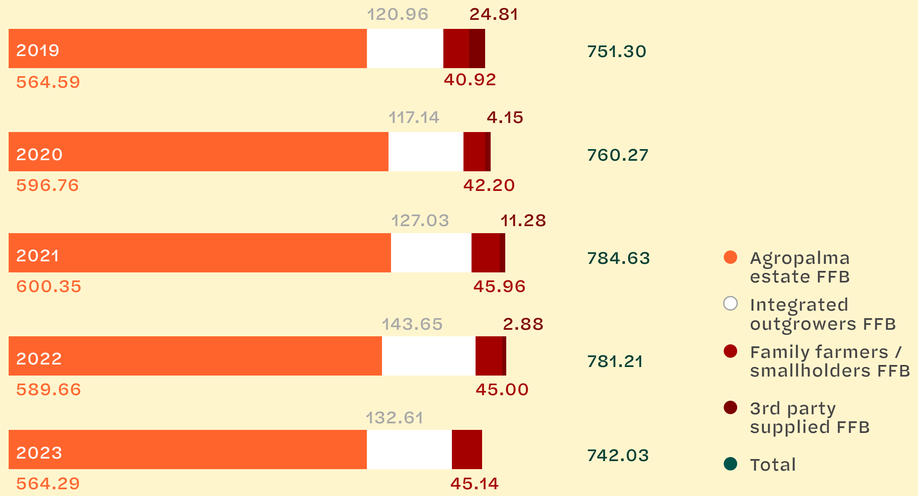
To strengthen our vertical integration and control over planting materials, we have built a non-GMO clone laboratory, which began production in January 2024 and is the first of its kind in Brazil. This will reduce our dependency on imported seeds, allow us to develop planting materials specifically suited for our climatic conditions, and enable the development of palms with lower fertilizer requirements and higher-quality oil.

Our mills

Agropalma operates six mills with integrated kernel crushers, one of which is used for identity-preserved certified organic oil. The newest of our mills, commissioned in 2015, were built to operate with the smallest possible environmental footprint. The mill uses an advanced palm oil mill effluent (POME) treatment system that treats not only its own effluent but also that from an older neighboring mill. Although the newer mill was initially designed to allow for methane capture, we have decided to tackle methane emissions from POME with an innovative aerobic composting system that we believe will avoid 90% of POME emissions once it is fully operational by 2030.

Our six mills process around 742,000 metric tons of FFB annually. 24% of our processed fruit is derived from external sources: 6% from family farmers and 18% from integrated outgrowers. Before sourcing fruit from outgrowers, our team completed a detailed assessment to ensure the fruit was not linked to deforestation, land issues, or labor concerns. Agropalma verified documents and maps to establish land-use change history. We also confirmed that the area did not breach the Brazilian legal 2008 cutoff date and adhered to all agroecological zoning restrictions. We visited and interviewed field workers and contractors to verify labor conditions.

Fresh fruit bunch produced (MT)



Biodiesel plant (Belém-PA)

Land management and claims

Agropalma believes that respecting local communities and adopting a participatory approach to obtaining free, prior, and informed consent (FPIC) is the only sustainable way to ensure the longevity of an agricultural crop with an average lifespan of 30 years. Since its inception, Agropalma has prioritized ensuring that land titles are properly processed for existing and new plantings. This applies to our productive land and forest reserves. Similarly, we have made every effort to assist outgrowers and small farmers who supply us so that there are no disputes over planted areas. Since 2011, we have been certified against the RSPO P&C, which has strict criteria on land rights. The POIG Charter's land rights criteria are also stringent, and we were verified against them for seven years. During these extensive audits, we have never had any nonconformities raised concerning land documentation.

However, during the past two years, a series of invasions into our forest reserves and land claims have caused significant disruption to our operations, the security of our workers, and the surrounding communities.

The Quilombola invasions

In February 2022, a group of approximately 50 individuals entered Agropalma's plantations and camped in 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 inhabited.

The group's leaders were unwilling to enter into any dialogue with us, stating that they "would only leave the area after receiving a court decision." Since Agropalma has been in possession of the land for over 40 years and had not been shown any evidence that the claimed land was, in fact, Quilombola territory, we initiated a series of nonviolent legal and administrative measures that followed the applicable legislation and aimed to resolve the issue.

Agropalma was concerned for the safety of our employees and for the protesters who were camped on the land, as well as with the integrity of company assets. Therefore, to prevent more individuals from accessing the land—and to help prevent direct or physical confrontation—truck container barriers were erected, and two trenches were dug to avoid the access with cars and trucks, but still allowing foot traffic.

We have made every effort to assist outgrowers and small farmers who supply us so that there are no disputes over planted areas

To reiterate what has already been reported online: Agropalma never attempted to forcefully remove the protestors, nor did we prevent entry onto our land as long as each individual registered with our security teams. Furthermore, before the invasion we never created obstructed visits to the cemetery or blocked the movement of local people.

Following legal proceedings, 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. Moreover, 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 vacated the area on February 25, 2022, and Agropalma provided transportation to help them leave. We believe that the conflict was resolved in the best way possible: quickly, peacefully, and by mutual agreement.

A second invasion involving a bigger group took place in December 2022. Although some group members behaved threateningly and violently, we resolved the conflict peacefully in the Agrarian Court. Here, both parties reaffirmed the settlement established in February 2022, and the area was vacated in just one week.

Agropalma has sought to understand the basis of the claim and discovered that the group had been registered as a fishers' association until 2016. After that, its statutes and bylaws were changed to become the Quilombola Association (ARQVA).

Fragment of the forest reserve maintained by Agropalma

In 2023, we invested heavily in engaging with the communities surrounding our plantations. This included our SOMAR dialogues (see page 50), which helped us to understand whether the Quilombola Association was supported locally and ensured that we identified any potential grievances that might be integral to this conflict. However, it soon became very apparent to us that the issues were primarily instigated by outside groups.

Due to a lack of land claims evidence and concerns that some of the disputed lands impeded not only on Agropalma property but also village and farmer land, as part of the settlement set in February, both parties agreed to resolve this issue through the appropriate administrative authority: the Lands Institute of Pará State.

However, our ongoing attempts to seek a peaceful administrative solution were significantly disrupted by a third invasion in November 2023, which coincided with the last day of an RSPO audit. This lasted a relatively short time, and only a small group of people riding motorcycles were involved. However, during this invasion, a man was found to have died of gunshot wounds, and the invading group claimed that Agropalma's security team was responsible for this fatality. This was a shocking occurrence, and the allegations were immediately investigated by Agropalma and the local police. Since the outcome of this investigation has not yet been made public, we cannot publish any details nor express our position on the matter. Following the incident, we expect the investigation to be rigorous and have provided the relevant authorities full access to our staff and our facilities.

Consequently, 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. The next stage is to await the formal position of the relevant state authority on the Quilombola claim and keep all our stakeholders closely updated.

The cost of conflict

In addition to the distress of these events taking place on our land, it is worth noting that the invasions have resulted in far-reaching operational and commercial consequences. In February 2023 and again in November 2023, our RSPO certification was suspended pending a review of land documentation in four of our farms. As a result, we have had to part ways with some long-standing customers who felt that the reputational risk of doing business with Agropalma was too high. Additionally, many of our workers were intimidated by the invading groups and have been concerned about returning to the vicinity of where the invasions took place. Because of this, harvesting and maintenance in the areas near to the invasion was interrupted, contributing to the loss of yields and increasing the risk of pests.

At the group level, the cost has also been considerable because a substantial amount of senior management's time and effort has been focused on resolving this case peacefully and responsibly. This has resulted in significantly decreased capacity to address broader and deeper strategic and operational issues, and many pending initiatives have had to be suspended until the legal situation can be resolved and our RSPO certification proceedings be concluded.

In our view, the RSPO system as a whole was under pressure, and as a result the CB required documentation from Agropalma not provided for in Brazilian legislation as proof of land use rights. After 7 months of exhaustive documentation sharing and explanations, the CB eventually agreed that indeed Agropalma have legitimate rights to all its land. Unfortunately, the CB only reached this conclusion after the deadline which was set to close the NCs and therefore the certificates of 5 of our 6 mills, and their respective supply bases, were terminated.

Jessica Ribeiro Soares – Plant Improvement Specialist - Clonal Seedling Laboratory, at Belém (PA) facilities

Investing in research and innovation

We strongly encourage all our operations to continue improving and innovating their processes to increase efficiency and quality, reduce resource use and costs, and safeguard employees' health and safety.

Our mills are committed to optimizing production, minimizing waste, and preventing contamination. In addition to our two mill production managers, we also have a manager responsible for water and energy efficiency and another for maintenance and new projects.

Mechanization

Our plantations have relatively high levels of mechanization, which we are continuously updating. In recent years, we have operationalized electronic truck monitoring, mechanical FFB loading, and other forward-looking field initiatives. In 2024, we will collaborate with the Brazilian Industrial Research and Innovation Company (EMBRAPII), the National Bank for Social Development (BNDES), and Senai Cimatec in a pilot project to develop an automated harvester prototype. If successful, this will increase productivity and provide more training opportunities for Agropalma employees. Despite our best efforts and expectations, we acknowledge that developing an operational and competitive harvesting machine can be a formidable challenge.

Guiding the future with best management practices

In the last few years, our Best Management Practice (BMP) pilot program has delivered outstanding results. This initiative demonstrates how modifying existing agricultural practices can significantly enhance yields and fruit quality. As part of this project, we are using cutting-edge mapping and drone technology, which is helping us develop even more robust agricultural practices and integrated pest management. The findings of this pilot program will form the basis of new planting techniques and additional investment.

Brazil's first oil palm clone laboratory

In 2023, in partnership with the Federal University of Viçosa, we commissioned our clone laboratory on the grounds of our Belém refinery. The laboratory will be the first of its kind to deliver oil palm planting materials specifically tailored to the Brazilian climate and agricultural conditions. Our planting materials were selected to improve product quality, shorten time-to-harvest, reduce the need for fertilizer by up to 20%, and accommodate the lower rainfall we have become accustomed to over the last decade. We expect the facility to initially produce around 400 thousand seedlings in its first year and steadily increase to 2 million annually.

In addition to oil palm, the laboratory will also eventually develop planting materials for other crops common in Brazil and Pará, such as açaí palm and coconut.

Clonal Seedling
Laboratory - Belém (PA)

Comparison of ergonomics and improvement of palm nursering process

Homegrown innovation in our palm nursery

One of our most promising initiatives has been introducing new technology to improve our nursery's efficiency, reduce plastic and pesticide use, and provide a better working environment for our nursery employees.

The system was developed by Agropalma's agricultural team and involves replacing plastic bags previously used for seedlings with paper bags inserted into hard plastic trays. The trays are then elevated onto a platform, thus minimizing direct ground contact and reducing the risk of contamination from pests, diseases, and weeds. A novel irrigation system will also help reduce water usage.

Besides the obvious environmental benefits, our nursery employees are sure to appreciate a more ergonomic standing position compared to previously needing to bend and crouch. The platforms will simplify the process of moving trays, resulting in better productivity with less physical effort. We expect this new system will increase our production from 600,000 to one million seedlings annually and allow more women to be engaged in the nursery.

A new technology to improve our nursery's efficiency, reduce plastic and pesticide use, and provide a better working environment for our nursery employees.

We are using cutting-edge mapping and drone technology, which is helping us develop even more robust agricultural practices and integrated pest management

Geoprocessing drone, agricultural R&D tool

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 and works closely with our clients to understand their needs and supply products that meet their commercial requirements.

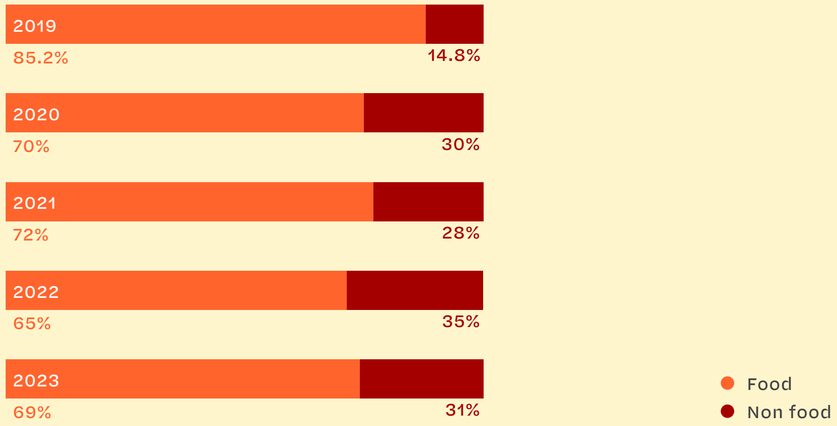
Agropalma takes a customer-centric approach, offering high quality and high-value-added solutions for both the food and nonfood markets. Our extensive national sales force, which covers all of Brazil, and a sales team for our international customers in the United States and Europe, enable us to respond rapidly to market demands.

Our two refineries in the states of Pará and São Paulo produce a broad range of products. Our operations include a state-of-the-art shortening factory capable of producing sophisticated product ranges tailored to our customers' specifications. It also includes a strategic R&D department equipped with a pilot application plant so that customers can develop and test their ingredients and products without disrupting their own production process. Moreover, we have expanded our quality control focus, installing equipment to analyze and detect contaminants, such as 3-MCPD and GE, allowing us to monitor and remedy potential issues much sooner.

Due to the pandemic, the food service industry experienced a downturn in demand in many countries, resulting in a shift away from food, especially fast food, to nonfood markets.

Palm tree fruit

Sale by customer type



Bulk and packed products

- Palm and fractions
- Palm kernel and fractions
- Filling fats
- Confectionary fats
- Emulsified fats
- Cocoa butter substitutes
- Frying fats
- Bakery fats
- Bouillon fats
- Ice cream fats
- Dairy alternative fats
- Spread fats
- Palm and soy flakes
- Various palm oil–based alternatives to cosmetic and oleochemical ingredients

We capitalized upon this trend by focusing on developing more products for the nonfood segment of the personal care industry and other markets. Our latest innovations include palm and soy wax in flakes, which, as a vegetable alternative, can substitute petroleum-based products in cosmetics, pencils, crayons, paper coating, candles, and lubricants. This can also be used in some food applications.

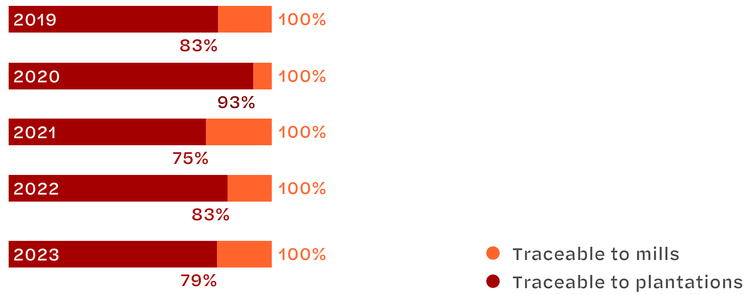
In 2025, we will resume small-scale biofuel production at our Belém refinery, with a capacity of 18 million liters annually. This is an excellent way to utilize residues and palm oil that is unsuitable for other uses, such as oils with high levels of free fatty acids.

Traceability

Our customers demand supply chain transparency so that they can be confident in how their products and ingredients have been grown and manufactured. Our long-term engagement with family farmers and integrated outgrowers allow us to deliver refined and bulk products according to market demand, assuring traceability and compliance with EUDR.

Since the opening of our Limeira refinery, Agropalma Group has started sourcing CPO and PKO—accounting for around 27% of our refining capacity. To ensure that oil purchased from other companies complies with our standards, we have established a sourcing and trade department to oversee the implementation of our Responsible Sourcing Policy (RSP), allowing us to trace these oils at the mill level. In 2023, our two refineries purchased 27% (48,091 MT) of palm oil products from 45 external mills. This is a significant simplification of our supply chain, as we sourced from 313 mills in 2021, allowing us a much greater level of transparency and control. 79% of all palm oil purchases by our two refineries are traceable to plantation, and 100% are traceable to mill.

Refined product traceability



2.

Our approach to sustainability

Osvaldo Serra de Jesus, a partner producer in Agropalma's first Family Farming project

Since its early days, Agropalma has been guided by a robust set of principles that are integral to everything we do. Our overriding philosophy incorporates a no-excuses culture where legal compliance and integrity are nonnegotiable. We believe that social and environmental responsibility are critical foundations of a successful company.

Our values

- Integrity
- Competitiveness
- Sustainability
- Innovation
- Competence

Our approach has developed organically over the company's lifespan. We have drawn on progressive certification scheme requirements, global frameworks, stakeholder feedback, and strict adherence to Brazil's robust environmental, social, and ethical legislation. These aspects and standards are outlined in our **Corporate Social and Environmental Policy**—a guiding document that ensures our values are being met.

As an extension of our Sustainability Policy, our **responsible sourcing policy** ensures that external FFB to our mills and palm oil to our refinery conforms to our 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 Shareholders instead of 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 toward our vision of being a universal reference point in palm oil sustainability, we continually explore improvements and next steps to help us meet future expectations and build a competitive marketplace advantage.

Certification

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

RSPO certification

Since its foundation in 2004, we have actively participated in the Roundtable on Sustainable Palm Oil (RSPO). We have served on the organization's Board of Governors, participated in all the review stages of the Principles & Criteria, and contributed to numerous working groups and task forces. We are proud to have been the first Brazilian company to become RSPO certified in 2011 and subsequently achieved certification for our family farmers and outgrowers in 2014.

From our initial certification until the end of 2022, we were audited against the RSPO P&C on twelve occasions, and only a few minor nonconformities (NCs) were uncovered during this time.

However, due to extensive media coverage of alleged human rights violations and purported unlawful land acquisitions, our certification body (CB) found it necessary to conduct an investigation audit. The process involved interviews with communities and representatives from the group making these allegations. Following completion of the audit in January 2023, the lead auditor concluded that despite the dissatisfaction of some interviewees, no evidence of NCs relating to the indicators the audit was investigating under Principle 4 had been observed. Therefore, no NCs were raised.

We were subsequently astonished when we received a suspension notice from the CB based on the findings of the 36 NCs. We immediately lodged an appeal to the CB, the RSPO, and its accreditation body, ASI, disputing the CB's findings and citing severe shortcomings in the audit process. Further investigation determined that the CB had indeed conducted a faulty process and that the vast majority of the 36 NCs that led to our suspension were unproven. The remaining nine nonconformities were addressed in an action plan, which we shared with the CB and the RSPO. As a result, our certification was reinstated in June 2023. The CB involved with our audit subsequently decided to stop providing services for the RSPO P&C audits.

Unfortunately, following another significant incident, our suspension was reinstated in November 2023. We emphatically opposed this decision, which was based on an alleged lack of proper land documentation for some of Agropalma's farms. After seven months of suspension, the CB was finally satisfied that the land documentation provided was legitimate and that our company had the legal and legitimate rights to those specific farmlands. Unfortunately, the NC was closed in May 2024 - after the deadline - so 5 of Agropalma's 6 mills had their certificates terminated.

Although we have always been staunch supporters of the RSPO and its mission to promote sustainable palm oil production, we would like to express our disappointment with the events of the past 18 months. We recognize that the RSPO is a multi-stakeholder organization and must take any allegations of land issues and violence very seriously. However, given that Agropalma is an active member of RSPO and is a consistent

Aerial view of palm plantation and forest reserve

advocate for higher standards in palm oil production, particularly human rights, we would have expected that our strong track record speaks for itself and would have at least warranted a more thorough examination of the facts. In both our suspensions, we believe that the CBs hurried and contravened the RSPO Certification procedures to make the suspension possible or keep the suspension. In particular, the RSPO system has been weak in holding the CBs to account and has shown itself unable to handle such issues in a timely and effective manner. The commercial impact of even a short suspension is enormous and can seriously disrupt our operations and our ability to focus on innovation and sustainability efforts.

That said, Agropalma remains fully committed to the RSPO and has already started the preparations for a new certification proceeding by engaging with consultants, updating LUCA, SEIA, HVC and HCS studies, reviewing procedures and redefining the supply base for each of our mills. We are hopeful that RSPO system does not challenge the status of our land documentation anymore, given the extensive documentation presented, and its acceptance by the original CB. We will post updates on our website as soon as any new information becomes available.

Organic certification

We have been certified against organic standards since 2006 and also recently achieved certification against the Chinese National Organic Standard. A total of 4,866 hectares is allocated for organic palm oil, and we have increased our organic plantings by almost 20% since 2021. In 2022, our certified organic area briefly comprised just over 8,000 hectares. However, since much of the area was planted with hybrid oil palm, which produces an oil type that garners low demand for the organic market, certification for this area was discontinued.

Winding down the Palm Oil Innovation Group

From 2014 to 2023, Agropalma was an active member of the Palm Oil Innovation Group (POIG) and verified against the POIG Charter and indicators. POIG was an initiative developed in collaboration with progressive palm oil producers and international NGOs, such as Greenpeace, Rainforest Action Network, Forest Peoples Programme, and WWF. The initiative was based on the RSPO standard but attempted to strengthen RSPO systems by improving the requirements and demonstrating innovative and robust ways of implementation, including no-deforestation policies, labor standards, community engagement, and corporate transparency.

After a decade of this innovative partnership, which was instrumental in making the RSPO P&C more robust concerning many key issues, POIG was concluded in November 2023. Key initiatives were summarized and published on www.poig.org. These included Agropalma's efforts on a living wage, biodiversity protection, and labor standards. Although the verification scheme is no longer active, Agropalma will continue to take guidance from the standards set out in the POIG Charter.

Discontinuation of Fair Trade certification

For more than a decade, Agropalma has been Fair Trade certified. However, in 2023, the certification body changed, and it was no longer viable for the company to maintain this standard. Although we are still open to reinstating the certification with a parallel standard, market demand is relatively low, and this is not a current priority. However, all initiatives, programs, and funds incorporated in the Fair Trade system will remain in place so that beneficiaries will see no practical implications from the change.

Our dedicated health, safety, and environment departments work diligently to facilitate ongoing compliance and improvement and ensure that we meet all legal requirements and commitments.

Adryanne Santos Lobato, Einna Samarah Barbosa de Sousa and Laís Mileni Carneiro Quaresma - Agropalma School's employees

Silvana Pereira da Silva, industry production operator at Tailândia (PA) plant

Sustainability management structure

Although we understand the importance of making sustainable decisions across our operations, we also realize the need to drive constant improvement, track compliance, and measure overall performance. Hence, our dedicated health, safety, and environment departments work diligently to facilitate ongoing compliance and improvement and ensure that we meet all legal requirements and commitments. Moreover, our social and environmental responsibility department is committed to better engaging with our customers and local and global civil society stakeholders. This department also oversees our external partnerships and collaborations with local NGOs. All our teams support our plantations and refineries.

Sharing our experience and engaging with stakeholders

Agropalma understands that stakeholder inclusiveness and responsiveness are critical for our license to operate and our success as an employer, corporate citizen, and commercial entity. Although the past year has been particularly challenging due to several instances of conflict with local action groups, we remain committed to our open-door policy and transparency, limiting access only where it conflicts with safety or legal restrictions.

We strongly believe that our experience as a sustainable oil palm grower can inspire our industry peers, and we remain actively engaged in the continuous development and improvement of the entire palm oil industry. Our Director of Sustainability is part of the RSPO P&C Review Taskforce, which is responsible for updating the RSPO standards. We have also remained active participants in the RSPO Human Rights Working Group and its gender subgroup. As the first Brazilian palm oil company to be RSPO certified, we have also provided informal support for Brazilian palm oil companies hoping to achieve the same.

In addition to supporting the palm oil sector, we offer our expertise and experience to several regional and national sustainability initiatives. We are represented on the Board of Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPACTO) and are active members of the Coalizão Brasil, Clima Florestas e Agricultura; Fórum Amazônia Sustentável; and Parceiros pela Amazônia (PPA).

We provide local communities and smallholders with dedicated contact points to request support or assistance, facilitate regular dialogue, and raise grievances or concerns. However, the past year has demonstrated that we need to develop a more proactive engagement approach.

In 2022, a customer invited us to participate in a compliance project run by the local chapter of the nonprofit Earthworm Foundation (SOMAR). Once the project concluded, Agropalma was impressed with the approach to community engagement and FPIC, so engaged directly with Earthworm to extend and expand the project's scope (see page 50 for more details). We are confident that this project will help foster a deeper and more comprehensive relationship with local communities.

Other projects, such as our REDD+ initiative in partnership with Biofílica Ambipar (see page 36), also involve significant community and commercial engagement.

We endeavor to stay responsive and maintain an open communication channel with our customers. After two years of travel restrictions caused by the pandemic, we are once again welcoming customers to our sites and addressing their potential concerns.

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

Ethics and integrity in Agropalma

As part of our culture of no excuses, it is essential that we maintain integrity throughout our operations. Consequently, our zero-tolerance attitude to bribery and corruption is reiterated in our sustainability policy. As part of our commitment to legal compliance, we have strengthened our safeguards to ensure adherence to the 2013 Brazil Clean Company Act.

This Act holds companies responsible for their employees' corrupt actions and mandates strict liability for such offenses. Companies can face fines of up to 20% of their previous year's gross revenues, suspension, or dissolution.

We have established a detailed Code of Conduct for our employees and a similar code for our suppliers and service providers. The code for external partners clearly sets out stringent requirements for working with us, including several comprehensive anti-corruption measures, such as limits on hospitality and gift giving. The code also mandates that suppliers and service providers take full responsibility for legal compliance, including, but not limited to, labor standards and wages. These codes are incorporated into our standard contracts.

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

3.

Environmental responsibility

Forests and biodiversity

Agropalma's land includes the largest conservation area of any palm oil grower in the world. Indeed, despite being one of the smaller RSPO growers, Agropalma's conservation area exceeds 20% of total RSPO conservation area[2]. Our 64,000-hectare forest reserve was partially established as a legal requirement for Brazilian plantations, but we have enhanced our conservation stewardship efforts to ensure that the land is adequately monitored and protected. This involves forging long-term partnerships with local and international conservation NGOs and building alliances with communities whose livelihoods depend on the forests and rivers.

Agropalma's plantations are in Brazil's Amazônia region, which is home to some of the world's most extraordinary wildlife and ecosystems. However, this environment is severely threatened by 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 strict no-deforestation policy and ceased all forest conversion in 2002.

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 have also been discovered. Although initially limited to Agropalma's forest reserves, in 2020, our monitoring efforts were expanded to include forest reserves belonging to some of our FFB suppliers.

We have partnered with the National Initiative for Conservation of the Brazilian Tapir (INCAB) and the Instituto de Pesquisas Ecológicas (IPÊ). Tapirs play a crucial ecological part in local ecosystems by dispersing larger seeds throughout the forest. In the last two years, the INCAB team has identified several areas they frequent. It will attach radio collars to selected tapirs to study their movement patterns and develop future science-based conservation initiatives. According to the IUCN, the lowland tapir is considered threatened due to hunting and habitat loss.

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.

2. According to the RSPO 2022 Impact Report, the total member conservation area in 2021 was 301,020 hectares. Roundtable on Sustainable Palm Oil. (n.d.) *Impact Report 2022*.

Defending our forests

Although many of our activities aim to conserve and enhance our forest areas, the most critical issue facing our Pará forest reserve is avoiding deforestation from illegal logging. We have subsequently developed a three-pronged strategy: monitoring and patrolling, enhanced security, and proactive engagement with local communities

We employ 40 permanent forest rangers who are led by three inspectors. These professionals continuously patrol our territory and engage with local and state government officials and industry peers to develop a security protocol for our entire operational area. Our park rangers are unarmed and primarily comprise locals hired for their native knowledge of the region.

The increasingly violent behavior of illegal loggers and repeated invasions of our land in 2022 and 2023 have sadly forced us to establish a security presence in and around our forest reserves. Currently, we have 68 contracted security personnel guarding gates and access points. Although armed and trained in firearm use, they have also received extensive training in human rights and nonviolent conflict resolution and dialogue.

Local communities continue to access the riverbanks either by using previously agreed pathways or by registering with our security personnel.

We believe local communities can play a proactive, positive role in forest conservation. In 2023, with the assistance of Earthworm Brazil, we established the SOMAR project, which aims to find ways of involving local villages and communities in forest protection. The project includes various activities, including participatory mapping exercises, environmental awareness, and identification of local infrastructure requirements.
(See page 50 for more information on SOMAR.)

Security department's employees, at Três Tubos gate at Tailândia (PA) plant

Atlantic forest restoration

Agropalma has extended its conservation efforts beyond the Amazon around our Limeira refinery. As part of the refinery's development plan, Agropalma has restored and reforested 2.5 hectares of Atlantic forest adjacent to the new plant. This distinct and fragile ecoregion extends along South America's east coast and continues inland to the Amazon. Although just 7% of the original forest remains, it is one of the most diverse ecosystems in the world and second only to the Amazon. This area is home to around 15,700 plant species and can contain up to 450 tree species in a single hectare. However, this biome is also under threat, with 6% of the genus and 45% of the species of plants being endemic[3]. Trees in the restoration project are getting taller each year, and their trunks are becoming more expansive. Many have started to bear fruit, and the forest canopy has thickened, creating shade and blocking direct sunlight from reaching the ground. In some parts of the forest, the grasses have disappeared, and the soil is returning to mature forest covered by a layer of dead leaves. New fauna, such as cougars, foxes, toucans, hedgehogs, and capybaras have also been sighted.

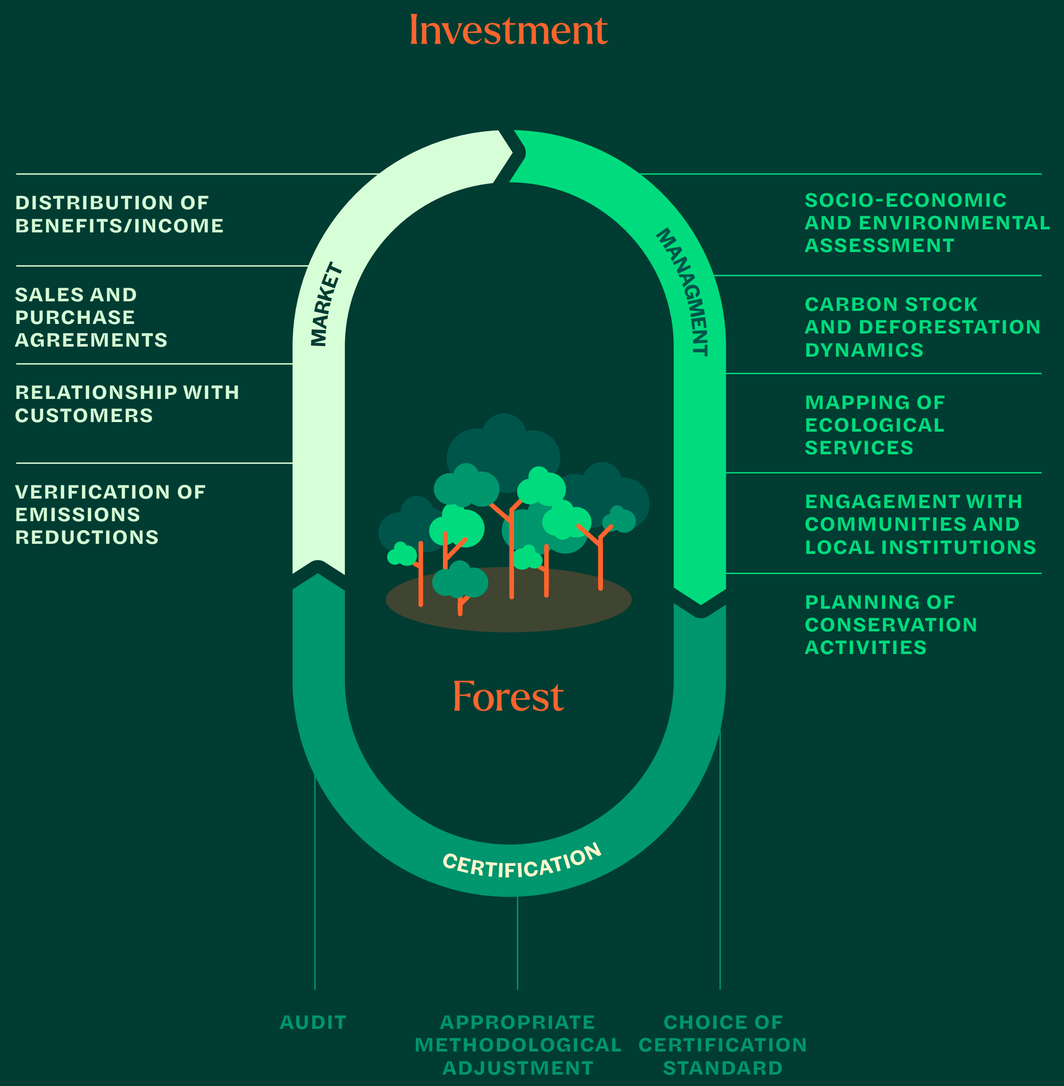
Aerial view of the area occupied by Limeira plant and development of Atlantic Forest reforestation area

3. Universidade Federal De Minas Gerais. (2010, August 2). Inventário confirma alta taxa de espécies endêmicas na Floresta Atlântica [Inventory confirms a high rate of endemic species in the Atlantic Forest].

Carbon credit: the Ararajuba REDD+ project

Ararajuba - an endemic Amazonian species identified on Agropalma's land

Reducing emissions from deforestation and forest degradation in developing countries (REDD+) is a series of measures to combat deforestation through social, climate, and biodiversity activities. These initiatives aim to reduce deforestation and forest degradation emissions, protect forest carbon stocks, promote forest biodiversity management, increase forest carbon stocks, and benefit surrounding communities. By protecting forests from deforestation, atmospheric carbon releases can be mitigated. Any avoided carbon can be counted as carbon credits. This instrument was developed within the UN framework. Learn more here.



Maria Luisa do Nascimento - partner farmer since 2006. Her sons also work as Agropalma's partner farmers in Cipoteuá community

By protecting forests from deforestation, atmospheric carbon releases can be mitigated. Any avoided carbon can be counted as carbon credits.

In 2021, Agropalma embarked upon a 30-year REDD+ project to further safeguard our forest reserves, focusing in particular on 14,000 hectares of forest under severe threat of deforestation. This will generate avoided emissions of just under 6.7 million MT CO2e during this period and preserve the area for 30 years. The project has adopted a community-based approach that will benefit not only the area's rich biodiversity but also deliver measurable livelihood improvements for the surrounding villages and communities.

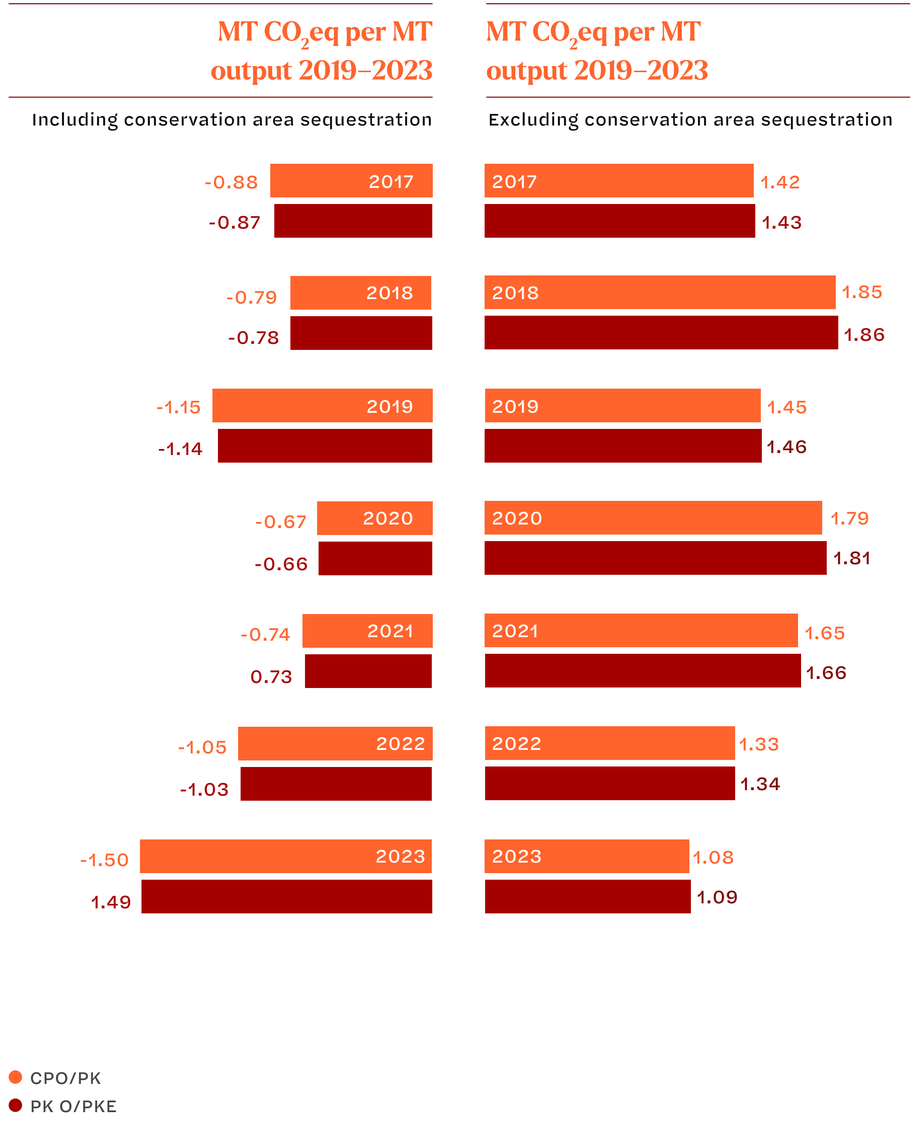
Over the past two years, the project has made significant progress by establishing a carbon inventory baseline, completing comprehensive biodiversity mapping, facilitating ongoing community dialogue, and subsequently securing backing from local stakeholders. Biofílica Ambipar, a Brazilian consultancy specializing in forest carbon credit, manages the project and is supported by Instituto Peabiru, Biodendro forestry consultants, and Ambiens climate experts.

Over the coming year, the project team will concentrate on validating the impacts against the leading Verified Carbon Standard, which is governed by VERRA. This will enable us to trade the resulting carbon credits and reinvest the proceeds into community development and more advanced forest protection tools.

Climate change mitigation and adaptation

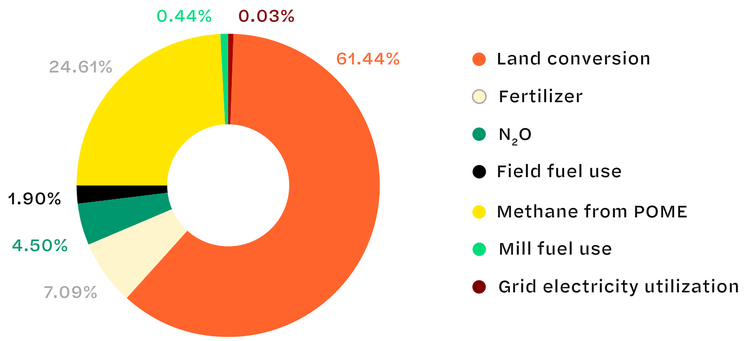
For the oil palm industry at large, climatic changes is already a big threat, as it causes unpredictable growing conditions, increased logistics challenges and natural disasters affecting operations and local communities. In Agropalma's operations, we experienced the impacts directly in terms of significant reduction in rainfall throughout the dry season, resulting in much lower yields than we would have forecasted a decade ago, as well as some flooding during the rainy season. Our agricultural teams, including those supporting outgrower and family farm projects, are therefore focused on adapting to these changing climate patterns, and our newly commissioned clone lab is a critical initiative to ensure that our future plantings are better suited to local weather conditions.

In addition to these adaptation measures, Agropalma is committed to minimizing our emissions footprint and being a responsible guardian of the natural resources under our responsibility. We started tracking 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).



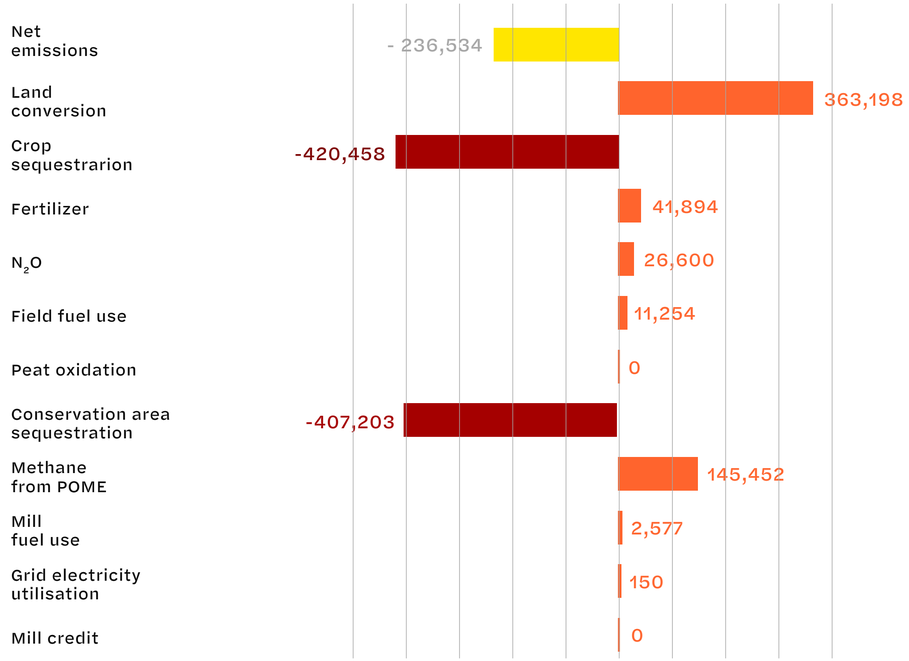
We measure our carbon impact using the RSPO PalmGHG Calculator, including total land use change emissions. The Calculator uses two indicators: one that offsets the carbon sequestration resulting from our 64,000 hectares of conservation area and another that excludes conservation areas. Inclusion of Agropalma's conservation areas allows us to assess the real impact of our entire operations and highlights the importance of forests in mitigating climate change. However, we would also like to be able 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.

Gross emissions by type 2023



Agropalma upstream emission sources and sinks 2023

MT CO_2eq (PalmGHG V4.0)



Please note that for these diagrams, any comparisons with figures from reports before 2016 are not meaningful, as they were measured using the previous version of the PalmGHG calculator. It applied different default values, which resulted in much lower net emissions, despite identical input data. There were no significant changes from PalmGHG V3 to V4, so comparisons from 2017 onward remain valid.

GHG Protocol disclosure

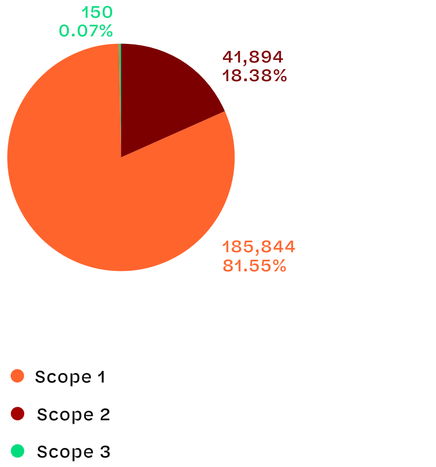
Although the RSPO PalmGHG's calculator has been instrumental in normalizing GHG accounting for sustainable palm oil production, it has limited comparability to only within the palm oil upstream sector. A globally accepted, industry-agnostic GHG accounting framework is crucial to enable meaningful benchmarking and accounting for emissions along diverse palm oil value chains. This year, we are also reporting against the GHG Protocol developed by the World Resource Institute and the World Business Council for Sustainable Development—specifically referencing the GHG Protocol Corporate Accounting and Reporting Standard and the GHG Protocol Agricultural Guidance.

A globally accepted, industry-agnostic GHG accounting framework is crucial to enable meaningful benchmarking and accounting for emissions along diverse palm oil value chains.

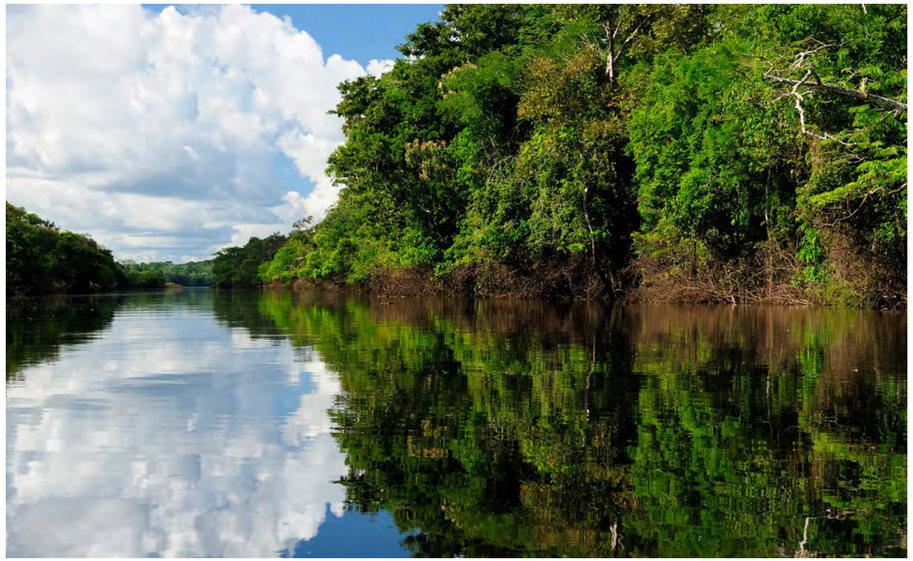
By adopting the GHG Protocol, emissions performance data of our plantations and mills can be applied to GHG accounting and inventories further downstream. Our approach to reporting according to the GHG Protocol is to allocate individual emission sources as calculated and modeled by the PalmGHG Calculator into the defined scopes and biogenic emissions (see the table below). The organizational and operational boundaries remain unchanged.

Scope 1	▪ Fertilizer application ▪ Field fuel use ▪ POME ▪ Mill fuel use ▪ Land clearing[4]
Scope 2	▪ Grid electricity utilization
Scope 3	▪ Fertilizer production and transportation
Biogenic emissions	▪ Peat oxidation ▪ Crop sequestration ▪ Conservation area sequestration

GHG Emissions by scope 2023



4. RSPO's PalmGHG calculator amortizes the emissions from land clearing which is contrary to the guidance of the GHG Protocol; we have excluded the values from our Scope 1 emissions for this report, pending further developments and updates to the PalmGHG calculator methodology and GHG Land Sector and Removals Guidance.



Acará River - Pará

Mitigation measures

Thanks to an unwavering push for efficiency and avoiding waste in mills and field, we have already made significant headway in reducing our emissions, with a reduction of almost 24% since 2017. However, to seriously reduce our emissions, we have had to find a solution to minimize methane from palm oil mill effluent (POME). To this end, we are currently in the late stages of construction for the first phase of our bioevaporation plant, which converts POME into fertilizer. This is one of the first of its kind in the world and has been adapted to our specific operations. Once fully operational, we predict that our operational emissions (i.e., excluding previous land use change and crop and conservation sequestration) will be reduced by around 50% annually.

Protecting and conserving local water sources

Agropalma recognizes that accessible water sources are critical for sustaining ecosystems and that access to clean, potable water is essential for community safety and well-being.

We operate in two contrasting environmental landscapes. São Paulo state is densely populated and prone to water shortages. We are determined that our refinery in Limeria should not exacerbate this problem. To achieve this, we have continually sought to innovate by minimizing water usage and increasing the amount of recycled water we use. As a result of our efforts, we have successfully reduced our water use from 153,743 m^3 (2019) to 131,274 m^3 (2023), representing a reduction of 15% in absolute terms and 25% relative to production. This is despite introducing a new 3MCDP filter that requires extra water and energy. Additionally, we have improved the effluent treatment system by adding a large decanter to ensure that discharged water is cleaner and does not contaminate local streams. The ivmproved treatment system will also allow us to resume reusing water, which was temporarily suspended to address issues of contaminants.

Our plantations are in a region of Pará state where towns and villages are not subject to water shortages. However, water quality in local rivers and streams is critical to local aquatic life, including healthy fish stocks, which are a vital food source for many communities.

If palm oil mill effluent (POME) is not treated appropriately, it can adversely impact aquatic life in local waterways. However, we have made significant strides in the last few years by focusing on its treatment and alternative uses. Over the past few years, we have consistently reduced the biological oxygen demand (BOD) levels associated with POME. Since we began reporting publicly in 2011, we have achieved a 96.5% reduction in BOD levels.

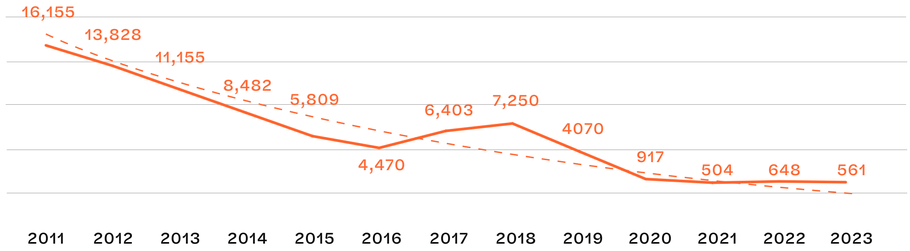
We reached our goal by cleaning our POME ponds more efficiently and constructing a new cutting-edge effluent pond that treats POME from the new mill and the neighboring one. We are pleased to report that we have reduced BOD levels by decreasing the oil content in POME, thereby bettering recirculation, correcting pH levels, and improving the microbiota. This decrease in effluent volumes allows us to mitigate BOD levels by increasing retention time in the ponds.

Rather than releasing effluents into local waterways, we use them as an efficient source of fertilizer in the field. To ensure that the effluents from our mills are sprayed more uniformly on plantations, we have developed a highly advanced mechanized POME distribution system to help lessen the risk of waterway runoff. Moreover, we are currently commissioning a new bioevaporation composting system that will allow us to use POME to produce organic fertilizer.

As part of our POIG commitment to assess how we control water quality, we previously monitored nitrogen and phosphorous levels in waterways near our plantation. However, we discontinued this sampling program in 2022 because we are no longer required to report on these specific indicators. Moreover, we did not find these metrics helpful in improving beyond existing regulatory requirements. Nevertheless, we understand the importance of protecting local waterways and will explore whether alternative monitoring methods would help us better safeguard aquatic life in and around our operations.

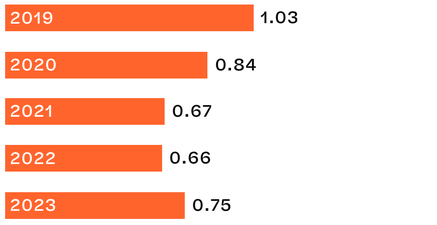
BOD levels

(mg/L - all mills)



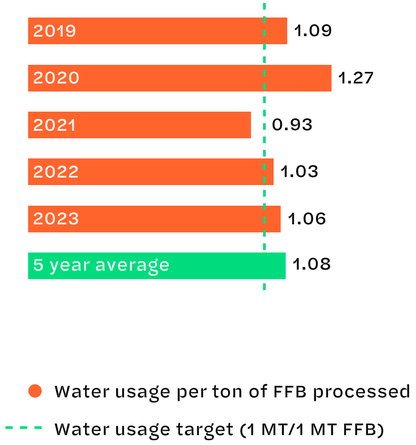
Water usage per ton of product M3/MT

(Limeira refinery only)



Water Usage per tonne of FFB processed

(MT/MT FBB)



We continue to use water in our palm irrigation trials as part of our climate change adaptation initiative.

We use river and well water to process our fruit—for every metric ton of fresh fruit bunch (FFB) processed in our mill, we use about one metric ton of water. Water usage has always been a significant challenge because recycled water can affect product quality by increasing the levels of 3-MPCD and other contaminants. Consequently, we must carefully balance our water use. As part of our proactive approach to water management, we have now installed a dynamic clarification system and transitioned to different types of lubricants to prevent mineral oil leakage into our products. Our water usage may fluctuate slightly based on total FFB processed because our mills require the same volume of water regardless of FFB volume. However, to ensure that we remain attentive and allow for some variation, we have set a target from 2024 to use one MT of water per MT of FFB processed on a rolling 5-year average basis.

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.

Fragment of forest preserved by Agropalma, including Acará River

Organic practices and chemical pest control

Agropalma's approach to agriculture maximizes natural inputs while minimizing the use of inorganic fertilizers and synthetic pesticides. At the end of 2021, we had 4,087 hectares of certified organic plantings, and in April 2022, we completed the conversion of an additional 3,960 hectares for organic cultivation. Due to phytosanitary challenges, we needed to alter the genetic material in our original organic areas, which resulted in an oil type that was not in demand by the organic market. Consequently, we discontinued the certification of our original organic area. However, since the new conversions, the company now has 4,866 hectares of organic plantings—a 19% increase since 2021.

Although not all of Agropalma's land is suited to organic agriculture, our experience with organic plantations allows us to use the most efficient pest control methods without resorting to chemicals that could harm humans, wildlife, or ecosystems. We achieve this by optimizing inorganic fertilizers and pesticides through an efficient integrated pest management and plant-care program. Our approach helps minimize our ecological footprint and is critical for keeping our production costs low.

We primarily tackle diseases, insects, and fungi with biological controls, such as beneficial plant species and predator insects. At present, we are breeding 500,000 caterpillars and stink bugs, which we plan to release by mid 2024. This will substantially reduce the amount of insecticides we need to apply across our plantations, and we have indeed used no WHO classified insecticides in the course of 2022-23.

Before 2019, the only herbicide we used was glyphosate. However, some of our stakeholders raised concerns about its potential ecological effects. Since then, we have been actively testing alternative options and reduction strategies, with the goal of its ultimate elimination. As a result, we now use nonglyphosate-based herbicides for about 77% of our total herbicide applications.

Our use of glyphosate-based herbicides has reduced by over 75% in terms of both active ingredient applied to the field, and toxicity units. We are committed to continue the reduction of the use of herbicides for weed management. Most of our herbicides are applied mechanically, significantly lowering the risk of exposure to our workers. However, the current system has reached its maximum effectiveness, and we are currently trialing new equipment to apply herbicides only to the base of the palm trees.

Herbicides used by Agropalma in 2022–2023

by WHO classification

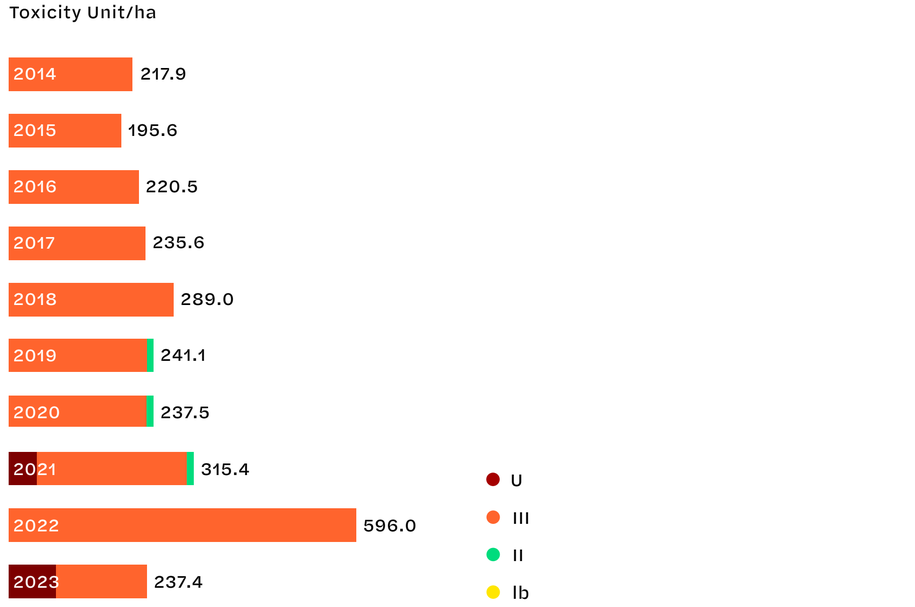
Class	III (Slightly hazardous)	U (Unlikely to present acute hazard
Active ingredient	Diuron Glyphosate Indaziflam Sulfentrazone	Fenoxaprop-P-ethyl

We now use nonglyphosate-based herbicides for about 77% of our total herbicide applications.

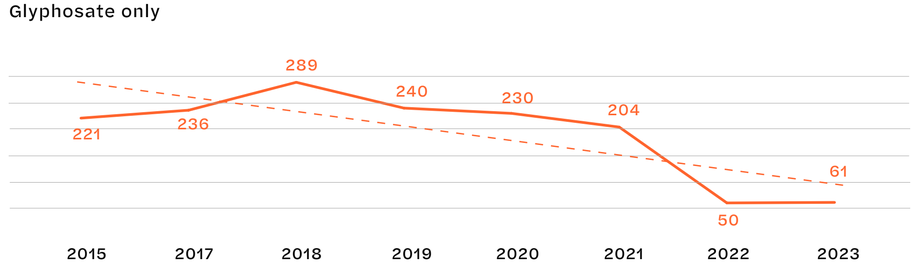
We report our pesticide usage by tracking toxicity per hectare instead of volumes. This helps us to monitor any changes that may happen from year to year and allows us to track our performance against our industry peers, regardless of any modifications in formulation or the type of pesticide used. Pesticide volumes will vary depending on the planting cycle, with younger palms requiring more frequent applications.

Although total toxicity rates will always vary as a result of planting cycles, our ongoing work testing glyphosate alternatives and trialing different techniques, formulations, and appropriate dosage has resulted in more variation than usual. For example, a 2022 spike in toxicity and subsequent reduction was due to an increase in the usage of diuron, which was replaced by a compound product in 2023.

Toxicity Rates of Insecticides 2014–2023



Toxicity unit/ha 2014–2023



4.

Contributing to community development and empowerment

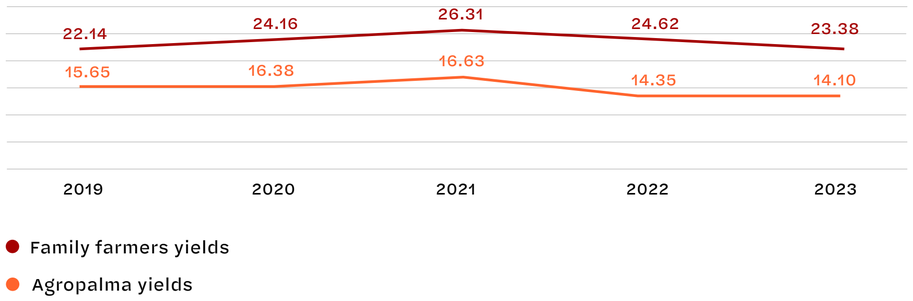
Family farms program

Agropalma works closely with family farmers, ensuring access to the best planting materials and farming inputs. We also provide advice on sustainability practices and legal requirements. 2014 marked a huge milestone when all our farmers passed a rigorous RSPO Principles and Criteria certification audit. This endorsement enabled us to produce segregated certified palm oil products and share the increased premium for certified products with them.

Family farmers are essential suppliers of FFB and account for approximately 6% of our fruit. We initiated our first family farm program in 2002. The latest phase began in 2019 and reached harvesting age in 2022. We are incredibly proud that these family farmers can now produce world-class yields, surpassing even the level of our own estates. This has been made possible through a combination of meticulous management by the farmers, ongoing support from our agricultural teams, and the advantage of having land located in an area that is less susceptible to drought compared to other estates in the region.

Family farmer productivity

MT FFB/ha



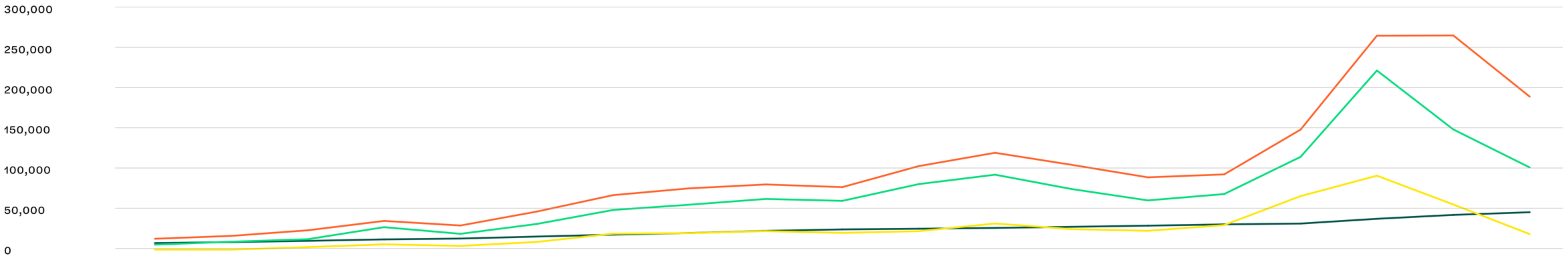
Reginaldo Socorro Barros independent area producer and partner in family farming

Since the beginning of our family farms initiative, we have closely monitored our farmers' income levels and livelihoods. We found that almost all the families enjoyed significant increases in income over the past few decades, far exceeding national income levels.

However, in 2022, diminished yields caused by climatic conditions and a considerable reduction in global palm oil prices resulted in a decrease in farmers' incomes. Although these lower prices are projected to continue in the coming years, we hope that their yields will sufficiently improve to offset the lower incomes.

Some family farmers are testing agroforestry techniques to stimulate alternative sources of income for our family farmers. One such project, in collaboration with the University of Brasília, involves underplanting palm with different species, such as cocoa and açaí, on 200 hectares of land in the Jutaí region.

Family farmers gross income from oil palm per year 2005–2023 (BRL)



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Highest income	16,730	20,328	27,373	39,177	33,392	50,939	71,630	80,184	85,063	81,688	108,119	124,897	109,800	94,019	97,705	154,036	272,246	272,544	195,587
Average income	9,277	12,980	16,104	31,231	22,881	35,269	52,866	59,497	66,719	64,315	85,356	97,192	79,216	64,877	72,867	119,599	228,126	154,087	106,293
Lowest income	3,051	3,001	6,063	9,550	7,623	12,536	22,825	23,490	25,988	23,755	25,979	35,425	28,541	26,353	33,538	69,533	94,987	59,130	22,345
Brazil GNI per capita *	11,284	12,441	13,956	15,745	16,756	19,179	21,515	23,476	26,063	27,874	28,671	29,664	30,994	32,400	33,953	34,948	40,737	45,457	48,705

- Highest income
- Average income
- Lowest income
- Brazil GNI per capita

Note: Data is for Agropalma's first family farmers project, when families had an average of just over 11 hectares of land and where all palms are now mature. Note that the 'lowest income' category consists of a single farm of 6.35 hectares which underwent change if ownership in 2023.

Source:
The World Bank. (n.d.). DataBank: World development indicators.

Integrated outgrowers and new FFB suppliers

24% of our fruit comes from small- and medium-sized community growers. We collaborate closely with them to ensure they observe the same high standards that we demand of our own estates. All our integrated outgrowers have passed RSPO certification audits.

Due to our expanded mill capacity and an increased need for CPO and PKO at our new refinery, we have embarked on a scheme to increase the availability of outgrower fruit. There are currently around 16,000 hectares of outgrower crops, and we plan to expand the area to around 21,000 hectares by the end of 2025, including around 30–50 new FFB suppliers. Although the initiative will offer them technical and agronomic support, it will be funded by the farmers.

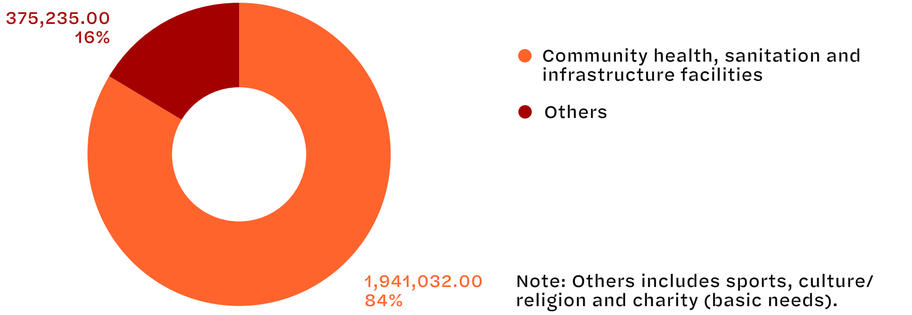
To ensure the integrity of our RSPO certification, our most important task will be to map previous land use and year of land clearing to assess whether there are any conflicts with the RSPO 2005 cutoff date. After this date, all growers must have undertaken an HCV assessment. Since none of our new suppliers will be RSPO members and would not have been assessed, our team will make every effort to categorize previous land use. The RSPO compensation mechanism was launched in 2014 and allows nonmember suppliers to be included in certification if they can prove that their conversion was for noncommercial clearance, e.g., if it was initiated by communities or farmers to support small-scale agriculture or pasture for cattle.

Community engagement and support

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

Instead of making charitable donations, we firmly believe that providing employment and business opportunities is the best way to build more robust, stable communities. For instance, we may support local authorities in their efforts to invest in local infrastructure, such as road maintenance, water wells, or land donations for medical facilities. This accounts for the high level in contributions for 2022 and 2023. In recent years, we have sought to use state tax incentives to support charitable, sports, or cultural initiatives in all three of our operational locations.

Charitable contributions 2022–2023 (BRL)



Note: Others includes sports, culture/ religion and charity (basic needs).

The SOMAR Project

Follow-up meeting on SOMAR program in Boa Esperança village, municipality of Moju (PA)

The Social Responsibility program SOMAR is a new initiative that aims to support our community engagement efforts by involving local stakeholders in helping to protect biodiversity and proactively attempting to prevent or resolve conflicts. The program is intended to serve as a strong foundation for maintaining a robust dialogue process (using FPIC tools) and socioeconomic monitoring and management plan, as required by criteria 3.4.3 of the RSPO P&C 2018.

Although the scheme was initially introduced in 2022 at a client's request, it was subsequently adopted by Agropalma in 2023. It is supported by Earthworm, a specialized NGO that has an office in Tomé-açu, a town very close to Tailândia. In parallel, we kept the engagement with our longstanding partner, Instituto Peabiru, a social NGO focused on local development for communities in the Amazônia region, that is developing the project Young People's Participation. These organizations have been extremely accommodating by providing strategic and technical support. However, Agropalma believes it is also important for our employees to be present and engaged in all activities of the SOMAR program, from planning to execution. So 26 of our employees from relevant departments have participated in SOMAR.

The program comprises two stages. The first was primarily fact-finding, beginning with a series of meetings and community dialogue, participatory mapping exercises, identification of community spokespeople, and developing an overview of the negative and positive impacts of Agropalma's operations. The second stage involved prioritizing issues, establishing inclusive governance committees, and creating a robust socioeconomic monitoring and management plan.

To date, the program has reached 33 communities in the region and around 500 people (equally divided by gender). They have generated 43 project ideas categories: education, infrastructure, environment, and health and well-being. After each engagement, a survey was conducted to help measure the usefulness of the exercise. We are pleased to report that 96% of the participants were satisfied and had their questions answered. Only 4% had reservations, and nobody expressed dissatisfaction.

The next stage for SOMAR is for the Governance Committees to create a specific action plan based on identified issues and priorities.

We firmly believe the project has brought immense value to our operations and the participants involved. In particular, we have built a deeper connection with all our communities, including some that may have previously felt neglected. The scheme has helped us to gain a more comprehensive understanding of local needs and priorities. This allows for an ongoing stakeholder dialogue that we hope will not only help avoid future conflict but also facilitate increased empowerment and socioeconomic community development.

26 of our employees from relevant departments have participated in SOMAR.

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 businesses and to handle administrative tasks—from tax filings to permit issues and environmental licensing.

Our purchasing policies prioritize local suppliers. We currently have contracts with seven suppliers based in Moju, Tailândia, and Tomé-Açu. This accounts for just over BRL 8.5 million in services and materials (e.g., transportation, industrial maintenance, hydraulic and pneumatic devices, auto parts, building materials, and groceries).

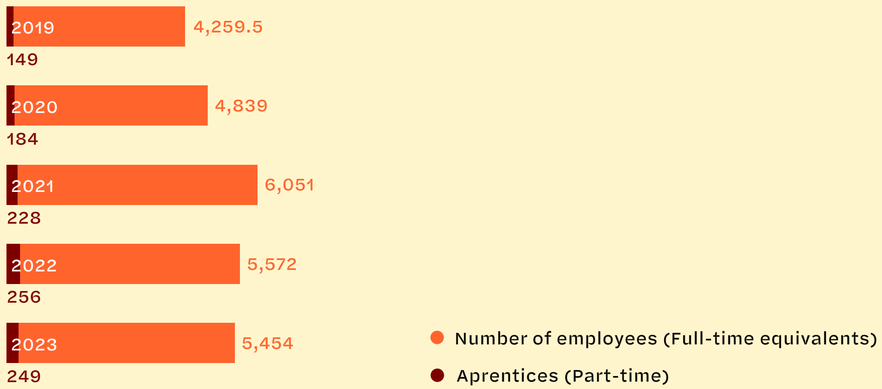
One of our recent projects involves an agreement with the *Arte Feminina Empreendedora* Social Work Cooperative (Coostafe). This project involves female prisoners producing bags to be used as gifts or press kits. Agropalma guarantees the purchase of the production and has extended the partnership for 2024.

5.

Safeguarding fair and responsible workplace practices

Palm oil plantation

Agropalma employees



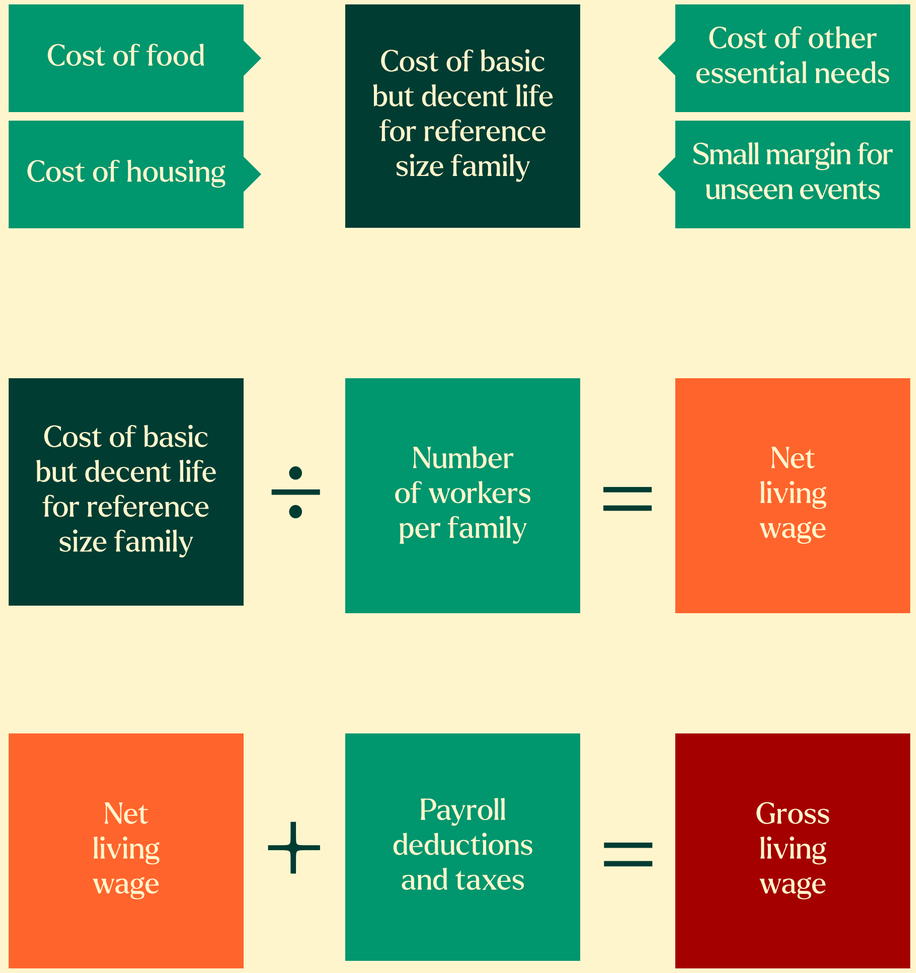
Our employees are the backbone of our operations—their hard work and commitment are critical to Agropalma's longevity and sustainability. To this end, we provide our workforce with fair and competitive working conditions and make every effort to safeguard their health and safety both within and outside the workplace.

As we continue to modernize and adopt more mechanized processes, the skills and precision required to perform many job specifications have expanded. We have found that these conditions are better filled with a diverse and committed workforce. In recent years, our employment opportunities have increased due to enhancing plantation maintenance, reintroducing loose fruit collection, and expanding production.

Human rights and fair labor standards

As part of our uncompromising commitment to compliance and integrity, we adhere strictly to Brazilian labor law, which sets some of the world's highest standards for workers' rights. Additionally, our continued membership of Inpacto and the RSPO certification program provide additional safeguards to ensure that we align with international standards such as the International Labor Organization (ILO) core labor standards and leading global practices.

In response to reports of palm oil worker exploitation in the global media in 2020, Agropalma sought to evaluate its labor rights system in a partnership with Dignity In Work For All (DWA) (formerly known as Verité Southeast Asia), a leading nonprofit organization involved in palm oil labor standards. DWA conducted a risk assessment (which took place remotely due to the pandemic), including a comprehensive review of policies and procedures and dozens of online interviews with workers. Interim findings indicate that Agropalma is at low risk of child labor, forced labor, or serious health and safety issues in its operations and subsidiaries. However, the assessment concluded that there is room for improvement in gender diversity, management of supplier labor conditions, and grievance mechanisms.



Fair and equal pay and benefits

We believe all our employees deserve to work in a safe and dignified environment and want to ensure they are able to build stable livelihoods and support their families. Consequently, we conducted our inaugural detailed living wage review in 2018. We used the internationally recognized ANKER living wage methodology to survey the wages of our lowest-paid direct and indirect employees working on our plantations. We also examined the cost of living in the areas surrounding our plantations in Tailândia in Northern Brazil.

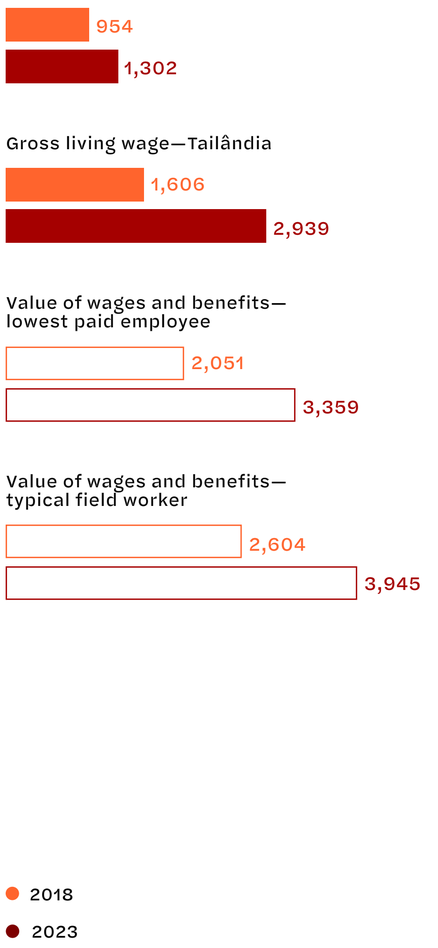
We believe this was one of the industry's first and most comprehensive assessments. A detailed overview of the methodology can be found in our 2018–2019 Sustainability Report.

The living wage calculation has become an essential tool for determining whether we are paying a fair wage to all our employees. In accordance with our commitment to a five-year cycle, we updated the Tailândia assessment by way of a desktop update in 2022 and with a full field assessment in 2023. The 2023 assessment showed that our lowest-paid workers were paid 14% above the living wage and that typical field workers, comprising 55% of Tailândia employees, were paid 34% more.

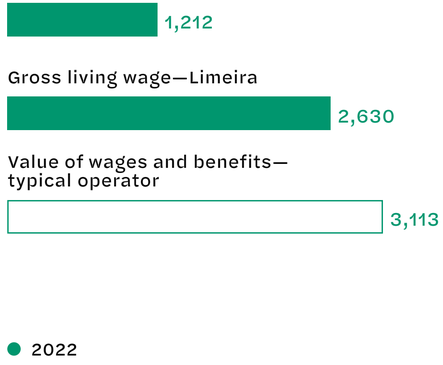
Completed assessments at our Belém refinery in 2021 revealed that our lowest-paid workers received wages 24% above the local living wage. An assessment of our Limeira refinery in 2022 confirmed that wages there were 16% above the living wage.

We plan to continue and refine our studies, updating all our assessments at least every five years.

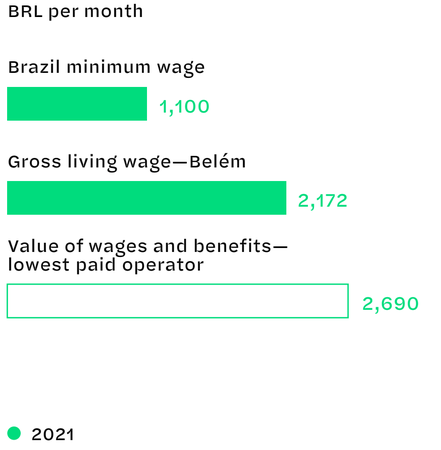
Plantations and mills: living wage benchmark



Limeira refinery: 2022 living wage benchmark



Belém refinery: 2021 living wage benchmark



Enhanced workplace facilities

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

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

67 fixed masonry-built male and female toilet facilities

There are also 101 male and female mobile toilet facilities installed in field worker busses (each team is transported to the work site in a dedicated bus). We also have 19 portable toilets at the mobile shelters and 25 chemical toilets.

47 fixed field shelters and **19** mobile shelters

equipped with tables and benches, each with a sink, tap, running potable water, soap, and paper towels.

Potable water supply is provided for everyone

Each worker is given a 5-liter water flask and there are several water points where the flasks can be refilled, including in the busses.

We believe that our facilities are among 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 adequate toilet and shelter facilities. However, we were pleased that this judgment was overturned on appeal in 2024.

Caranã Lodging, on Agropalma's premises in Tailândia (PA) – accommodation for Agropalma employees and guests

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.

Freedom of association and collective bargaining

We fully support and respect the right of our employees to form and join unions, and currently, 13% of our workforce has chosen to do so. New labor regulations have resulted in a significant decline in union membership over the last ten years. Before 2014, new employees were provided with union membership forms as part of their induction package. Although the decision to join was entirely voluntary, many employees chose to enroll by default. However, under the new regulations, unions can only approach employees several 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 our collective bargaining agreement. The agreement covers all employees, regardless of whether they are unionized. Union representatives are allowed to attend meetings during working hours. Unions also assist employees in upholding their rights and accurately calculating the payment of wages and benefits.

Elimination 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.

However, we are concerned about some 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 antislavery laws.

In addition to these internal safeguards, we have also adopted a broader role in preventing exploitative labor practices. Agropalma is a Board member of the National Pact Institute for the Eradication of 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 implement commercial restrictions against any that are listed.

Expanding our labor pool through diversity and training

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

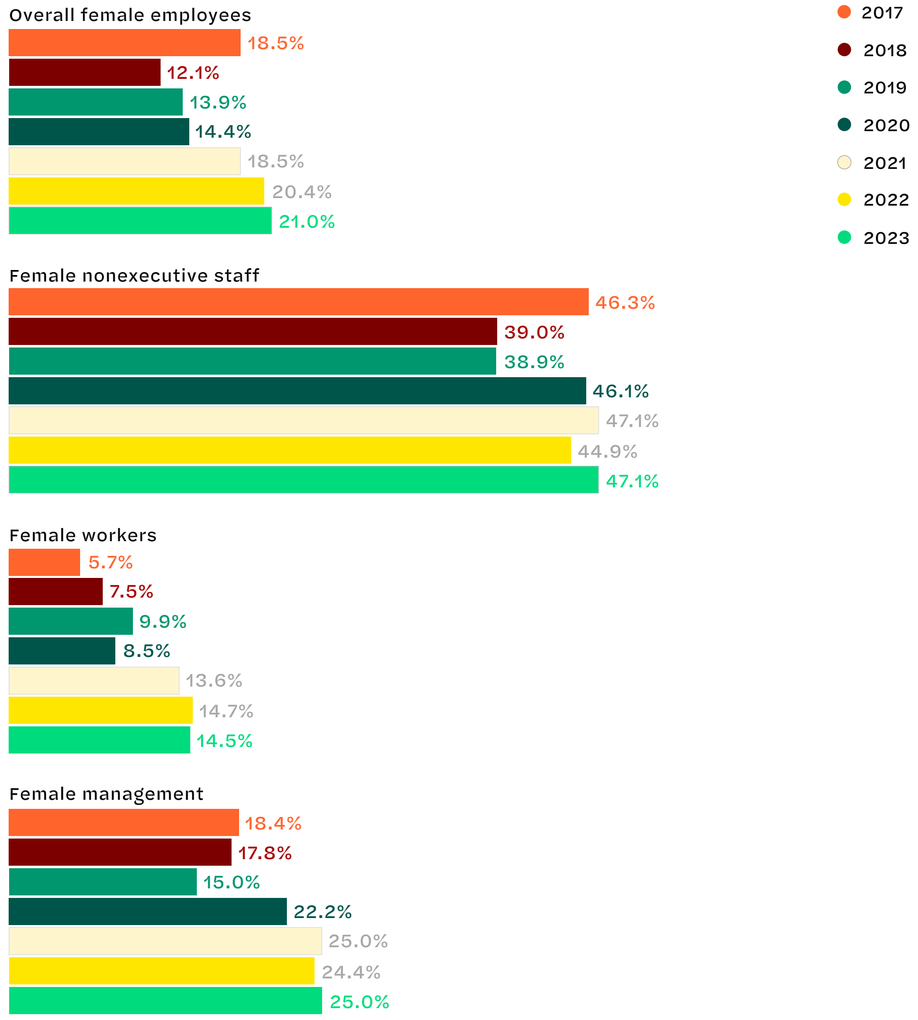
Promoting gender diversity

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 equal pay for equal work, irrespective of gender. We are developing a robust culture to protect and respect female employees and have established a generous paid maternity leave allowance of 180 days—60 days more than mandated by Brazilian law. Moreover, we also have established strong policies and reporting mechanisms to address any cases of alleged sexual harassment or workplace discrimination.

In 2016, we embarked upon a scheme to increase the number of women at all levels of our workforce. When the program began, only 11% of our workforce were female. However, we have gradually increased our percentage of female employees to 21% and are continuing to improve opportunities for women.

Gender distribuition



Nayra do Socorro Oliveira da Silva, Industry production operator at the Tailândia (PA) plant

Expanding female representation in fieldwork is challenging due to the physical requirements of many traditional tasks such as harvesting. Previous trials have indicated that this type of work tends to be more arduous for women. However, there are several tasks in which we are rapidly increasing the number of female workers. For instance, our new composting facility and nursery system typically require meticulous attention to detail, and we have found that female workers often excel in this field. We also aim to provide more opportunities for women to operate mechanical equipment and to drive trucks, tractors, and busses. For instance, currently we have 383 tractor operators, of which 59 are women. Our target is to have 50% women performing this activity. We have realized that the lack of driver licenses might be an obstacle for women be eligible to certain positions, such as as truck driver, so we are exploring ways to facilitate them getting access to drivers' training. 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 almost tripled the number of female workers since 2017.

We have gradually increased our percentage of female employees to 21% and are continuing to improve 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.

Workers at the Extraction Plant (Tailândia - PA)

Agropalma has been accelerating the integration of women into the workforce and promoting female machinery operation training initiatives. Our efforts have yielded promising results: At the start of 2022, we had 26 female tractor and truck operators, four female miniwheel loader operators, and one female car driver—positions that men had previously held. In 2022, we began a pilot program in partnership with the National Industry Service Agency (SENAI) to train 30 women to operate tractors, wheel loaders, excavators, and trucks. Experienced professionals mentor new employees to help them adapt and excel in their new roles. We continued our partnership with SENAI in 2023 and increased the training to include an additional 250 women in mechanics, electrics, and electromechanics technical courses. In addition to machinery operations, our goal is for 50% of trainees in our new technical courses to be women from the surrounding communities.

Our staff and middle manager functions are significantly more diverse, with women comprising almost half of our support roles. At the senior level, we have increased female representation over the past year, and women now comprise 25% of our management team. This includes a female board member and two women mill managers (50%).

Agropalma always hires the best talent, regardless of gender, but we have faced challenges in attracting women to our agriculture and manufacturing operations. However, we also understand our responsibility to play a constructive role in fostering a wider talent pool for the future. Consequently, over the past four years, our apprentice and trainee program has emphasized gender diversity as a critical criterion for intake. We are pleased to report that half of our 450 apprentices are women. We have further increased the number of women's technical, industrial, and agricultural roles in the apprentice scheme and believe this will have a positive medium-term impact.

Employees with disabilities

Our commitment to diversity includes an ongoing focus to ensure we provide an accessible workplace to 3.9% of our employees and 20 contract workers with disabilities. We believe that we are among a tiny number of companies in the palm oil sector company to have a specific program for this. Employees in this group may face several challenges, ranging from auditory or visual impairment to mobility-related issues. Some are being rehabilitated following work-related accidents. Salaries, benefits, and working conditions for employees with disabilities are the same for those without. Over the past few years, we have incentivized employees with disabilities to advance in their professional careers and have encouraged them to take on roles with greater responsibilities. We have specific targeted training in several areas to support employees with disabilities in enhancing their skills and realizing their full potential, and around half of employees with disabilities completed the training in 2023.

We have incentivized employees with disabilities to advance in their professional careers and have encouraged them to take on roles with greater responsibilities.

Next steps for diversity—mapping racial employee composition

We understand that racial justice and diversity have become high-profile issues in many countries and communities, including Brazil. Our operations are based in two areas with vastly different racial composition, each with its own unique challenges. The municipality of Limeira, which is home to our refinery, is predominantly White, with 34% identifying as either Black or mixed race. In contrast, the State of Pará's population is roughly 80% Black or mixed-race, with most of the remainder identifying as White (although Bélem has a slightly higher proportion identifying as White [26%]). All the regions in which we operate have less than 1% identifying as Amerindian/ Indigenous. As recent Brazilian legislation requires companies to report on racial composition, we will take this opportunity to benchmark our employee demographics.

Our operations are based in two areas with vastly different racial composition, each with its own unique challenges.

Esperança Cuimar Ribeiro, Agricultural operator on the plantation in Tailândia (PA)

Agropalma School's students

Agropalma School—helping students and employees 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 modern learning environment. Its main priority is to ensure all students have access to and can complete a quality basic education.

Since the school is in an area where few students have an opportunity to attend university, we wanted to ensure that their education provides 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.

We provided online classes during the pandemic in 2020–2021, which ensured the ongoing development of our students. We resumed physical classroom activities in 2022, and currently, Agropalma's school has 350 students from kindergarten to high school. In 2022 and 2023, Agropalma School had a combined total of 30 high school graduates. 24 of them completed *Pré-Enem*, and 17 were accepted by prestigious public universities.

Agropalma's School entrance

Adult learners

Before the pandemic, Agropalma School provided a range of adult evening classes, including fundamental literacy and mathematics for our workforce. We have been exploring how to revive the program in partnership with the municipal education agencies that w ill run the program in the public schools closer to where our employees live. However, to date, we have been unable to generate sufficient interest in the villages and may not be able to offer adult education in 2024.

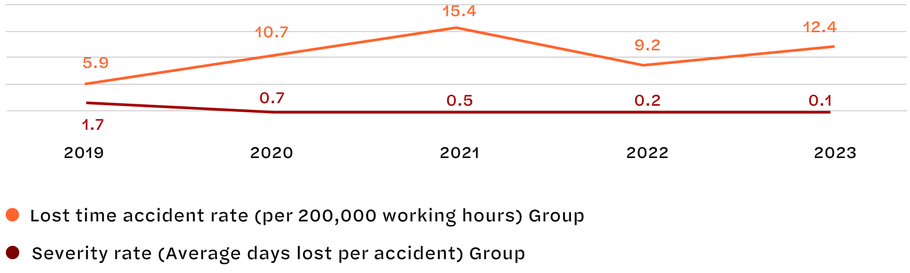
Workplace health and safety

Our ultimate priority is ensuring a safe and secure workplace through rigorous monitoring, reporting, and improvement.

The last five years have seen a significant reduction in accidents. In 2023, there were only nine accidents across the entire group—a substantial fall from 32 in 2021. We believe this is mainly due to more stringent reporting and monitoring, which tracks all safety behavior deviations by type, severity, and location. This helps us better understand potential issues that need to be addressed. Consequently, we can focus on improving occupational safety strategies and procedures, such as developing new PPE, providing education, and increasing awareness.

Severity rates have increased due to eliminating minor accidents, leaving a small number of more severe and complicated-to-prevent accidents.

Accidents



Through our agriculture mechanization and innovation program, we have eliminated several factors that traditionally caused high levels of minor accidents, such as chemical wounds from manual spraying or back injuries from FFB loading.

Belém (PA) refinery employee, Robiane Lima - Production Operator

To strengthen our focus on operational safety, we have established a separate corporate department for health and safety and the environment. Through our agriculture mechanization and innovation program, we have eliminated several factors that traditionally caused high levels of minor accidents, such as chemical wounds from manual spraying or back injuries from FFB loading. We also supply loose fruit pickers workers with specialized rakes and shovels to mitigate back strain from manual picking. We believe that our new nursery system will provide improved ergonomics for workers and eliminate much of the need for manual weeding.

We are pleased to report that there have been no work-related fatalities in our operations over the past three years.

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. We have also introduced online medical appointments for employees in our refineries. Connectivity is still limited in some of our plantations, so the scheme hasn't been feasible for all workers.

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 our low-priced service. Enrollment 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.

Ana Cecília, employee at UAG (fat storage facility) in Belém (PA)

Continued focus on COVID-19 protection

Although the pandemic phase of COVID-19 is now over, we remain alert to prevent the spread of the virus in our operations. Brazil was particularly impacted by the disease, with a death toll of around 700,000. We continue to ensure that our employees are aware of the risks and require them to take preventative measures if they suspect they are infected. We also facilitate and encourage vaccinations for all our employees.

Base data

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
GENERAL DISCLOSURES							
Group revenue		BRL million	2,381.11	3,383.10	2,303.22	1,408.68	1,005.70
By sector	Food	%	69%	65%	72%	70%	85%
	Nonfood	%	31%	35%	28%	30%	15%
By market	Domestic	%	96%	0%	95%	0%	0%
	Export	%	4%	0%	5%	0%	0%
Land	Total	Ha	107,000	107,000	107,000	107,000	107,000
	Forest reserves	Ha	64,000	64,000	64,000	64,000	64,000
	Infrastructure area	Ha	3,212	3,212	3,212	3,212	3,212
	Other	Ha	193	193	193	193	189
	Oil palm plantation	Ha	39,595	39,595	39,595	39,595	39,599
	Owned land	Ha	39,090	39,090	39,090	39,090	39,094
	Leased area	Ha	505	505	505	505	505
UPSTREAM							
Yield per hectare	3 years	MT per Ha	13.79	14.8	16.25	15.94	15.4
	8 years	MT per Ha	14.1	14.35	16.63	16.38	15.65
	Family farmers	MT per Ha	23.38	24.62	26.31	24.16	22.14

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
FFB produced and sourced	Total	MT	742,039	781,215	784,638	760,278	751,305
	Agropalma estates	MT	564,290	589,667	600,357	596,767	564,596
	Integrated outgrowers	MT	132,610	143,658	127,034	117,146	120,963
	Family farmers/smallholders	MT	45,139	45,003	45,965	42,206	40,929
	Third-party suppliers	MT	0	2,887	11,282	4,159	24,817
Organic/Fair trade	Organic	% of volume produced	4.02%	4.96%	4.16%	3.12%	3.58%
		Ha	4,866	8,047	4,087	4,087	4,087
	Fair trade	% of volume produced	4.02%	4.96%	4.16%	3.12%	3.58%
Extraction rate (CPO)							
Total production	CPO	% of FFB	18.15%	19.01%	18.87%	18.68%	18.11%
	PKO	MT	135,498	148,220	148,267	141,517	136,271
	PKE	MT	9,905	10,360	11,646	11,722	10,416
	Mesocarp fibre	MT	12,106	12,662	14,234*	14,387*	12,731*
	EFB	MT	97,028	101,347	103,360	99,440	91,302
		MT	145,541	161,378	193,911	185,531	214,687
DOWNSTREAM							
Oil and derivatives supplied by other companies		MT	48,091	39,760	58,056	26,690	36,844
		% of total refining	27%	19%	27%	16%	22%
Traceable to mills		%	100%	100%	100%	100%	100%
Traceable to plantations		%	79%	83%	75%	93%	83%

Note: * means information restated.

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
Supplier mills that source FFB only from own plantations	Mills	no.	7	6	9	12	n/a
	CPO sourced	MT	138,856	172,252	162,946	168,746	n/a
Supplier mills that also source FFB from third-party producers	Mills	no.	45	65	307	158	n/a
	CPO sourced	MT	41,919	34,098	55,023	11,183	n/a
Environmental responsibility							
GHG emissions (PalmGHG)—including conservation areas							
Net emissions		MT CO2e	-236,534	-179,175	-128,819	-112,083	-184,053
Land conversion		MT CO2e	363,198	394,456	474,663	522,996	491,172
Crop sequestration		MT CO2e	-420,458	-407,821	-410,914	-428,847	-442,424
Fertiliser		MT CO2e	41,894	49,193	34,108	25,632	9,900
N2O		MT CO2e	26,600	21,067	20,450	18,681	12,122
Field fuel use		MT CO2e	11,254	12,973	12,394	9,704	9,732
Peat oxidation		MT CO2e	0	0	0	0	0
Conservation area sequestration		MT CO2e	-407,203	-407,203	-416,235	-411,529	-414,878
Methane from POME		MT CO2e	145,452	153,138	153,822	149,023	147,268
Mill fuel use		MT CO2e	2,577	4,769	2,618	2,096	2,897
Grid electricity utilisation		MT CO2e	150	252	275	162	158
Mill credit		MT CO2e	0	0	0	0	0
CPO/PK		MT	157,508	171,240	174,148	167,567	160,000
Intensity		MT CO_2e/MT product	-1.50	-1.05	-0.74	-0.67	-1.15
PKO/PKE		MT	22,010	23,022	25,880	26,109	23,147
Intensity		MT CO_2e/MT product	-1.49	-1.03	-0.73	-0.66	-1.14

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
GHG emissions (PalmGHG)—excluding conservation areas							
Net emissions		MT CO_2e	170,668	228,028	287,416	299,448	230,827
Land conversion		MT CO_2e	363,198	394,456	474,663	522,996	491,172
Crop sequestration		MT CO_2e	-420,458	-407,821	-410,914	-428,847	-442,424
Fertiliser		MT CO_2e	41,894	49,193	34,108	25,632	9,900
N2O		MT CO_2e	26,600	21,067	20,450	18,681	12,122
Field fuel use		MT CO_2e	11,254	12,973	12,394	9,704	9,732
Peat oxidation		MT CO_2e	0	0	0	0	0
Conservation area sequestration		MT CO_2e	0	0	0	1	2
Methane from POME		MT CO_2e	145,452	153,138	153,822	149,023	147,268
Mill fuel use		MT CO_2e	2,577	4,769	2,618	2,096	2,897
Grid electricity utilisation		MT CO_2e	150	252	275	162	158
Mill credit		MT CO_2e	0	0	0	0	0
CPO/PK		MT	157,508	171,240	174,148	167,567	159,000
Intensity		MT CO_2e/MT product	1.08	1.33	1.65	1.79	1.45
PKO/PKE		MT	22,010	23,022	25,880	26,109	23,147
Intensity		MT CO_2e/MT product	1.09	1.34	1.66	1.8	1.46
GHG emissions (GHG Protocol)							
Scope 1		MT CO_2e	185,884	N/A	N/A	N/A	N/A
Scope 2		MT CO_2e	150	N/A	N/A	N/A	N/A
Scope 3		MT CO_2e	41,894	N/A	N/A	N/A	N/A
Biogenic sources		MT CO_2e	0	N/A	N/A	N/A	N/A

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
Water							
Upstream							
BOD levels	Average of all mills	mg/L	560.65	647.67	504	917	4070
Water usage	Mills only	MT	792,748	804,786	728,154	966,066	815,326
Water usage intensity	Per ton of CPO produced	MT/T	0.75	0.66	0.67	0.84	1.03
	Per ton of FFB processed	MT/T	1.06	1.03	0.93	1.27	1.09
Downstream							
Water usage	Limeira refinery	MT	131,270	130,360	1,217	133,278	153,743
Water usage intensity	Per ton of product (Limeira refinery only)	MT/T	0.75	0.66	0.67	0.84	1.03
Organic practices and chemical pest control							
Toxicity per hectare	Glyphosate only	Toxicity unit/ha	60.64	59.82	204.39	229.58	239.58
	All herbicides	Toxicity unit/ha	237.42	595.99	315.41	237.45	241.14
Total pesticides applied by WHO Classification	Extremely hazardous (Ia)	Total quantity (kg or l)	0	0	0	0	0
		Per planted ha	-	-	-	-	-
	Highly hazardous (Ib)	Total quantity (kg or l)	0	0	0	0	0
		Per planted ha	0	0	0	0	0
	Moderately hazardous (II)	Total quantity (kg or l)	0	0	195,399	57,129	12,000
		Per planted ha	0	0	5	1	0
	Slightly hazardous (III)	Total quantity (kg or l)	6,048,846	23,598,291	10,283,340	9,018,838	9,487,026
		Per planted ha	153	596	260	228	240
	Unlikely to present an acute hazard (U)	Total quantity (kg or l)	3,351,700	0	2,009,766	326,014	50,000
		Per planted ha	85	0	51	8	1

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
Contributing to community development and empowerment							
Breakdown of charitable contributions		Total	BRL	2,030,577	285,690	265,439	406,302
		Sports	BRL	8,000	200,000	0	0
		Culture/religion	BRL	3,300	11,520	0	0
		Community health, sanitation and infrastructure facilities	BRL	1,941,032	0	100,359	241,222
		Children and education	BRL	0	0	0	0
		Charity (basic needs)	BRL	78,245	74,170	165,080	165,080
Safeguarding fair and responsible workplace practices							
Number of employees		FTEs		5,454.00	5,572.00	6,051.00	4,839.00	4,259.50
Apprentices (Part-time)		No.		249	256	228	184	149
Employee turnover		%		30.48%	32.26%	29.53%	29.67%	48.71%
Employee by category	Management	FTEs		48.00	42.00	48.00	45.00	40.00
	Nonexecutive staff	FTEs		1,071.00	1,033.00	870.00	740.00	580.50
	Workers	FTEs		4,335.00	4,497.00	5,133.00	4,054.00	3,639.00
Employee by gender and category	Female employees	FTEs		1,147.25	1,137.25	1,122.00	696.00	594.00
	Male employees	FTEs		4,307.42	4,435.08	4,929.00	4,143.00	3,665.50
	Female nonexecutive staff	FTEs		505.00	463.83	410.00	341.00	226.00
	Male nonexecutive staff	FTEs		566.50	569.08	460.00	399.00	355.00
	Female workers	FTEs		629.33	663.00	700.00	345.00	362.00
	Male workers	FTEs		3,705.33	3,834.92	4,433.00	3,709.00	3,277.00
	Female management	FTEs		12.00	10.00	12.00	10.00	6.00
	Male management	FTEs		36.00	31.00	36.00	35.00	34.00

Indicator	Breakdown	UoM	2023	2022	2021	2020	2019
Minimum starting wage	Per month	BRL	1,305	1,215	1,103	1,048	1,001
Number of employees who received Agropalma-funded formal qualifications		no.	3,018	2,140	1,714	1,244	1,412
Number of employees who are members of a trade union		no.	712	810	930	999	1,119
Number of women left on maternity leave		no.	65	61	28	23	20
Percentage who returned after maternity leave		%	100%	100%	100%	100%	100%
Reported sexual harassment cases		no.	1	0	3	2	1
Confirmed sexual harassment cases		no.	0	0	0	0	0
Number of employees and dependents housed		no.	335	403	514	703	856
HEALTH AND SAFETY							
Fatalities	Group	no.	0	0	0	1	0
Total number of accidents	Refinery	no.	1	2	5	10	13
	Estates and mills	no.	8	12	27	31	74
	Group	no.	9	14	32	41	87
Total days lost to accidents	Refinery	no.	14	10	207	91	52
	Estates and mills	no.	98	119	287	349	459
	Group	no.	112	129	494	440	511
Lost-time accident rate	Incidents per 200,000 working hours	rate	0.134	0.190	0.462	0.739	1.738
Severity rate	Average days lost per incident	rate	12.444	9.214	15.438	10.732	5.874
Total hours worked	Refinery	no.	1,415,480	1,362,680	1,338,040	1,297,560	1,331,000
	Estates and mills	no.	11,985,600	13,367,640	12,506,560	9,793,740	8,681,860
	Group	no.	13,401,080	14,730,320	13,844,600	11,091,300	10,012,860

IUCN Red List of Threatened Species

List of threatened species in Agropalma forest reserves registered in Conservation International reports

Mammals

Species	Popular Name	Conservation Status
Cebus kaapori	Kapoori capuchin	Critically endangered, Endemic
Chiropotes satanas	Black bearded saki	Critically endangered, Endemic
Priodontes maximus	Giant armadillo	Vulnerable
	Giant anteater	Vulnerable
Saguinus ursulus	"Eastern black-handed tamarin"	Vulnerable
Alouatta belzebul	Red-handed howler	Vulnerable
Tapirus terrestris	South American Tapir	Vulnerable
Tayassu pecari	White-lipped peccary	Vulnerable
Leopardus wiedii	Margay	Near threatened
Panthera onca	Jaguar	Near threatened
Speothos venaticus	Bush dog	Near threatened

Reptiles and amphibians

Species	Popular Name	Conservation Status
Bolitoglossa paraensis	"Parma climbing salamander"	Least concern, Endemic

Invertebrates

Species	Popular Name	Conservation Status
Microstigma rotundatum	Helicopter Damselfly	Endangered (in Brazil)
Soesilarishius sp.1	Spider	New species, endemic
Soesilarishius sp.2	Spider	New species, endemic

Birds

Species	Popular Name	Conservation Status
Psophia obscura	Black-winged trumpeter	Critically endangered
Pyrrhura amazonum	Santarem parakeet	Endangered
Pionites leucogaster	White-bellied Parrot	Endangered
Piculus paraensis	Golden-green woodpecker	Endangered, Endemic
Aburria cujubi	Red-throated piping guan	Vulnerable
Tinamus tao	Grey tinamou	Vulnerable
Harpia harpyja	Harpy eagle	Vulnerable
Penelope pileata	White-crested guan	Vulnerable
Ramphastos tucanus	White-throated toucan	Vulnerable
Ramphastos vitellinus	Channel-billed toucan	Vulnerable
Pyrilia vulturina	Vulturine parrot	Vulnerable
Lepidothrix iris	Opal-crowned manakin	Vulnerable
Psophia viridis	Dark-winged trumpeter	Vulnerable
Pteroglossus bitorquatus	Red-necked aracari	Vulnerable, Endemic
Celeus torquatus pieteroyensi	Ringed woodpecker	Vulnerable, Endemic
Pyrrhura lepida lepida	Pearly parakeet	Vulnerable, Endemic
Guaruba guarouba	Golden parakeet	Vulnerable, Endemic
Phlegopsis nigromaculata paraensis	Black-spotted bare-eye	Vulnerable, Endemic
Dendrocolaptes medius	Amazonian barred woodcreeper (medius)	Vulnerable, Endemic
Piprites chloris grisescens	Wing-barred piprites	Vulnerable, Endemic
Hylophilus ochraceiceps rubrifrons	Tawny-crowned greenlet	Vulnerable, Endemic
Tinamus guttatus	White-throated tinamou	Near threatened
Primolius maracana	Blue-winged macaw	Near threatened
Amazona farinosa	Southern mealy amazon	Near threatened
Xipholena lamellipennis	White-tailed cotinga	Near threatened

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 2022/2023 Sustainability Report.

Statement of use	Agropalma has reported the information cited this GRI content index for January 1, 2022, to December 31, 2023, with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sections 2022

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
	2-1 Organisational details	About Agropalma, p. 10 Ownership and governance structure, p. 11	
	2-2 Entities included in the organization's sustainability reporting	About Agropalma, p. 10 About the report, p. 84	
	2-3 Reporting period, frequency and contact point	About the report, p. 84 Contact, p. 89	
	2-4 Restatements of information	Available throughout where relevant	
	2-5 External assurance	About the report, p. 84	
	2-6 Activities, value chain and other business relationships	About Agropalma, p. 10 Ownership and governance structure, p. 11 Our products and marketplace, p. 22	

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
	2-7 Employees	Safeguarding fair and responsible workplace practices, p. 52 Base data, p. 67	
	2-8 Workers who are not employees	Information not available	
	2-9 Governance structure and composition	Ownership and governance structure, p. 11	
	2-10 Nomination and selection of the highest governance body	Information not available	
	2-11 Chair of the highest governance body	Ownership and governance structure, p. 11	
	2-12 Role of the highest governance body in overseeing the management of impacts	Ownership and governance structure, p. 11	
	2-13 Delegation of responsibility for managing impacts	Ownership and governance structure, p. 11 Sustainability management structure, p. 11	
	2-14 Role of the highest governance body in sustainability reporting	Ownership and governance structure, p. 11	
	2-15 Conflicts of interest	Information not available	
	2-16 Communication of critical concerns	About the report, p. 84	
	2-17 Collective knowledge of the highest governance body	Information not available	
	2-18 Evaluation of the performance of the highest governance body	Information not available	
	2-19 Remuneration policies	Information not available	
	2-20 Process to determine remuneration	Information not available	
	2-21 Annual total compensation ratio	Information not available	
	2-22 Statement on sustainable development strategy	Information not available	
	2-23 Policy commitments	Our approach to sustainability, p. 24	
	2-24 Embedding policy commitments	Traceability, p.23 Our approach to sustainability, p. 24 Environmental responsibility, p. 32	
	2-25 Processes to remediate negative impacts	Land management and claims, p. 15 Our approach to sustainability, p. 24 Environmental responsibility, p. 32 Contributing to the community development and empowerment, p. 46	

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
	2-26 Mechanisms for seeking advice and raising concerns	Sharing our experience and engaging with stakeholders, p. 30	
	2-27 Compliance with laws and regulations	Land management and claims, p. 15 Our approach to sustainability, p. 24 Environmental responsibility, p. 32 Safeguarding fair and responsible workplace practices, p. 52	
	2-28 Membership associations	Certification, p. 26 Human rights and fair labor standards, p.54	
	2-29 Approach to stakeholder engagement	Materiality, stakeholder inclusiveness, and sustainability context, p. 84 Sharing our experience and engaging with stakeholders, p. 30	
	2-30 Collective bargaining agreements	Freedom of association and collective bargaining, p. 57	
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality, stakeholder inclusiveness, and sustainability context, p. 84	
	3-2 List of material topics	Materiality, stakeholder inclusiveness, and sustainability context, p. 84	
Climate change adaptation and mitigation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change mitigation and adaptation, p. 38	13.1.1 13.2.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Protocol disclosure, p.40	13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Protocol disclosure, p.40	13.1.3
	305-3 Other indirect (Scope 3) GHG emissions	GHG Protocol disclosure, p.40	13.1.4
	305-4 GHG emissions intensity	Mitigation measures, p. 41	13.1.5
	305-5 Reduction of GHG emissions	Mitigation measures, p. 41	13.1.6
	305-6 Emissions of ozone-depleting substances (ODS)	Information not available	13.1.7
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Information not available	13.1.8
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Information not available	13.2.2

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
Deforestation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Forest and biodiversity, p. 33 Our plantations and land, p. 13 Our mills, p. 14	13.3.1 13.4.1
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	About Agropalma, p. 10 Forest and biodiversity, p. 33	13.3.2
	304-2 Significant impacts of activities, products and services on biodiversity	Forest and biodiversity, p. 33	13.3.3
	304-3 Habitats protected or restored	Forest and biodiversity, p. 33	13.3.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	IUCN Red List of Threatened Species, p. 74	13.3.5
GRI Topic 13.4: Natural ecosystem conversion	13.4.2 Percentage of production volume from land owned, leased or managed by the organization determined to be deforestation- or conversion-free	Our plantations and land, p. 13 Our mills, p. 14	13.4.2
	13.4.3 Percentage of source volume determined to be deforestation- or conversion-free	Our mills, p. 14 Traceability, p. 23	13.4.3
	13.4.4 Size, location and type of natural ecosystem converted since the cut-off date on land owned, leased or managed by the organization	Our plantations and land, p. 13 Our mills, p. 14	13.4.4
	13.4.5 Size, location and type of natural ecosystem converted since the cut-off date on land owned, leased or managed by suppliers or in sourcing location	Our plantations and land, p. 13 Our mills, p. 14 Forest and Biodiversity, p. 33	13.4.5
IPM and pesticides			
GRI 3: Material Topics 2021	3-3 Management of material topics	Organic practices and chemical pest control, p. 44	13.6.1
GRI Topic 13.6: Pesticides used	13.6.2 Volume and intensity of pesticides used by toxicity hazard levels	Organic practices and chemical pest control, p. 44	13.6.2

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
Water way protection and water usage			
GRI 3: Material Topics 2021	3-3 Management of material topics	Protecting and conserving local water sources, p. 41	13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Protecting and conserving local water sources, p. 41 Base data, p. 67	13.7.2
	303-2 Management of water discharge related impacts	Protecting and conserving local water sources, p. 41 Base data, p. 67	13.7.3
	303-3 Water withdrawal	Information unavailable	13.7.4
	303-4 Water discharge	Information unavailable	13.7.5
	303-5 Water consumption	Protecting and conserving local water sources, p. 41	13.7.6
Quality			
GRI 3: Material Topics 2021	3-3 Management of material topics	Agropalma website	13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Information not available	13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Information not available	13.10.3
GRI Topic 13.10: Food safety	13.10.4 Percentage of production volume from sites certified to internationally recognized food safety standards	Information not available	
	13.10.5 Number of recalls issued for food safety reasons and the total volume of products recalled	Information not available	
Community relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	Contributing to the community development and empowerment, p. 46 Land management and claims, p. 15	13.12.1 13.14.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	The SOMAR project, p. 50	13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities	The SOMAR project, p. 50	13.12.3
GRI 411: Rights and Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Land management and claims, p. 15	13.14.2

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
GRI Topic 13.14: Rights of indigenous peoples	13.14.1 Engagement with indigenous peoples	The Quilombola invasions, p. 15 The SOMAR project, p. 50	
	13.14.3 Locations of operations where Indigenous peoples are present or affected by the activities of organizers	The Quilombola invasions, p. 15	
	13.14.4 Process of seeking FPIC from indigenous peoples for organization's activities	The Quilombola invasions, p. 15 The SOMAR project, p. 50	
Land documentation			
GRI 3: Material Topics 2021	3-3 Management of material topics	Land management and claims, p. 15	13.13.1
Racial diversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	Promoting gender diversity, p. 58	13.15.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Promoting gender diversity, p. 58	13.15.2
	405-2 Ratio of basic salary and remuneration of women to men	Information not available	13.15.3
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported.	13.15.4
GRI Topic 13.15: Non-discrimination and equal opportunity	13.15.5 Differences in employment terms and approach to compensation based on workers' nationality or migrant status by location of operations.	Fair and equal pay and benefits, p. 55	
Human rights and labor condition			
GRI 3: Material Topics 2021	3-3 Management of material topics	Safeguarding fair and responsible workplace practices, p. 52	13.16.1
GRI 409: Forced or Compulsory Labor 2015	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Elimination of child, forced, and bonded labor, p. 57	13.16.2
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Elimination of child, forced, and bonded labor, p. 57	13.17.2
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, p. 57	13.18.2
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Workplace health and safety, p. 64	13.19.2

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
	403-2 Hazard identification, risk assessment, and incident investigation	Workplace health and safety, p. 64	13.19.3
	403-3 Occupational health services	Workplace health and safety, p. 64	13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	Workplace health and safety, p. 64	13.19.5
	403-5 Worker training on occupational health and safety	Workplace health and safety, p. 64	13.19.6
	403-6 Promotion of worker health	Workplace health and safety, p. 64	13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Information not available	13.19.8
	403-8 Workers covered by an occupational health and safety management system	Workplace health and safety, p. 64	13.19.9
	403-9 Work-related injuries	Workplace health and safety, p. 64 Base data, p. 67	13.19.10
	403-10 Work-related ill health	Information not available	13.19.11
GRI Topic 13.20: Employment Practices	13.20.1 Policies or commitments regarding recruitment of workers	Human rights and fair labor standards, p. 54	
GRI Topic 13.21: Living income and living wage	13.21.1 Commitments to provide living income	Fair and equal pay and benefits, p. 55	
	13.21.2 Percentage of employees and workers who are not employees and whose work is controlled covered by CBAs that have terms related to wage levels and frequency of wage payments	Freedom of association and collective bargaining, p. 57	
	13.21.3 Percentage of employees and workers who are not employees whose work is controlled is paid above living wage	Fair and equal pay and benefits, p. 55 All employees are paid above the living wage. Currently, the latest living wage calculations do not include employees of permanent service providers, but sampling will be included in future updates	
Smallholders			
GRI 3: Material Topics 2021	3-3 Management of material topics	Family farmers program, p. 47	13.22.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Contributing to community development and empowerment, p. 46	13.22.2
GRI 203: Indirect Economic 2016	203-1 Infrastructure investments and services supported	Community engagement and support, p. 49	13.22.3
	203-2 Significant indirect economic impacts	Contributing to community development and empowerment, p. 46	13.22.4

GRI Standard	Disclosure	Location or Reason for Omission	GRI Sector Standard Ref. No.
Traceability			
GRI 3: Material Topics 2021	3-3 Management of material topics	Traceability, p. 23	13.23.1
GRI Topic 13.23: Supply chain traceability	13.23.2 Level of traceability in place for each product sourced	Traceability, p. 23	
	13.23.3 Percentage of sourced volume certified to internationally recognized standards that trace the path of products through the supply chain	About Agropalma, p. 10 Our mills, p. 14 Certification, p. 26	
	13.23.4 Improvement projects to get suppliers certified to intentionally recognized standards that trace the path of products through the supply chain	Sharing our experience and engaging with stakeholders, p. 30 Family farm program, p. 47	
Ethics and compliances			
GRI 3: Material Topics 2021	3-3 Management of material topics	Ethics and integrity in Agropalma, p. 31	13.26.1
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Ethics and integrity in Agropalma, p. 31	13.26.2
	205-2 Communication and training about anti-corruption policies and procedures	Ethics and integrity in Agropalma, p. 31	13.26.3
	205-3 Confirmed incidents of corruption and actions taken	Ethics and integrity in Agropalma, p. 31	13.26.4
GRI 13 Topics not material to Agropalma			
13.5	Soil Health		
13.8	Waste		
13.9	Food Security		
13.11	Animal health and welfare		
13.24	Public policy		
13.25	Anti-competitive behavior		

About the report

Completeness

The report covers the calendar years 2022 and 2023. Unless otherwise stated, the data includes all our refinery, plantation, and mill operations as of December 31, 2023. The report does not contain detailed information on our small office-based São Paulo operations. In addition to impacts within our organizational boundaries, the report covers material aspects for all FFB suppliers.

The report contains updated information on some 2024 developments 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 reviewing 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.

Worker wearing safety equipment cutting the fruit bunch

After two reporting cycles in which only online engagement was possible due to pandemic-related travel restrictions, we have reverted to in-person engagement to determine material issues. In March 2024, an external consultant visited our operations in São Paolo and Belém to observe our latest initiatives and developments and to interview key operational staff. To conclude, a workshop was held with our directors to prioritize areas that are most material to the group, review previous priorities, and identify gaps from a company and external stakeholder perspective. These are collated in the materiality matrix below. Unless expressly noted, boundaries are considered Agropalma organizational boundaries.

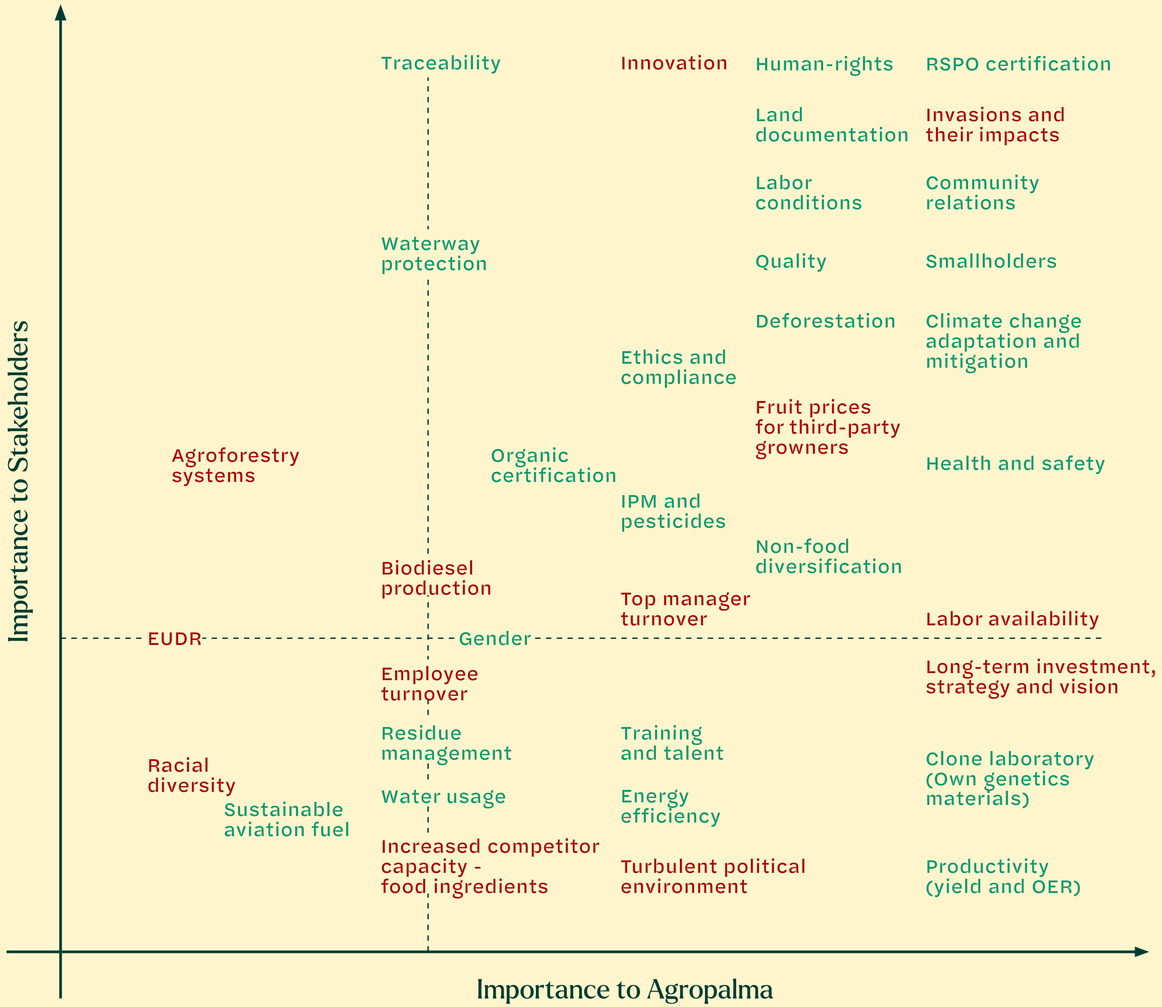
Throughout the report, we have sought to provide an appropriate context for our performance, particularly regarding Brazil's unique social and environmental landscapes and the Amazon region.

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 audits have provided adequate assurance of our performance to our stakeholders, and until the recent cancellation of our certification, this was documented our RSPO audit reports. We expect to be able to provide such assurance in the near future once again, as we reapply for RSPO P&C certification.

However, we will continue to monitor stakeholder feedback on whether third-party assurance should be prioritized.



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 assesses the amount of organic matter in water.

CO_2 equivalents (CO_2e)

Provides 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

Defined by the Palm Oil Innovation Group 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.

Free, prior, and informed consent (FPIC)

The principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy, or use.

Fresh fruit bunch (FFB)

Clusters of fruit from the oil palm from which palm oil is derived.

Global Reporting Initiative (GRI)

A multi-stakeholder sustainability reporting standard providing guidelines on report content and indicators.

GE

Glycidyl esters are compounds formed during the processing of palm oil when fatty acids react with glycerol. These reactions occur naturally but can be exacerbated during the refining processes. Esters can result in several issues, such as altered taste, odor, and reduced shelf life in palm oil products. Controlling their formation is vital for maintaining product quality and meeting industry standards.

High Conservation Values (HCV)

This 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 representing labor, management, and government. It disseminates labor information and sets minimum international labor standards called “conventions” that are offered to member nations for adoption.

Integrated pest management (IPM)

The careful consideration of all available pest control techniques and subsequent integration of appropriate measures that discourage the development of pest populations.

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.

Microbiota

The diverse community of microorganisms inhabiting a specific environment, such as the human body, soil, water, or various ecological niches. This community comprises bacteria, archaea, fungi, viruses, and other microorganisms, which collectively interact with their host and with each other. Microbiota play crucial roles in maintaining the health and functioning of their respective ecosystems, including nutrient cycling, immune system modulation, and protection against pathogens.

NGO

Non-governmental organization. In this report, NGO is used to refer to grassroots and campaigning organizations 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.

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)

A multi-stakeholder organization based in Kuala Lumpur, Malaysia, which has developed a certification scheme for sustainable palm oil.

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.

Toxicity

The degree to which a substance is harmful to living organisms. Toxicity in agricultural chemicals is measured using the lethal dose 50% (LD50) methodology, i.e., the number of toxicity units corresponding to a lethal dose of 50% of a rate population.

Segregation

This system keeps sustainable palm oil 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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Employees harvesting fruit on the plantation

Sustainability Report

agropalma

2023