

2019 Sustainability Report

A solid foundation

Oleofinos is a company dedicated to the refining of vegetable oils for supply to industries in the food sector, preparation of milk formulas and personal care.

Sustainable palm oil is our main raw material, whose production among vegetable oils is the most efficient in terms of land use and in Mexico, it is an important economic engine for thousands of families who have diversified their income, from the livestock sector to the agricultural one, with a favorable effect in contribution of vegetal mass and to the sustainability.

Oleofinos' sustainable palm oil supply policy is based on the RSPO Principles and Criteria (PcC), designed to promote market development, focusing on stopping deforestation, protecting all peatlands, promoting a positive economic and social impact of individuals and communities, as well as the integration of small producers and the assurance of traceability throughout their supply chain, respecting the rights of communities, workers and customaries.



Opportunities and challenges.

During 2019 we focused mainly on improving the traceability of our suppliers and in collaboration with various organizations in the reserve área La Encrucijada Chiapas, Mexico, the state with the highest palm production and one of the states with the highest needs for economic development, which is why oil palm has been a successful business model for this region, however the balance between the reserve and the producers in the area play a very important role for our goal of a sustainable palm.

The comparative results between 2018 and 2019 have an increase of 20% of progress in the document management system but 30% of progress in traceability to plantations, derived from this, a new approach was proposed for progress.

Challenges:

- A large number of palm growers in the area, predominating those that are linked to social mills, while an estimated percentage 30-40% (data estimated in the absence of an official census) provide fruit not directly linked or affiliated with a mill.
- Extensive supplier database, which implies a challenge in the method of monitoring the area in general.
- Extensive work to implement good agricultural practices due to its proximity to the La Encrucijada ecological reserve.



Opportunities:

- Strengthen working ties with organizations that are currently seeking to develop a sustainable palm in the area.
- Form links to standardize criteria of good agricultural practices between the different companies existing in the Soconusco area, in order to protect and stop the spread of invasive palm in the La Encrucijada reserve.

Committed to our environment and our community.

SOCONUSCO CHIAPAS AREA

The Soconusco is for Oleofinos an area of great importance due to the need to protect the La Encrucijada reserve, which “is a series of estuaries that since June 1995 have been a Biosphere Reserve, comprising part of the Municipalities of Pijijiapan, Mapastepec, Acapetahua, Huixtla, Villa Comaltitlán and Mazatán in the state of Chiapas, Mexico. It has more than 144.00 Ha.

Outstanding in various types of vegetation representative of the Chiapas coast, among them: mangroves, tulars, zapotonales, coastal scrub, floating and underwater vegetation, palm groves, medium sub-evergreen jungle and low deciduous. Large aquatic bodies, consisting mainly of rivers, coastal lagoons, estuaries, canals and mudflats that allow an exchange between continental waters and the sea ”* 1



*¹ <http://www.turismochiapas.gob.mx/sector/la-encrucijada>

Main Actions:

1) Soconusco Area.

Among our main activities, we can highlight the joint participation with governmental organizations such as CONANP and non-governmental organizations such as Earthworm Foundation, the Sustainable Palm Group and companies in the region, through dialogue and working groups in which a program has been obtained to implement actions from 2019 to 2023, consisting of:



- Socialization of the non-expansion of palm plantations in protected areas.
- Subscription of agreements with 100% of national palm suppliers, to eliminate the purchase of fruit from new plantations in deforested or protected areas.
- Preparation of good practice manuals in order to standardize criteria that prevent the expansion of dispersed palm.
- Development of strategies, verification protocols and dissemination campaigns to ensure that mills and their suppliers implement good practices.



-Participation in the restoration of priority sites for the reserve, through a long-term protection strategy that includes the identification, characterization, action plan and monitoring of the sites.



-Support in programs to eliminate dispersed palm and in the implementation of action plans, control and training campaigns.



-Teaching the sustainability workshop with 100% attendance from national palm oil suppliers, CONANP and the Earthworm Foundation.



2) Marques de Comillas Area.

In conjunction with the Earthworm Foundation, studies of High Carbon Reserves (HCS) were carried out in the Marqués de Comillas area, Chiapas, in order to carry out a pilot test to identify palm expansion according to potentially areas wooded area and proximity to plantations.

Monitoring of the project was established in the social information gathering stage and the HCSA pilot survey and implementation in two ejidos, through meetings with providers in the area, in conjunction with EF.

Objectives defined in 2019 to be completed in 2020:

- Social studies of the region
- HCSA pilot processes in two ejidos.
- Meetings with 100% stakeholder participation in the region.
- Internal control system for mills in the region.



A large part of Oleofinos' strategy for sustainability projects were rethought together with several of our clients and were formalized on our website through a document called "Road Map", where we detail the work plans for the following years, of the following main points:

-TRACEABILITY FROM PLANTATION TO REFINERY

-INCLOSURE TO SUPPLIERS

-FPIC REGULATION OF LAND RELATED TO COMMUNITIES AND SMALL PRODUCERS

-RESPECT TO HUMAN RIGHTS

-HYDRICAL FOOTPRINT

-CARBON FOOTPRINT

-COMPLAINT MECHANISMS AND / OR NON-CONFORMING SUPPLIERS

-RESPECT TO LABOR RIGHTS

