**(1)**

**Sustainability Report 2018**

*Road to RSPD for sustainable palm.*

Oleofinos is a company dedicated to the refining of palm oil for the supply to industries of the food sector, formula elaboration and personal care.

Sustainable palm oil is a nutritious raw material whose production among vegetable oils, is the most efficient in terms of land use.

Based on the principles and criteria on which it is founded, the policy of supplying sustainable palm oil with Oleofinos is designed to promote market development, focusing on stopping deforestation, protecting all peat lands, boosting economic and social positive impact of the people and communities, as well as assuring the traceability of the origin of palm oil through its supply chain, from the plantations, through the collection centers all the way to the mills.

**(2)**

**(SIDEBAR)**

*Teamwork.*

Teamwork is one of the values and characteristics of our suppliers, it is for them that we strive to collaborate with them in their development to the certification process, given that today there are about 11,000 palm farmers in the region of Chiapas, it is important to accompany the process to strengthen the bond, it is worth mentioning that in the region the established companies are of social nature, each of them counting with a population of 300 to 500 members that are distributed in an average of 5 Ha per family, mainly constituted by ejidatarios (land shareholders) and in second place, landowners.

*1. - A solid base, reinforcing our traceability.*

To Oleofinos, it is important to make an effort to transmit our policy to our suppliers, through talks and workshops, which we maintain within our programs that are constantly updated, we seek that our suppliers share our vision on the international panorama of the palm, as well as the importance of characteristic elements evidencing this commitment, such is the case of processes of traceability, transparency and a complaint mechanism, which through examples and the same documentation development has begun formally during the second period of 2018, bearing in mind the results of these activities for the first quarter of 2019.

Traceability is currently a challenge that is based on a spectrum of 80% to palm growers looking to increase up to 90% in the second quarter of 2019, these challenges derive from the large number of small producers who need training in these processes and the need to work in.

 **Timeline.**

2018

100% traceability to mills.

80% documented plantation traceability.

2019

!00% traceability to mills.

90% documented plantation traceability.

2020

100% traceability to mills.

100% documented plantation traceability.

**(3)**

“The strengths are in our differences, not in our similarities”, Steven covey.

The conservation of our carbon reserves are part of the projects we share with our clients and their partner, Earthworm Foundation, where we have worked to provide support in projects such as Starling, which aims to have a robust database for monitoring of protected areas and viable areas of expansion of the palm. The state of Chiapas is a pilot project, where recently in the last quarter of 2018 data was collected that will be useful for the calculation of high value of conservation (HCV) or high reserves or carbon (HCS) in the area of Benemérito de las Américas, Chiapas.

**(4)**

**(SIDEBAR)**

*“A person who cares about the earth will resonate with its spirit”, Sally Fox.*

La Encrucijada (The Crossroads) is a network of estuaries that since June 1995 are considered Biosphere Reserve, includes part of the municipalities of Pijijiapan, Mapastepec, Acapetahua, Huixtla, Villa Comaltitlán and Mazatán in the state of Chiapas, México. It has more than 144,000 Ha outstanding in various vegetation types representative of the coast of Chiapas, such as: mangroves, tular vegetation, sapodilla trees, coastal shrubs, floating and underwater vegetation, palm groves, medium semi-evergreen forest and low deciduous forest. Abundant water bodies, constituted mainly by rivers, coastal lagoons, estuaries, channels and bocabarras, where continental and sea waters meet.

*2. - Protecting our lungs*

Oleofinos, due to its commitment to prevent deforestation by burning or logging in its supply chain and for the conservation of our forests, has taken the following steps: in addition to promoting a sustainable chain with positive impact for our environment, workers, farmers and local communities in the area of Chiapas, works jointly with the NGO Earthworm Foundation in other activities of data collection, plenaries with instances such as CONANP as well as with social and private mills in order to provide support and cohesion of the working groups for the conservation of the ecological reserve “La Encrucijada”. In the reserve, invasive palm eradication work was carried out within the nucleus zone; these activities constitute a milestone to combat the spread within the protected areas in the region. However, the current challenge consists in the training, monitoring and continuity of good agricultural practices as a preventive measure in support of governmental and non-governmental institutions, as well as social and private companies.

**(5)**

PICTURES

*Aiming to protect our forests.*

**(6)**

*3. - Committed to transparency.*

Oleofinos sums up effort to advance. Our commitment is focused on maintaining the best practices with our suppliers; the level of participation of the year or year in future, and the projection of volumes to work in the period in question are reviewed with our suppliers, this, in order to guarantee through a contract that our suppliers comply with our requirements, as well as our obligations as buyers and guarantee that the established prices and volumes correspond to a mutual written agreement to safeguard the trust of small producers.

Besides the above mentioned, we permanently maintain a close communication with our suppliers, allowing any claim to have the guarantees that allow transparency for all parties involved so there is dialogue and full resolution of conflicts and claims.

*4. – Committed to respect.*

The Universal Declaration of Human Rights (UDHR) is a fundamental element in the selection of our personnel, in addition to extending to our direct and indirect suppliers, validating that they are guaranteed from the Mexican legal scope and comply with the requirements of UDHR.

**(7)**

*5. – Committed to our workers.*

Our main engine is our people, so their well-being is fundamental for the day by day of our processes, that is why we look for in our suppliers that all requirements are met to guarantee that they also meet the criteria established for their own workers.

*6. – Committed to our environment.*

Currently our suppliers seek to collect all the rights corresponding to land tenure, currently we have a 70% advance regarding social mills waiting to gather the corresponding documentation at the end of 2019.

*7. – Committed to our community.*

Respect for indigenous and local communities is very important to Oleofinos, in accordance with the results of the Starling project and through mutual work with our clients and their partner, Earthworm Foundation, we aim to monitor the growth of sustainable palm and also to anticipate the viability according to the area, considering the cultural and social aspects.

**(8)**

*8. – Management system and incorporation of small producers.*

Under the principles sustained in our policy during the 2018 period, palm oil suppliers of Oleofinos must have a quality system that ensures that processes are followed consistently, therefore, a close relationship has been established with the intention to develop and strengthen a basic management system, incorporating small producers and social companies, maximizing through mutual support the resources that the small companies have for the standardization of their processes and their continuous improvement. To achieve this goal, we aim to provide support and contribute to the standardization of each management system of the social mills in our supply chain according to the RSPO standard, this allows small producers to integrate to our chain.

The results of the 2018 financial year in the second semester obtained a 76% share of the mills for the implementation of a robust management system, expecting 100% to be covered by the third quarter of 2019. It is worth mentioning that this process covers most of the social and private companies of the Chiapas coast as well as other zones within the state besides the neighboring state of Tabasco, where efforts are joined to establish clear and useful procedures that allow the mills to be routed to RSPO certification. For the advance of a system according to RSPO, we find a 30% compliance in the Chiapas coastal area while in the Campeche and Tabasco area is of 40%.

**Coastal Zone of Chiapas (Pacific) Campeche and Tabasco Area**

**Advance 2018 Advance 2018**

**(Chart) (Chart)**

**(9)**

“The strengths are in our differences, not in our similarities”, Steven Covey.