



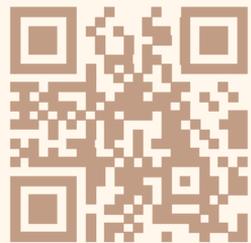
**EXTRACTORA**

del Sur de Casanare

# Sustainability Report 2018

We contribute to sustainable development in our country creating value in all our relations.

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# WHO ARE WE?

We are a private sector Colombian company operating in the palm agribusiness. We process and market palm tree oil using the best manufacturing practices with the highest quality standards, meeting our clients' needs and bringing development to the communities in which we operate.



Economic dimension	<p>In operation for</p> <h1>17 YEARS</h1>	<p>Our installed <b>PRODUCTION CAPACITY</b> is</p> <h1>60 Ton FFB/hour</h1>	<p>We <b>COLLECT</b> <b>99,722 Tonnes</b> of <b>RSPO</b> certified fruit</p>	<p>We produce <b>8.3%</b> of Colombia's <b>RSPO</b> certified oil</p>	<p><b>5 MAJOR CLIENTS</b> between marketers and refiners</p>	<p><b>OUR PRODUCTION</b> Tonnes in 2018</p> <table border="1"> <thead> <tr> <th></th> <th>RSPO</th> <th>Conventional</th> </tr> </thead> <tbody> <tr> <td>Crude palm oil</td> <td>21,722</td> <td>23,833</td> </tr> <tr> <td>Crude palm kernel oil</td> <td>1,650</td> <td>1,101</td> </tr> <tr> <td>Palm kernel cake</td> <td>-</td> <td>4,168</td> </tr> </tbody> </table>		RSPO	Conventional	Crude palm oil	21,722	23,833	Crude palm kernel oil	1,650	1,101	Palm kernel cake	-	4,168					
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Members of the **ZERO DEFORESTATION** agreement of the Palm Oil Chain

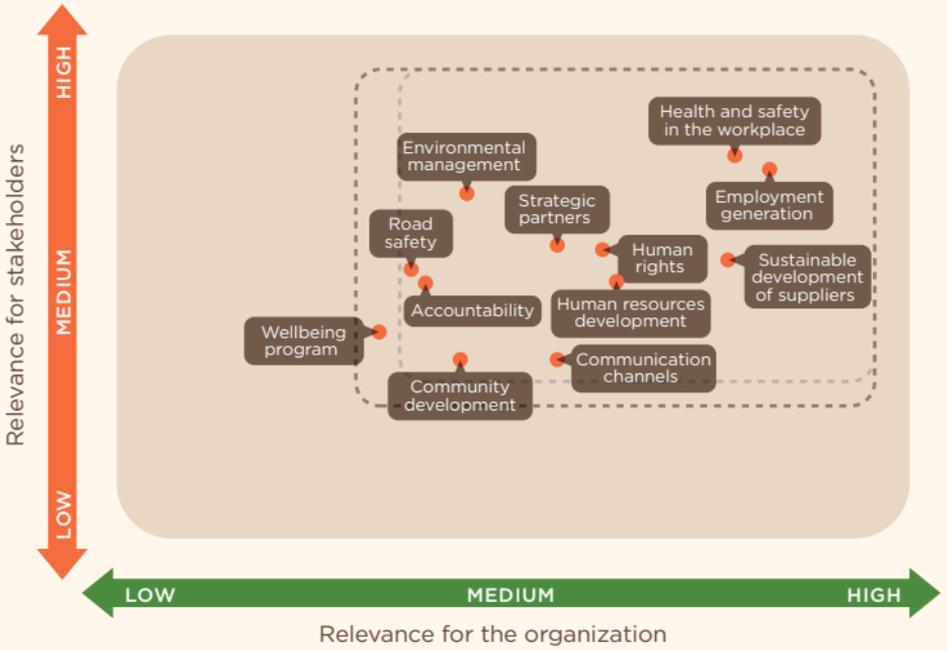
# SUSTAINABILITY

We use our sustainability policy to align our contribution with the **Sustainable Development Goals (SDG)**.

SDG	Policy principles	Program
	Implement the best operating practices.	<ul style="list-style-type: none"> <li>• Development of service providers.</li> <li>• Producing energy from biomass.</li> </ul>
 	Do not deforest areas with high conservation value or high carbon stock.	<ul style="list-style-type: none"> <li>• Environmental management.</li> <li>• Water efficiency.</li> <li>• Integral management of residues.</li> </ul>
	Preserve fauna and flora.	<ul style="list-style-type: none"> <li>• Preservation of fauna and flora.</li> <li>• Preservation of water sources.</li> </ul>
	Implement actions to reduce climate change.	<ul style="list-style-type: none"> <li>• Calculating and monitoring greenhouse gas emissions.</li> <li>• Producing energy from biomass.</li> </ul>
	Health and safety in the workplace.	<ul style="list-style-type: none"> <li>• Health and safety management system and road safety.</li> <li>• Wellbeing programs.</li> </ul>
	Respect and promote community development .	<ul style="list-style-type: none"> <li>• Community development.</li> <li>• Social impact program.</li> </ul>
 	Promote sustainable practices throughout the value chain.	<ul style="list-style-type: none"> <li>• Development of service providers.</li> <li>• Service unit for strategic partners.</li> </ul>
    	Implement and promote the best workplace practices.	<ul style="list-style-type: none"> <li>• Human talent development.</li> <li>• Wellbeing program.</li> </ul>
	Act in a transparent, ethical and responsible way.	<ul style="list-style-type: none"> <li>• Human rights.</li> <li>• Communication channels.</li> <li>• Ethical guidelines.</li> </ul>

# MATERIALITY MATRIX

We formulated our 2017–2018 sustainability reports following the GRI (Global Reporting Initiative) methodology. We identified material issues for our stakeholders and the organization.



## STRATEGIC PARTNER SERVICE UNIT

Through this unit, we provide assistance and technical support to improve crop health and increase productivity.

### OUR PROGRAMS:

Strategy to improve the quality of the fruit collected.

We provide assistance to our strategic partners during the production process.

We implement environmental, social and economic sustainability principles across productive units.

Productive improvement initiatives promoted by Fedepalma.

# GENERATED AND DISTRIBUTED ECONOMIC VALUE

We are committed to generating economic value in a sustainable way and achieving business success by bringing that value to all who are part of our value chain.

## Generated, distributed and retained economic value

Economic value*	2017		2018	
Generated	100%	\$63,392	100%	\$80,479
Distributed	94.68%	\$60,020	97%	\$78,047
Retained	5.32%	\$3,372	3%	\$2,432

## We share our progress

Distributed economic value*		2017	2018
	Operational costs	\$56,296	\$74,641
	Employee's salaries and benefits	\$1,910	\$2,085
	Payment to creditors	\$429	\$262
	Government taxes	\$1,299	\$945
	Investments in the community	\$86	\$114

\*Data in million COP

In 2018, we increased our economic value by **27%** compared to the previous year.  
We consider profitability a condition of progress.

# ACHIEVEMENTS AND CHALLENGES

## Sustainable development management

### Achievements in 2017-2018

- We moved forward with the implementation changes required to obtain ISCC sustainability certification and developed our first internal audit.
- We signed the palm oil supply chain's Zero Deforestation agreement.
- We moved forward with setting up implementation baselines for our sustainability principle (RSPO Programs) amongst 14 strategic partners.

### Challenges for 2019

- Obtain ISCC sustainability certification.

## Strategic partner service unit management

### Achievements in 2017-2018

- We improved the waiting conditions for our strategic partners' fruit delivery conveyors.
- We made fair and timely payments to our strategic partners.
- We trained 269 producers in RSPO and sustainability.

### Challenges for 2019

- Continue to raise the awareness of our strategic partners regarding the importance of sustainable production.
- Promote better management structure, financial skills and productive systems amongst our strategic partners and thus enable RSPO certification.

## Supply and service chain management

### Achievements in 2017-2018

- We moved forward with setting up a comprehensive program to promote the development and growth of regional companies by encouraging the implementation of sustainable practices.

### Challenges for 2019

- Maintain the supplier development program.
- Maintain the excellent service standard achieved in 2018.
- Move forward with the process of documenting and structuring the supply and service information system.

## Logistics management and sales

### Achievements in 2017-2018

- We designed a process efficiency and control project incorporating risk control.
- We increased the price for palm kernel cake to more than twice its previous value.
- We reduced freight costs by 1.2% compared to 2017.
- We began marketing the husk.

### Challenges for 2019

- Maintain the logistical improvements made in 2018.
- Implement the process efficiency, organization and control project.
- Maintain cost control and the standard of service offered to our clients.

## Safety and health at work management

### Achievements in 2017–2018

- Accident rates were reduced by 44% compared with 2017.
- We reached 85% implementation of the SST program, following legal standards.
- We increased our percentage of compliance with the training plan from 79% in 2017 to 90% in 2018.
- We implemented our preventive observations program FACI (unsafe acts and conditions form).

### Challenges for 2019

- Increase preventive observation coverage.
- Reach a 100% implementation of the “Health and Safety at Work” management system.
- Accident severity rate reduction through risk management.

## Financial management - production

### Achievements in 2017–2018

- Start up of the palm kernel pressing process.
- We kept our management strategy up to date to minimize financial and operational risks and guarantee the sustainability of the business in the long term.
- We expanded the capacity of the boilers with an investment of 1,700 million COP.

### Challenges for 2019

- Improve the almond press in order to achieve a higher extraction percentage.
- Evaluate the feasibility of line separation, husk pressing and congeneration processes.
- Increase the harvested fruit bunches processed by 14% compared to 2018.
- Monitor operational risks in order to avoid downtime at the extraction mill.

## Environmental management

### Achievements in 2017–2018

- We reduced water consumption by 30% compared with the previous year.
- We handled 52 kg of agrochemical waste for 3 strategic partners.
- We developed a pilot project for sludge dewatering in the wastewater treatment system.

### Challenges for 2019

- Measure the blue water footprint of the extraction process.
- Reduce water consumption in the process to 1m<sup>3</sup>/FFB ton.
- Coordinate preservation activities with the main fruit providers in high-value areas.
- Manage post-consumer waste for strategic partners.
- Ensure that all of the fruit delivered by strategic partners comes from zero-deforestation crops.

## Human resources management

### Achievements in 2017–2018

- We set up strategies to promote technical training.
- We developed a soft-skills training plan.
- We began structuring a plan for the transfer of knowledge between generations.

### Challenges for 2019

- Develop a plan for knowledge transfer between generations.
- Strengthen our strategy for social work and relations with the community.
- Develop a comprehensive employee training plan.

# ZERO DEFORESTATION AGREEMENT

We have signed the Zero Deforestation agreement by which the palm sector recognizes that palm cultivation must respect forests and strategic or high conservation value ecosystems.



**ZERO DEFORESTATION AGREEMENT FOR THE PALM OIL SUPPLY CHAIN**

**Aim:** to highlight palm oil that is produced without causing deforestation and eliminate the deforestation footprint of Colombia's palm sector.

# WE CREATE VALUE

We promote sustainable practices throughout our value chain.

