

## AAK response to RAN letter on REPSA

AAK has been closely monitoring this topic and engaging with the company since the original incident in 2015. We also share the frustrations of many about the speed of the Guatemalan judicial system in hearing this case in court.

Although we lifted the suspension on REPSA in December 2020, we have not yet resumed direct commercial trading with them. We are open to this if they continue to show progress on addressing environmental and social issues in their supply base. We have taken advice on our decision to reengage from our partners, Proforest.

Since 2015 we have engaged extensively with Grupo HAME both on our own and with the support of our implementation partners, Proforest. In addition to regular calls and face-to-face meetings, this included field assessments at Grupo HAME's Santa Rosa and El Triunfo (PAHOSA) operations against AAK's Sustainable Palm Oil Policy in 2017 and 2018. As the legal case against REPSA was/ is still pending, it was not considered prudent to visit REPSA itself.

In addition to our own due diligence on the group as a whole, the reasons we decided to lift the suspension on the REPSA operation are:

- REPSA confirmed that they are not linked to the Lima Choc case. Grupo HAME has an official note from the Prosecutors Office stating the company does not have any relation and is not a subject of investigation in the case. The two individuals that were convicted for the crime did not have any relationship with the company. (<http://repsa.com.gt/wp-content/uploads/2018/11/Cartas-REPSA-y-MP-caso-LimaChoc-nov2018.pdf>)
- The court case that is still pending concerns the contamination of La Pasion river for which REPSA is accused. REPSA have acknowledged that whatever the outcome they have a responsibility to work with local communities on activities in the catchment and have taken the following actions:
  - Action plan for the management of La Pasion River designed in consultation with local communities and stakeholder groups (<https://drive.google.com/file/d/1H3-vOPaDGpEJe6DRuVtXoJkiS9-GaVki/view>)
  - Regular monitoring and reporting of POME
- The development and implementation of the Grupo HAME sustainability policy, reported initially on a monthly basis, now quarterly
- Working with external organizations to advance sustainability ambitions:
  - Proforest on policy review and agreeing action plans new KPIs
  - Earthworm on policy implementation, and looking to become a member of Earthworm 2021
  - Oxfam on a project to combat abuse
  - CEGESTI on human rights due diligence
  - Ululu for labour rights & grievance management
  - Engagement with regional sectoral organizations such as FEDEPALMA
- RSPO membership, certification of REPSA scheduled for Q2 2021 (El Triunfo & Atlantida scheduled for Q1, Santa Rosa already IP certified (as well as Olmeca))

We have communicated to Grupo HAME that we expect to see positive outcomes as a result of these processes.

In addition to these actions we view Grupo HAME's openness and willingness to accept visits, including from organizations campaigning against them, as positive and constructive. In addition to AAK's visits to other group operations, we understand that other commercial and non-commercial stakeholders have visited Grupo HAME and REPSA several times. We would encourage any organization concerned about REPSA to take them up on the open invitation to visit. If RAN or partner organizations has evidence of recent abuses or non-compliances by REPSA we encourage you to share it with us and the broader industry to help inform our engagement with them.

We will continue to monitor REPSA and Grupo HAME through direct engagement and with the support of our partners. As with all of our suppliers, we only conduct business with those that adhere to our Code of Conduct and Sustainable Palm Oil Policy. Our due diligence of our entire supply base is continuous, and we now benefit from deforestation alerts provided by two external service providers.