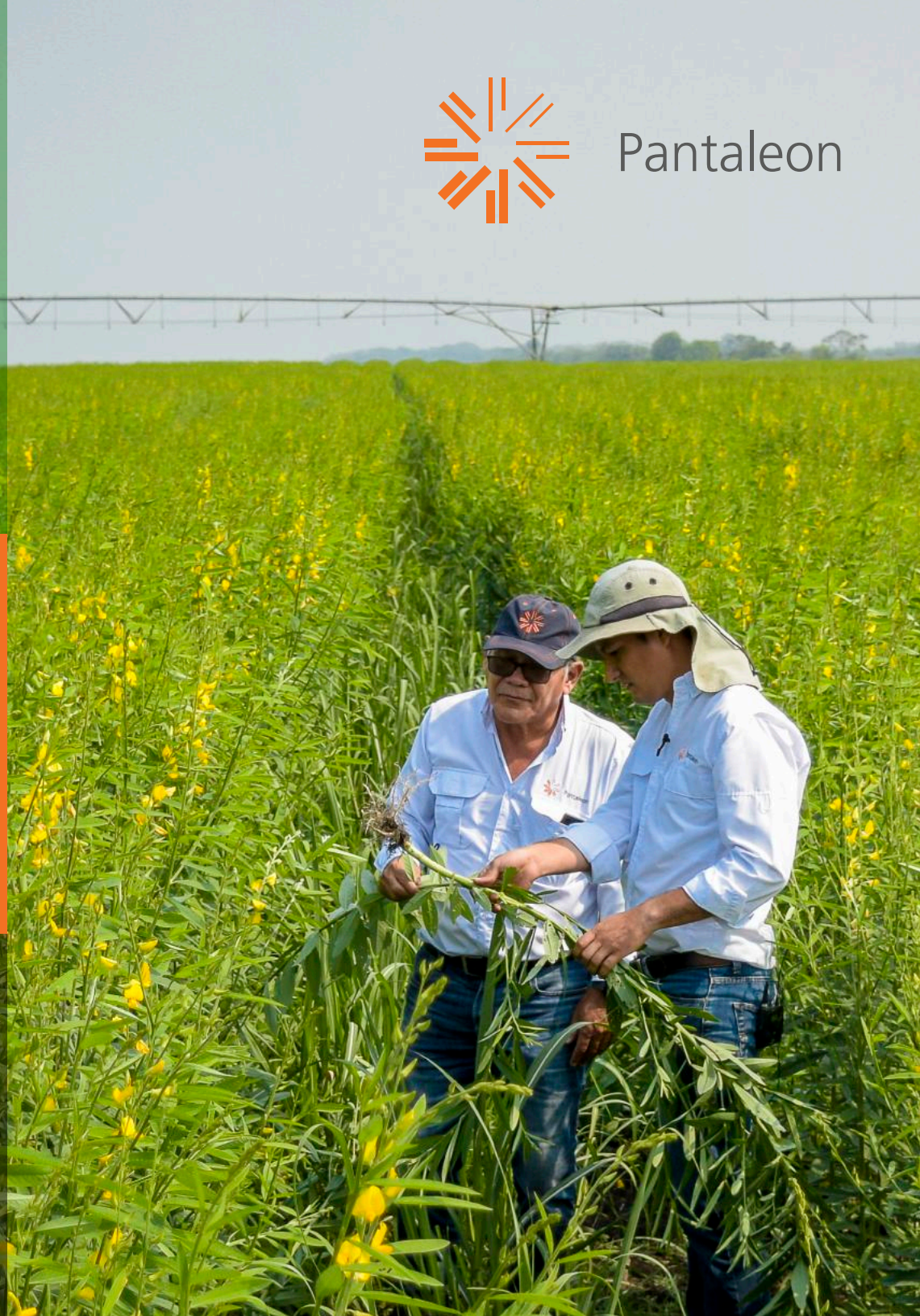




Pantaleon

# ***Responsible Development Report***

# ***2022***



# About Our Report



Committed to transparency and Responsible Development, we provide our stakeholders with information related to our sustainability strategy, results, key initiatives, progress, and operational challenges related to environmental, social, and governance issues, better known as ESG.

For the fourteenth year, we publish the Responsible Development Report, outlining the information corresponding to the period from January to December 2022. In certain instances, the data corresponds to the harvest period from November 2021 to October 2022. For the past eight years the report has been prepared under the standards of the Global Reporting Initiative (GRI), following the guidelines of its "Essential" compliance option. For the first year, the report is prepared in reference to the guidelines of its latest version, GRI 2021. The latest version of this report referring to the Global Reporting Initiative standards was made in 2022.

The scope of the report covers the organization's operations in Guatemala, Nicaragua, Mexico, Chile, and the United States of America. Throughout the document, various indicators corresponding to the different areas of impact, risks, and opportunities are detailed. The prioritization of the topics was evaluated through the Materiality Analysis and approved by the General Management.

The Responsible Development department was responsible for the elaboration of this report. It should be noted that this report has not been subjected to an external validation process.

The report is available in a digital version on the organization's website:  
[www.pantaleon.com](http://www.pantaleon.com)

Any concerns arising from the content of the report will be addressed through email:  
[desarrolloresponsable@pantaleon.com](mailto:desarrolloresponsable@pantaleon.com)

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## Letter from our CEO

Twenty twenty-two was a year of important accomplishments and lessons for The Pantaleon Group. Following our Responsible Development strategy, aligned with our ethical, social, and environmental values and responsibilities, we achieved high production levels and the diversification of value-added products. In Mexico, we positioned ourselves as the largest sugar producer in the country; in Nicaragua, we increased our brown sugar production; and in Guatemala, we increased our milling capacity.

Recognizing that taking care of our environment is fundamental for the sustainability of our business, we made significant efforts to naturally enhance soil properties, promote sugarcane varieties that better withstand climate change, reduce the use of natural resources, and minimize the application of agrochemicals. We are making important progress in achieving our strategic goals, which include reducing water consumption, promoting regenerative agriculture, and biodiversity conservation.

In the social axis, as a Group, we joined the Partnership for Central America (PCA), an initiative led by the U.S. Government to promote investment and create job opportunities in the region. Through other strategic partnerships we created community training schools to strengthen the skills and increase employment opportunities of people from surrounding communities. Internally, we continuously improve our occupational health and safety systems, minimizing our operational risks and promoting a culture of safety and overall wellness. In 2022, the U.S. National Institute for Occupational Safety and Health (NIOSH) invited us to present our program Total Worker Health.

We successfully completed the first year of our Extensionism Program in Mexico, in partnership with Bayer, Solidaridad, and the sugarcane associations of Panuco. This program seeks to transfer technology to producers in the area, encouraging them to adopt best agricultural practices that improve



their productivity and increase their income while reducing their environmental impact. In 2023 this initiative received a Sedex Sustainability Award for generating an exceptional collaboration among different stakeholders to address ESG challenges and positively impact the communities where we operate.

Further aligning our actions to our Code of Ethics and Conduct, in 2022 we began the implementation of a compliance management system (CMS) under ISO standards. Our operation in Guatemala was the first in the country to receive the GuateÍntegra certification in alignment with ISO 37001:2016 Anti-Bribery Management Systems.

We are grateful for the efforts of a dedicated team, good governance, and the strategic vision of our leaders, who were key players in these achievements.

**Francisco Baltodano**  
CEO 2012 - 2023

# Pantaleon in Figures

Harvest Season 2021/2022



Tons of harvested cane

**11,743,417**

Jobs generated

**+15,530**



Tons  
Sugar produced:

**1,201,422**



M3  
Alcohol produced

**94,270**



MWH  
Energy sold:

**566,650**



Tons per day  
Milling capacity:

**69,000**



Tons  
Molasses produced:

**470,682**

Years of experience

**174**

Export destinations

**41**

Countries of operation

**5**

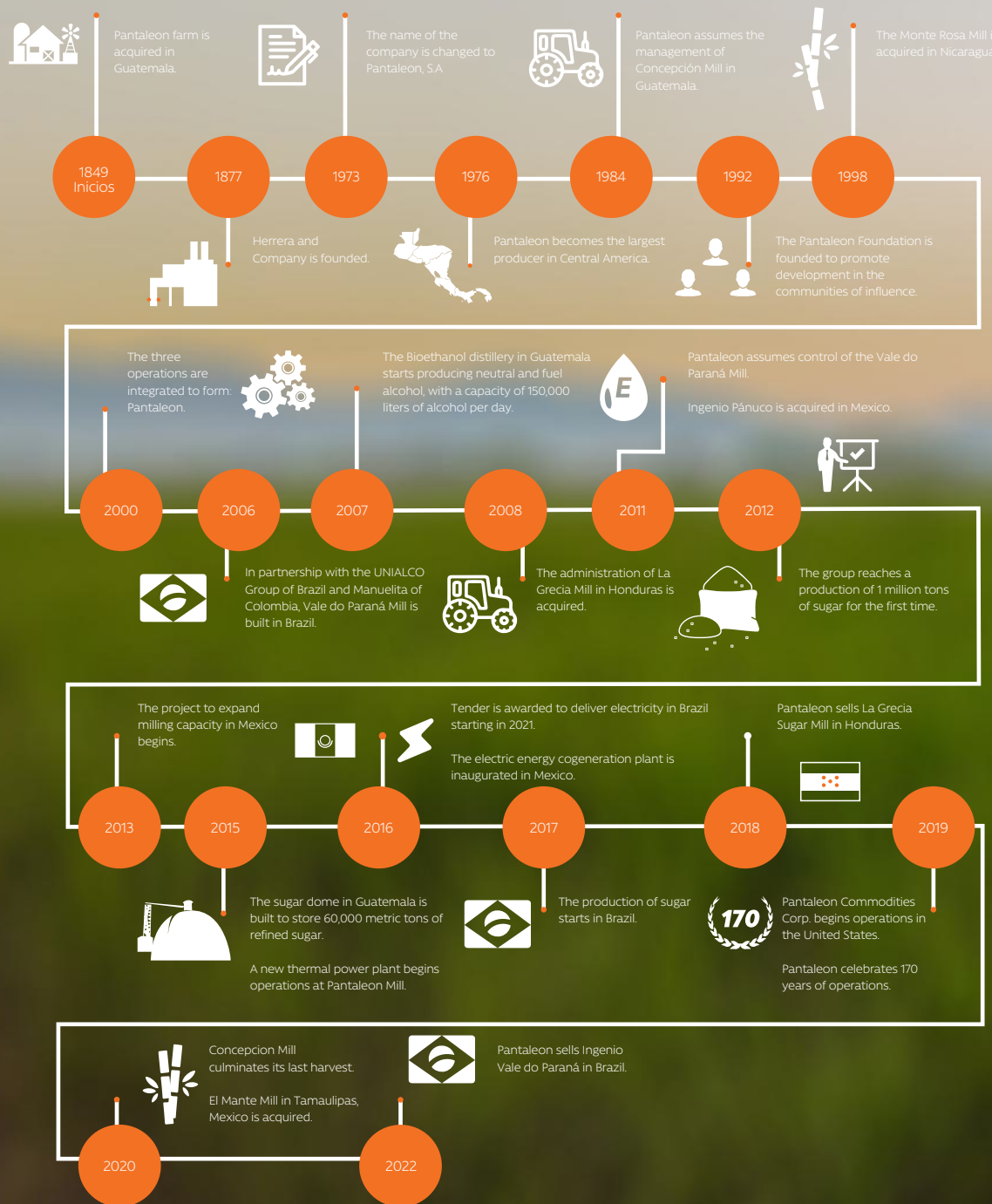


# Pantaleon

We are an agroindustrial organization dedicated to the responsible processing of sugarcane for the production of sugar, molasses, alcohol, and electric power from biomass. We have operations in five countries - Mexico, Guatemala, Nicaragua, Chile, and the United States, with our headquarters in Guatemala. We are characterized by having a high performance and strong commitment culture, based on values and principles forged over more than 174 years of experience.

We started our operations in 1849 on the South Coast of Guatemala, developing from a local operation to a leading business with great relevance in the international market. Today, we are leaders within the Central American region in sugar production and are among the ten most important sugar groups in Latin America with an annual production of 1.2 million tons of sugar and derived products. Our products reach local markets and more than 40 export countries, where we supply food industries and refineries.

With significant investments in innovation and continuous efficiency improvements in our agricultural and industrial processes, our business strategy focuses on sustainable development and operational excellence.



# Responsible Development

We have defined and implemented an integral business model that drives operational efficiency and places at its core responsibility and commitment to our environment and human capital. We managed to create a comprehensive sustainability policy called Responsible Development, which dictates the relationship between economic growth, people's well-being, social harmony, and the responsible use of resources in a process of continuous innovation and improvement.

We align ourselves with the ESG framework by evaluating business practices and our performance around various ethical and sustainability aspects. Additionally, we align our policies and practices to other global standards, including:

- United Nations Sustainable Development Goals
- Universal Declaration of Human Rights
- Declaration of the International Labour Organization concerning the Fundamental Principles and Rights at Work
- United Nations Framework Convention on Climate Change
- UN Guiding Principles

We have also developed a **Comprehensive Management Policy**, which guides the company's activities around issues of quality, health, safety, and the environment (QHSE).

## We are committed to:

- Ensure compliance with applicable legal requirements as well as those made by our customers and other interested parties.
- Satisfy the needs of our customers by providing them with safe, quality products.
- Optimize the use of natural resources and reduce our environmental footprint.
- Promote a safe and healthy work environment to prevent incidents and/or deterioration of health.
- Communicate our commitments openly to our stakeholders.

# Advancements made in our ESG Goals:



**People:** We promote our employee's wellbeing and professional growth.

Goal (2013-2024)	Progress to date
Generate excellent working conditions & tools to enable their development.	● 92% Total Worker Health Programs implemented.
	● 84% reduction of Incapacitating Injuries Index (ILI) (2013-2022)
	✓ 174,097 hrs of technical trainings (2022)
	✓ 283,534 hrs of trainings on Occupational Health & Safety (2022)
	✓ 99.5% annual performance evaluation to our administrative staff.



**Prosperity:** We promote development in the communities where we operate.

Goal (2013-2024)	Progress to date
Develop technical skills & generate growth opportunities	✓ 56,231 people benefitted through 80+ initiatives in 3 countries (2022).
	✓ Benefited over 290,964 people since 2015.
	✓ US\$4.3M invested in development programs (2022)
	✓ From 2015 to 2022, US\$33.2M invested in development programs.



**Planet:** We continuously innovate to make our production sustainable.

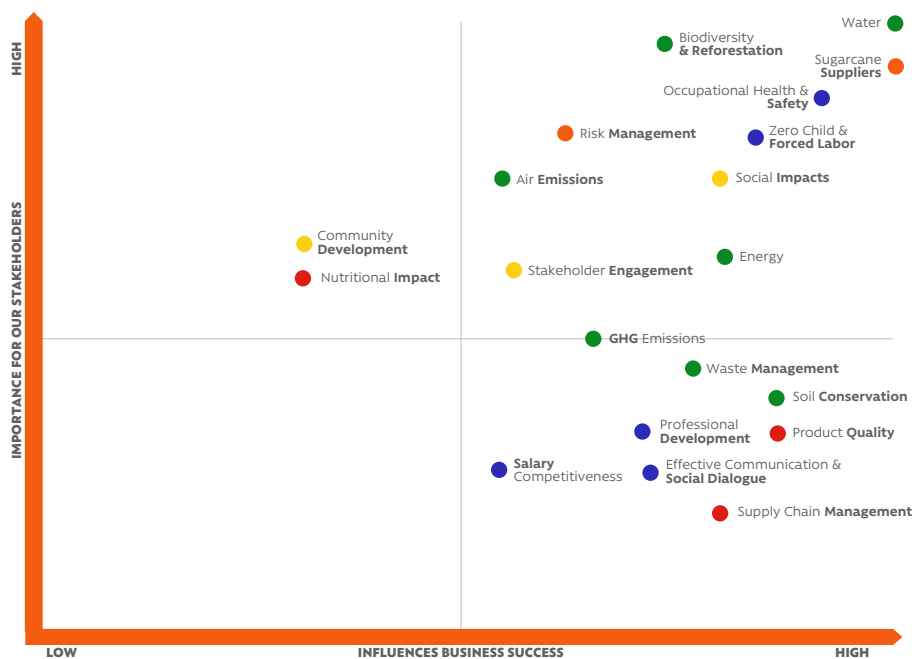
Goal (2013-2024)	Progress to date
40% reduction of GHG Emissions (tCO <sub>2</sub> /TA)	✗ 13.5% reduction of CO <sub>2</sub> emitted per ton of sugar (2013-2022).
50% reduction of industrial water consumption (m <sup>3</sup> /TC)	✓ 78% reduction (2013-2022).
Promote Regenerative Agriculture, reducing the use of fertilizers, herbicides, pesticides, and irrigation per hectare.	● Incorporated Regenerative Agriculture in over 36,700 hectares.
Biodiversity Conservation	✓ We do not acquire or lease land that has had any form of deforestation and promote different conservation initiatives including restoration of forests, biological corridors, riverside areas, and native fauna.



**Product:** We manufacture high-quality products while strengthening the sustainability of our value chain.

Goal (2013-2024)	Progress to date
Comply with international certifications & create programs to support our suppliers.	✓ 33+ international certifications
	✓ First Mill in Latin America to obtain Bonsucro EU RED II (Monte Rosa Mill, Nicaragua)
	✓ Designed and implemented programs to support our providers strengthen their practices.

# Materiality Analysis



Every year, we review the materiality analysis with the Board of Directors, General Management, and the different operational teams involved. This analysis identifies priority issues to ensure our sustainable operation around ESG guidelines. We evaluate the importance of economic, environmental, and social impacts, as well as the influence we have in the perceptions and decisions of our stakeholders.

In 2013 we established a Responsible Development strategy and goals for 2024, which we evaluate and adapt annually. The progress is periodically reported to the Board of Directors. **In 2022, we updated these topics, evaluating our progress as well as the areas that require greater focus.** Compared to previous years, the importance of regenerative agriculture, soil & biodiversity preservation, the reduction of air and GHG emissions, as well as improving the traceability of our value chain increased, due to rising climatic impacts, our current sustainability practices and business opportunities.

For this analysis, we utilize interviews with the different team leaders, as well as external audiences and media monitoring. In 2018, we carried out a public perception analysis in which interested audiences were interviewed to understand their appreciations and attitudes towards Pantaleon. Interviewees included: informed consumers, public policy leaders, community leaders, non-governmental organizations, managers within the organization, and clients such as food producers and international sugar traders. Media monitoring is performed through monthly evaluations of social and traditional media, looking for mentions of the company and overall industry.



Risk Management  
Culture of Ethics



Fair Labor Practices  
Zero Child Labor and Forced Labor  
Effective Communication and Social Dialogue  
Compensation and Benefits  
Recruitment, Development and Retention  
Occupational Health and safety



Energy  
Water and Wastewater Management  
Air Quality  
Waste Management  
Soil Preservation  
Biodiversity and Reforestation



Community Development  
Stakeholder Engagement  
Social Impacts



Product Quality and safety  
Supply Chain Management  
Cane sourcing  
Impact on Health

# Operations, Products, and Markets

5 countries of operation:

- Guatemala**  
Pantaleon Mill  
Bio Ethanol Distillery
- Mexico**  
Panuco Mill  
El Mante Mill  
Pantaleon Energy
- United States**  
Pantaleon Commodities Corp.
- Chile**  
Panor Sugar Warehouse
- Nicaragua**  
Monte Rosa Mill



**8** Varieties of products offered: sugar, molasses, alcohol, and energy.

**Sugar**  
Guatemala, Nicaragua, Mexico

**Energy**  
Guatemala, Nicaragua, Mexico

**Molasses**  
Guatemala, Nicaragua, Mexico

**Alcohol**  
Guatemala

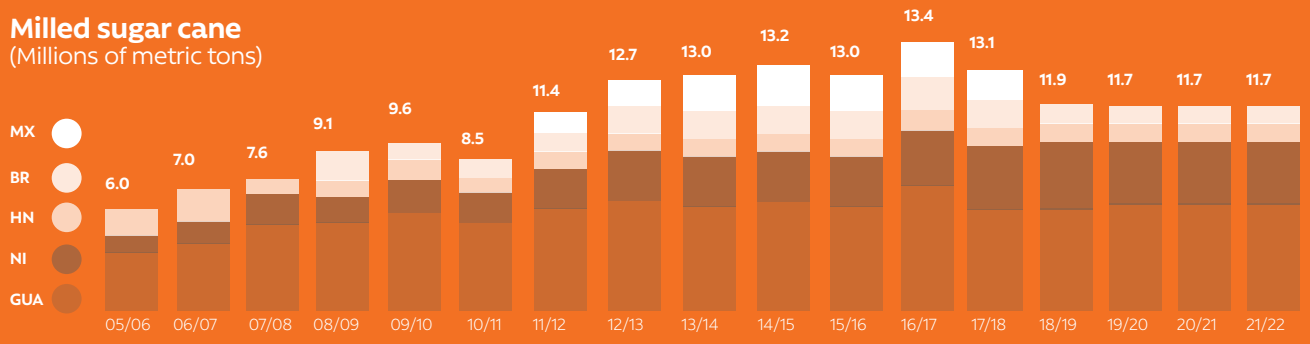
In terms of sugar production from sugarcane

**#1** in Central America

**#2** in Latin America (Excl. Brazil)

**#9** Worldwide

Milled sugar cane (Millions of metric tons)





# Major Export Destinations

More than **40**  
export destinations



# Milestones Achieved in 2022

## Pantaleon Group

We joined the **Partnership for Central America (PCA)**, an initiative led by the United States government to create job opportunities in the region. More than 40 local and international companies announced different commitments that accrue to a USD\$3.2 billion investment to create socioeconomic opportunities in Northern Central America. Reaffirming our commitment to promote development, we attended the Summit of the Americas, where we announced our initial investment of USD\$15 million to build **Synergy Industrial Park in Escuintla**.

The master plan includes 4,700 hectares, for which 500 hectares are destined to make the largest industrial park in Central America. Synergy Industrial Park is focused on serving local and international logistics, distribution, and manufacturing companies, attracting more than 20,000 jobs in the next 15 years.



PARTNERSHIP FOR  
CENTRAL AMERICA



**SYNERGY**  
INDUSTRIAL PARK

## Mexico

**In 2022, Panuco Mill became the #1 producer in Mexico!** The improvements in the operation, both physical and technical, increased the mill's milling capacity leading to higher levels of production. Panuco Mill produced 14 thousand tons per day and El Mante Mill 10 thousand tons per day, an increase of 18% and 43% respectively, compared to the previous harvest.

## Nicaragua

With the objective of increasing our offer of value-added products, we expanded Monte Rosa Mill's brown sugar production line, reaching a capacity of 600 tons per day and achieving an overall production of 279,304 tons.

## Brazil

Under the strategic vision of strengthening the Group's position, in 2022 the decision to sell the shares of Vale do Paraná Mill in Brazil is made.





# Innovation

**Our business success is the result of operational excellence and the continuous adoption of innovative processes, work methodologies and technologies that ensure the best product quality, while promoting productivity and efficiency.**

## Conecta

Digital transformation project that seeks to enable new technological capabilities, innovation tools, and improvements in existing processes. We are implementing a standardized and robust platform across the organization to increase operational efficiency, centralize our documentation, and incorporate innovative analytical tools to facilitate decision-making.

## Integrated Operations Center (COI)

Centralized internal structure of services for the management of information monitoring, business intelligence and overall development, being the link between SAP and users in specific processes, promoting transparency and efficiency.

## Ingenia

Internal Global Business Service that works as an administrative services platform under the best practices, obtaining efficiency, control, and lower operational costs.



## Promoting Circular Economy and Regenerative Agriculture!

We are transforming our production practices by incorporating principles of regenerative agriculture, carbon farming, integrated management of soil nutrition, and circular economy. We seek to make the most of the residues generated from our operations and improve the use of existing resources to create cutting edge initiatives.



## Regenerative Agriculture

We are transforming our practices using regenerative agriculture because we believe it is the way to significantly reduce our emissions, promote soil health and be at balance with nature, sustainably maintaining our agricultural production. This is how Sustainable Precision Agriculture (ASP) was born, ASP integrates agronomic, biological, technological, and environmental strategies, which allow us to take advantage of and maintain soil fertility to improve our processes, reducing the use of agrochemicals and our overall environmental impact, as well as carbon and water footprint.

## BioKlar

To support the health emergency caused by Covid-19, our sustainable alcohol production line was used to produce hand sanitizer. We are expanding to different products to enter new markets, always in line with our priority of creating conscious products.



## Novapellet

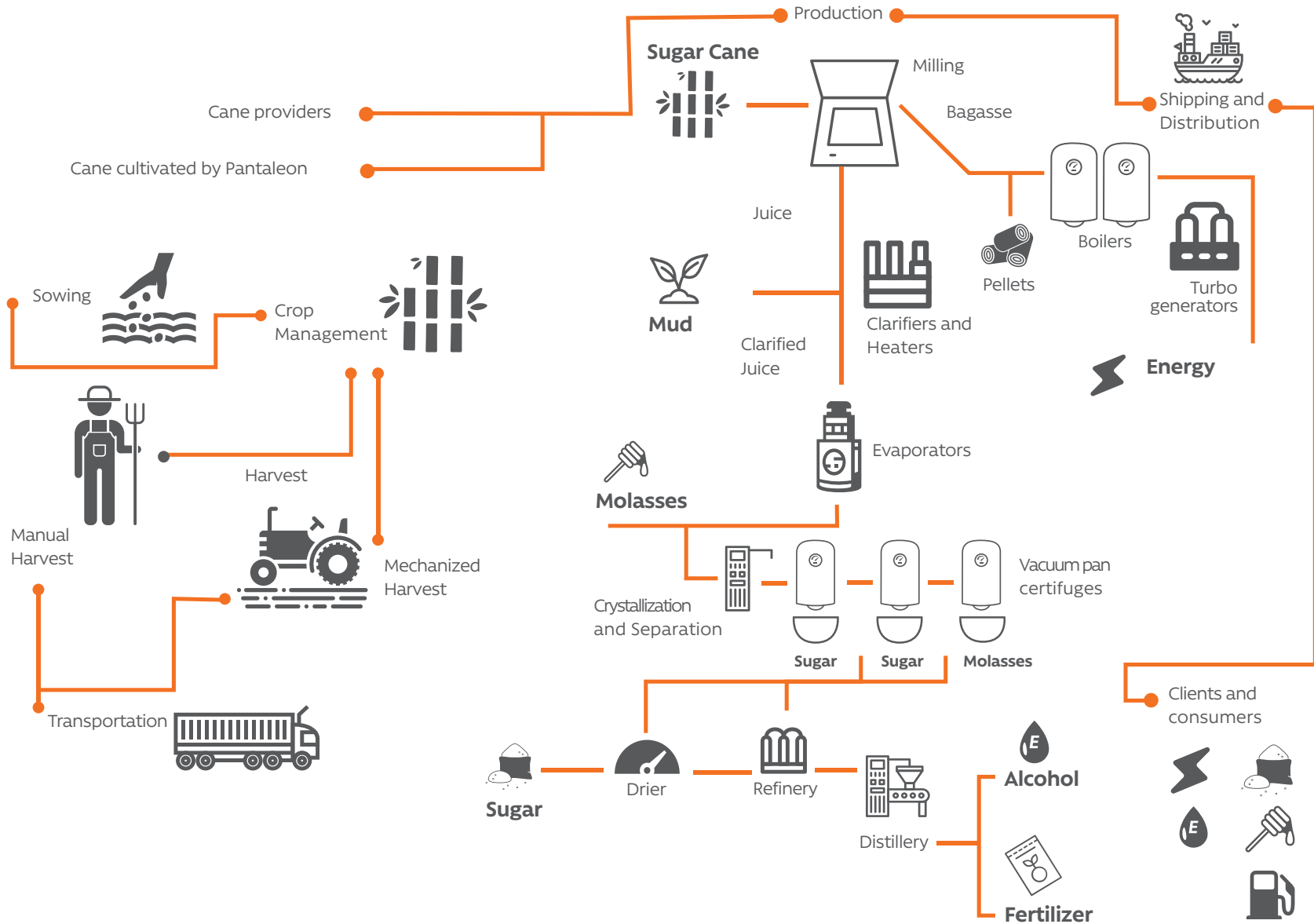
We inaugurated our sugarcane bagasse-based fiber plant production. This project reutilizes sugarcane residues to generate natural fiber, which is converted into an ingredient for livestock consumption or as a source of biomass for energy generation. In the case of production for animal consumption, processing it into pellets allows us to increase the density, reducing the cost of transportation, facilitating storage as well as expanding its lifetime duration versus other fiber alternatives on the market. In addition, it is easy to use in combination with other feed ingredients such as molasses, grains, and minerals. **In the case of biomass, the “pellet” has good energy properties similar to wood, making it a sustainable alternative to replace coal in power generation.**

## Agricultural Biomass

We use the concept of disruptive technology to innovate in our agricultural processes, introducing machinery that separates surplus biomass from cane during mechanized harvesting, creating a more efficient industrial processing and allowing the reintegration of organic material into the soil. This organic material can be utilized to generate energy or as animal food.

<p>9 INDUSTRY INNOVATION AND INFRASTRUCTURE</p>  <p>Goal: 9.5</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>Goal: 12.2</p>	<p>13 CLIMATE ACTION</p>  <p>Goal: 13.3</p>
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# Supply Chain



# Strategic Alliances

We seek to enhance our positive impact, therefore, we proactively encourage joint efforts with national and international organizations. Currently, we have alliances and/or institutional relations with more than 40 organizations in different countries, including universities, research centers, foundations, associations, committees, and private sector associations.

## Guatemala

- Guatemalan Sugar Association (ASAZGUA)
- Sugar Foundation (FUNDAZUCAR)
- Guatemalan Sugarcane Research and Training Center (CENGICAÑA)
- Private Institute for Climate Change Research (ICC)
- Expogranel, S.A.
- Association of Sugar Technicians of Guatemala (ATAGUA)
- Center for Corporate Social Responsibility (CentraRSE)
- Foundation for the Development of Guatemala (FUNDESA)
- Guatemalan Agricultural Chamber (CAMAGRO)
- Foundation 20 20
- Del Valle University in Guatemala
- Guatemalan Managers Association
- Chamber of Commerce
- FUNCAGUA
- Association of Independent Cogenerators (ACI)
- National Generators Association (ANG)

## Nicaragua

- National Committee of Sugar Producers (CNPA)
- Association of Private Sugar Cane Producers of the West (APRICO)
- National Commission for Export Promotion (CNPE)
- American Chamber of Commerce (AMCHAM)
- Nicaraguan Chamber of Commerce (CACONIC)

## Mexico

- National Chamber of the Sugar and Alcohol Industries (CNIAA)
- Union of Workers of the Sugar Industry and Similar Industries of the Mexican Republic
- National Farmer Confederation (CNC)
- National Confederation of Rural Producers (CNPR)
- Mexican Social Security Institute
- National System for the Integral Development of the Family (DIF)
- Training Institute for Work of the State of Veracruz (ICATVER)
- National Association for Personal Improvement (ANSPAC)
- Club America
- Mexican Center for Philanthropy (CEMEFI)
- Technological of Pánuco
- Veracruz Institute of Adult Education (IVEA)
- United Nations Global Compact
- Higher Technological Institute of El Mante (ITSM)
- Autonomous University of Tamaulipas (UAT)
- Tamaulipas Institute of Adult Education (ITEA)
- National Agricultural Council (CNA)
- Technological Institute of Higher Studies of Monterrey (ITESM)



## International

- Sugar Producers of the Central American Isthmus (AICA)
- World Sugar Research Organization (WSRO)
- Bonsucro
- International Sustainability and Carbon Certification (ISCC)
- Inter-American Development Bank (IDB)
- International Finance Corporation (IFC)
- Partnership for Central America (PCA)

# Corporate Governance

Pantaleon prides itself on being a private family business. The Board of Directors, elected by the shareholders is the body responsible for the administration of the company, its strategy and structure. It is made up of a maximum of 8 directors and 2 independent directors.

In 2022, the Board of Directors had three committees to support and follow-up on strategic areas for the business, including environmental, social, and governance (ESG) issues. The members of the committees meet constantly with company executives to ensure compliance with business objectives in coordination with the requirements of the Shareholders' Meeting.

**Integrated by: 10 people - ♂ 90% male and ♀ 10% female**



## Governance Committee

Advises the Board of Directors on the design of the corporate governance structure, helps evaluate its performance, and nominates directors -including independent directors. It also helps establish a governance system that supports the dynamics of a family business.

**Integrated by: 9 people**  
♂ 66.6% male and ♀ 33.3% female

## Compensation and Development Committee

Supports the Board in the human management of the organization's operations and suggests equitable and competitive compensation models to attract and retain the best talent. Supports the Human Talent Management team on succession plans of key positions, as well as the supervision of pension plans, long-term incentives, savings, health, and social welfare.

**Integrated by: 15 people**  
♂ 66.6% male and ♀ 33.3% female

## Risk, Audit, and Compliance Committee

Oversees the establishment of a risk management system that identifies, evaluates, and manages risks that can affect the achievement of the company's strategic goals. It ensures the integrity of the information contained in the audited financial statements and compliance with the Code of Ethics, laws, and regulations applicable to the businesses and industries in which we operate. Additionally, it manages and supervises internal audits.

**Integrated by: 7 people**  
♂ 57.2% male and ♀ 42.8% female

# Code of Ethics and Conduct

## Ethics

**Our ethical culture is defined as our commitment to long-term sustainable growth and establishes how we conduct our business, guided by responsible performance.**

**Our Code of Ethics and Conduct is a statement of the highest standards of ethics and integrity that guide those of us who work at Pantaleon in our daily decisions and actions.**

Every year, a communication plan is drawn up to generate discussion among the teams and socialize the way the complaints resolution line works. This plan is approved by the Ethics Committee and disseminated to our employees. The messages are adapted and communicated through different tools to all workers, including our operational personnel and contractors. Likewise, we have a code of ethics for our suppliers and strive to make them comply with these standards.

We define in our Code of Ethics and Conduct (CEC) compliance with the legal requirements, ethical behaviour and the values that govern our actions. The Code is approved by the Board of Directors and periodically reviewed to see if changes are required, the latest version was approved in 2017. Our philosophy, business commitment, responsible development practices, values, and principles are embodied in our Code, which defines who we are and how we relate to our stakeholders. We nurture our culture of ethics through our day-to-day actions, with our colleagues, the environment, customers, and the communities that surround us. An ethical company is built by its people, people of integrity who live and promote the values with which we accomplish exceptional achievements.

### Our code:

[https://pantaleon.com/downloads/Code\\_of\\_Ethics\\_and\\_Conduct.pdf](https://pantaleon.com/downloads/Code_of_Ethics_and_Conduct.pdf)

**The Risk, Audit, and Compliance Committee relies on two entities to ensure the compliance and dissemination of the Code of Ethics and Conduct:**

## Ethics and Conduct Committee

Fosters a culture of ethics, defines guidelines, receives, and oversees complaints regarding violations of the Code, safeguarding its proper investigation and recommending disciplinary measures. It promotes the adoption of principles to live the company's values and ensures its dissemination.

**Integrated by:** ♂ 66.6% male and ♀ 33.3% female

## Human Resources Management

Responsible for the dissemination of the Code of Ethics and Conduct and the proper implementation and integration into the company's culture.



# Anti-fraud and Anti-corruption Policy

We have an **Anti-fraud and Anti-corruption Policy**, which establishes the guidelines for the prevention of fraud, corruption, and other illegal activities within the organization, minimizing the probability of occurrence and promoting transparency in the fight against these practices. We have established a process to identify potential risks in the different business units and implement protocols and procedures to minimize them.

In 2022, Pantaleon Mill received the first anti-corruption certification from the Guatemalan Chamber of Industry (CIG). The "GuateÍntegra Anticorrupción" certification is a national model and benchmark in Anti-corruption systems, adopting the highest international standards in business integrity issues contained in ISO 37001:2016 – Anti-bribery Management Systems and other good business practices.

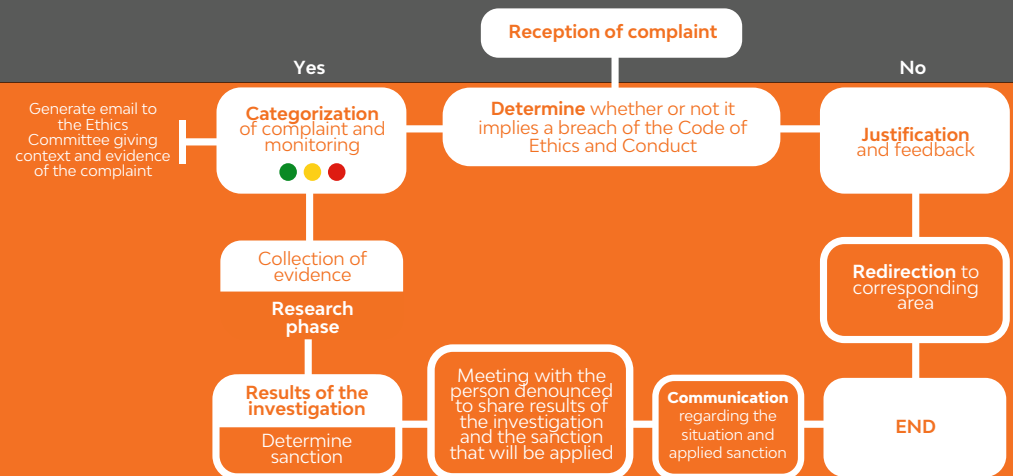


## Comprometidos con nuestro código de ÉTICA Y CONDUCTA VIVIENDO NUESTROS VALORES

- ✦ Integridad y honestidad
- ✦ Mejora y cambio permanente con visión a largo plazo
- ✦ Respeto por las personas y compromiso por su éxito



### Reception of complaint through authorized channels:



# Complaints Resolution

Any concerning behaviour that may represent a breach of the Code of Ethics and Conduct should be reported, preferably before it becomes a risk to the health, stability, and safety of employees, to the reputation of the company or a violation of the law.

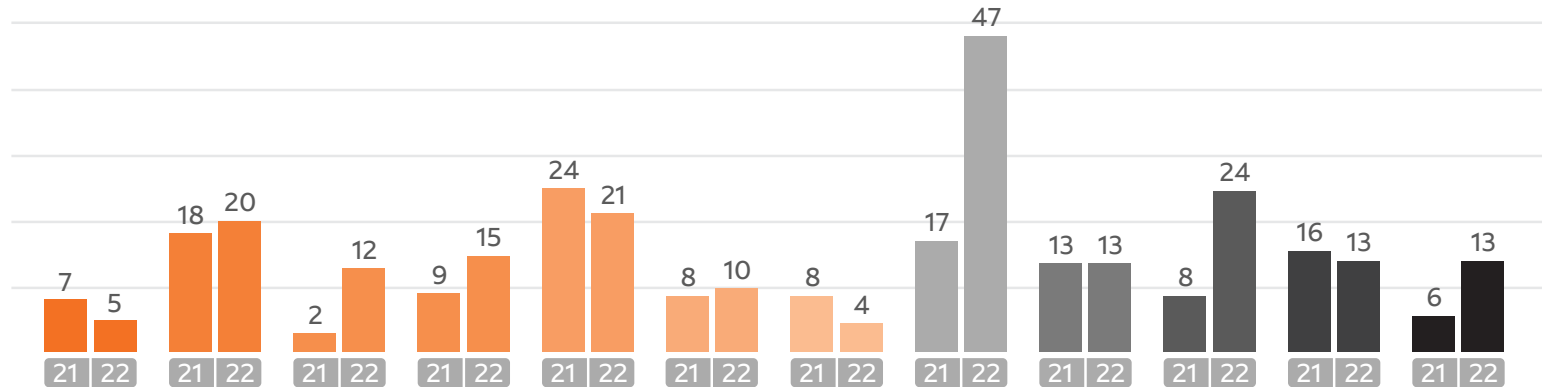
The process for receiving, monitoring, and resolving complaints for non-compliance with the Code of Ethics and Conduct is carried out by the Ethics and Conduct Committee. The Committee regularly presents the relevant issues and statistics of non-compliance to the Board of Directors.

## Classifications of Complaints Received 2021 vs 2022

**136** Complaints received in 2021  
**136** resolved  
**0** in progress

**197** Complaints received in 2022  
**197** resolved  
**0** in progress

- Abuse and harassment
- Work agreements
- Conflict of interest
- Corruption and bribery
- Substance abuse
- Equal opportunities
- Information integrity
- Offensive behaviour
- Unethical business
- Robbery
- Health and safety
- Improper use of resources



## Communication Channels



**Extension 5115**  
 Internal calls

### Lines handled by a third party:

**Guatemala**  
 Toll free line: 001 801 0002424  
 Conventional line: +502 2377-2424

**Nicaragua**  
 Toll free line: 001 800 5020098  
 Conventional line: +505 2342-9040

**México**  
 Toll free line: 800 1233422

**Webpage**  
<https://denuncias.etictel.com/?lang=en&company=1828>

**Email**  
[codigo.conducta@pantaleon.com](mailto:codigo.conducta@pantaleon.com)

**WhatsApp**  
 +502 4128-7000

# People

To us, people come first. We promote the well-being and professional growth of our employees so that they share our business success. We provide a valuable source of employment and adopt practices that contribute to their health, safety, and personal development.



# Our Human Capital

Employees on average

# 11,516

Employees during harvest season

# + 15,530

\*In 2021, we had 13,479 employees on average and 17,900 during the peak of the harvest season. The decrease of employees is due to the sale of the operation in Brazil.

Our long-term success depends on our ability to attract, retain, and develop competent employees who are committed to achieving our business goals. We have policies to ensure their well-being, motivation, and growth. These include: Responsible Working Conditions Policy, Best Talent Attraction Policy, Talent Development Policy, Commitment and Motivation Policy, and Compensations Policy.





# Responsible Labor Policy



## Respect for our people

We value our employees and their contributions; therefore, we maintain a commitment to equal opportunities, dignified treatment, and respect. We reject any form of forced labor. We are committed to keeping work environments free of discrimination in any of its expressions, whether it be by race, sex, age, nationality, ethnic or social origin, religion, disability, language, sexual orientation, or political orientation. We do not tolerate physical, verbal, or psychological harassment. Decisions related to the selection and hiring of personnel are based on the skills, knowledge, performance, professional experience, ability, and congruence with our values.



## Commitment to future generations

Convinced of the importance of educating and developing children and the youth, we reject child labor in all its expressions.



## Effective communication and social dialogue

We are committed to maintain effective communication spaces and open dialogue with our employees to provide the opportunity to discuss matters of common interest. We promote efficient communication channels to consult and exchange information to improve labor relations and act effectively.



## Salary competitiveness

We believe in remunerating our employees based on a system of compensation and attractive benefits in relation to the markets in which we compete. We operate in full compliance with labor laws regarding wages, work schedules, working hours, overtime, and work benefits.



## Talent development

We recognize and value the work of each of our employees. Therefore, we offer them opportunities and conditions to develop their skills, abilities, and knowledge, and thus, improve their potential to be successful within our organization.



## Commitment to safe workspaces

We promote safe and healthy work practices. We are responsible for maintaining clean and orderly work environments. When needed, we provide our employees with personal protection equipment to minimize accidents, injuries, and exposure to hazards. We maintain procedures and systems to register, report, and address accidents and occupational diseases.



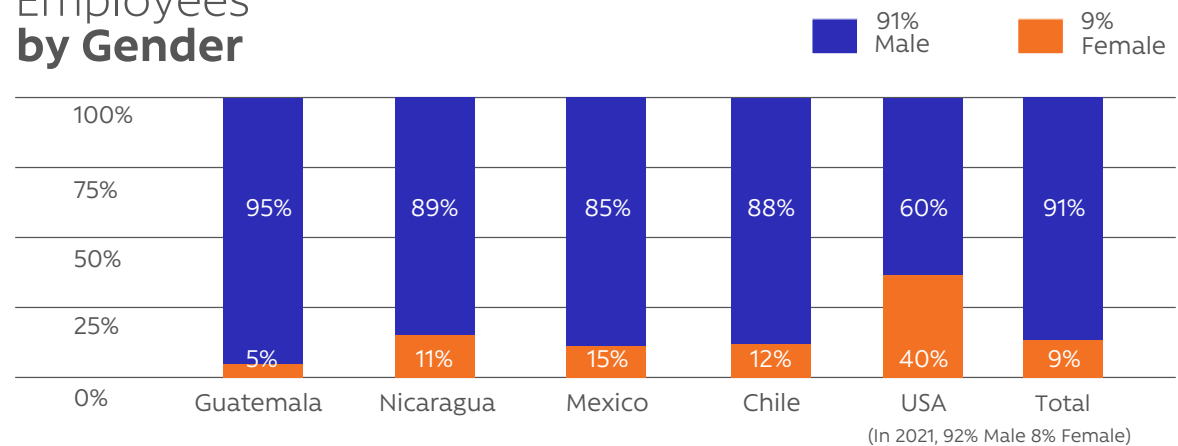
# Our Human Capital in Figures

## Employees by Operation

Operation	Employees
Guatemala	6,502
Nicaragua	2,733
Mexico	2,224
Chile	52
USA	5
<b>Total</b>	<b>11,516</b>

In the sugarcane industry, the year is divided into harvest and repair seasons. The harvest season usually lasts from November to April, this six-month period is when we harvest our cane and production begins, therefore, we require a higher level of operational personnel in the agricultural and industrial areas. During the repair period, maintenance work is carried out in the factories and sugar is cultivated, therefore, our need for operational personnel decreases. To prepare this report, we use the annual average of the monthly staff average.

## Employees by Gender

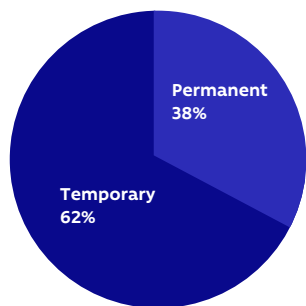


## Employees by Hierarchical Level

Operation	Administrative	Supervision /Technical	Administrative Support	Operational	Total
Guatemala	280	154	576	5,493	6,502
Nicaragua	108	135	138	2,352	2,733
Mexico	130	216	167	1,711	2,224
Chile	12	2	4	34	52
USA	4	0	1	0	5
<b>Total</b>	<b>534</b>	<b>507</b>	<b>886</b>	<b>9,590</b>	<b>11,516</b>

\*The "Administrative" category is made up by coordinators, executive, and managerial positions, while "administrative support" are the support posts for these leadership positions.

# Employees by Gender and Type of Contract

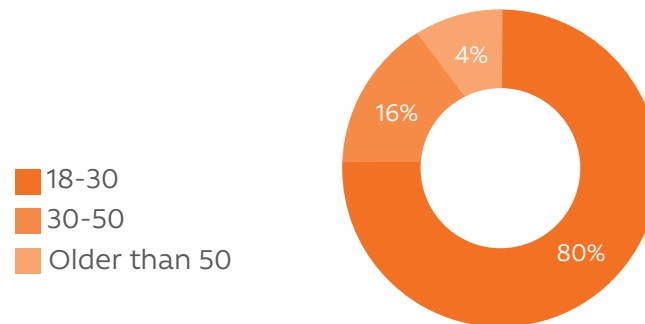


	Permanent	Temporary
Guatemala	2,857	3,646
Nicaragua	544	2,189
Mexico	951	1,273
Chile	45	6
USA	5	0
<b>Total</b>	<b>4,402</b>	<b>7,114</b>

\* Employees under the temporary contract are those hired to carry out work for specific production seasons, be it harvest or repair.

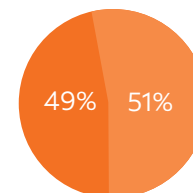
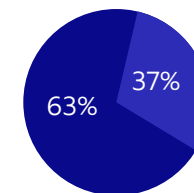
95% Permanent unionized operational employees at Panuco Mill.  
 77% Permanent unionized operational employees at El Mante Mill.  
 26% Permanent unionized operational employees at Monte Rosa Mill.

# Employees by Age Group:



Rotation rate of 6% considering only employees with a permanent contract.

	Male	Female
Permanet	3,890	511
Temporary	6,628	487



# Employees by Gender and Type of Contract

Country	Administrative		Supervision/ Technical		Administrative Support		Operational	
	Male	Female	Male	Female	Male	Female	Male	Female
Guatemala	207	74	142	12	440	136	5,370	122
Nicaragua	80	28	123	11	61	77	2,156	196
Mexico	103	27	186	30	93	74	1,509	202
Chile	8	3	2	0	2	2	34	2
USA	3	1	-	-	-	1	-	-
<b>Total</b>	<b>401</b>	<b>133</b>	<b>453</b>	<b>53</b>	<b>596</b>	<b>290</b>	<b>9,068</b>	<b>522</b>



# Benefits



For us it's very important to ensure that our employees enjoy a good quality of life both inside and outside the organization. Committed to the well-being of our team, we make sure to comply with all the work benefits required by the legislation of each of the countries in which we operate. Additionally, employees enjoy some of the following benefits provided by the company.



Personal protection equipment



Disability coverage



Trainings



Posthumous assistance



Pension plans



Uniforms



Medical insurance



Housing and accommodation



Nutrition and food



Adult education



Life insurance



Savings bank



Medical clinics



Educational centers



Consumer cooperative



Transportation



Recreational programs

**100% of our staff has salaries above the minimum wage of each country.** Regarding pension plans, operations in Mexico have an additional internal procedure surpassing what is established by law. In Guatemala this is governed in accordance with Government Agreement 1135 of the Guatemalan Social Security Institute, and in Nicaragua according to the Nicaraguan Social Security Law, based on Decree 974. Regarding maternity and paternal benefits, each operation acts in accordance with the national legislation of their respective country.





# Developing Our Talent

Committed to the growth of our employees, we have created different programs to improve their professional performance and development. For administrative staff, we offer courses on leadership and personal excellence, negotiation, time management, languages, data analysis and management, goal alignment and execution, among others. Additionally, we promote the agile methodology to encourage multidisciplinary teams to work on key projects.

Out of our permanent administrative staff, 99.5% receive an annual performance evaluation. This model promotes alignment between the business strategy and the individual contribution of our employees, focusing efforts on developing human talent and maximizing their contribution to the achievement of the organization's goals.

**174,097 hours of training**

## Employee Training & Development

	GT	MX	NI	TOTAL
Number of trainings	401	118	169	688
Hours of training	83,348	14,548	76,199	174,097
Hours of training for operational employees	74,324	7,704	56,881	138,910
Hours of training for administrative employees	9,024	6,844	19,318	35,187



## Student Internships

### 217 interns

Committed to sharing our knowledge with future generations, we recruit high school seniors, undergraduates, or postgraduates for different areas of the organization, with the objective of helping them to develop in the professional field. During 2022, we had 217 interns, 30% more than in 2021.



## Scholarship Program

### 41 scholarships

We awarded 41 scholarships to our employees for undergraduate or postgraduate programs, 46% more than in 2021. Additionally, we granted scholarships to 49 children of our employees in Nicaragua and 186 in Mexico.



## Internal Promotions

### 87 promotions

We are committed to the success of our employees, which is why we encourage them to apply for vacant positions within the organization, increasing the number of internal promotions. During 2022, we had 87 internal promotions in administrative and technical positions, the same as in 2021.



## Pantaleon Trajectory

### 1,064 employees

Annually, we recognize employees every time they complete 5 years within the organization. During this recognition activity, we highlight emotions such as gratitude, effort, satisfaction, and pride, motivating them to continue being part of our story.



## Pantaleon Ambassadors

### 196 employees

Pantaleon Ambassadors are a network of leading employees, who spontaneously and dynamically share official information on relevant topics of the organization to different internal audiences. At the same time, through active listening, they collect perceptions from employees that help generate timely information to strengthen trust and address different issues. In 2013 our operation in Nicaragua began this program, which they call Avanza.

In 2022, we provided our 86 ambassadors in Guatemala, 28 in Mexico, and 82 in Nicaragua with tools to support their role as spokespersons through effective communication and leadership workshops. They also received a workshop on responsible sugar consumption and health and wellness tools.

# Moments of Dialogue

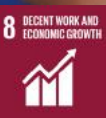
## 11,533 Moments of Dialogue

Effective communication with our employees results in a greater understanding of the company's strategies and initiatives, as well as better individual and collective performance. Moments of Dialogue is a tool that promotes two-way communication with employees, creating a closer relationship. Each operation holds periodic team meetings, either weekly or biweekly, where opportunities for improvement are identified and their work is recognized. The tool also allows us to strengthen certain values such as: credibility, pride, respect, impartiality, and fellowship.

These meetings are led by the employees themselves, in a participatory and independent format, writing down the topics discussed. In 2022, 9,530 Moments of Dialogue were held in Guatemala, 883 in Mexico, and 1,140 in Nicaragua, which is equivalent to 4,262 hours.



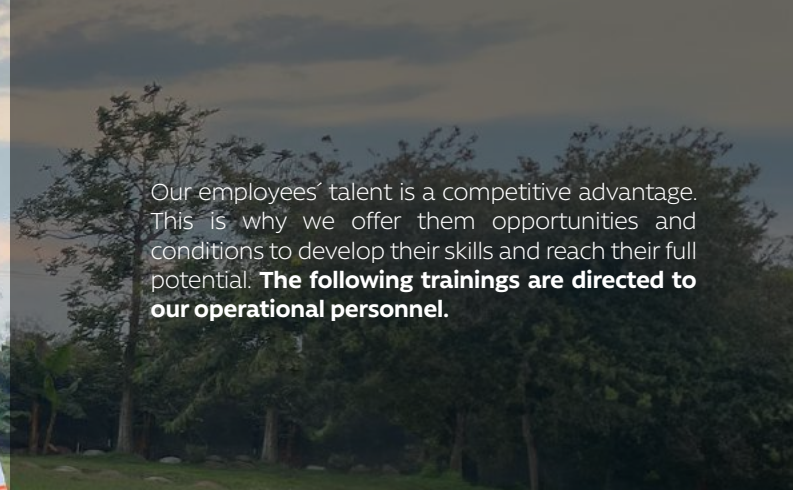
Goal:4.4



Goal:8.3



# Trainings



Our employees' talent is a competitive advantage. This is why we offer them opportunities and conditions to develop their skills and reach their full potential. **The following trainings are directed to our operational personnel.**

## Training Schools

In 2017 we created the Training Schools to support our employees to strengthen their leadership and technical skills so that they could grow within the organization and apply to new positions.



### My Productive Harvest School

**155 employees**

We seek to train those in charge of cultivation, irrigation, and agricultural production to improve the administration and optimization of resources, contributing to agricultural goals and improving our competitiveness, health, and safety. 40 hours of training.



### My Efficient Machine School

**16 employees**

We seek to certify fire pipe pilots and sugarcane transport pilots, ensuring that the participant acquires skills to carry out maneuvering procedures in accordance with internal procedures and standards. 256 hours of training.



### School of Harvester Mechanics

**18 employees**

We seek to enhance and facilitate the knowledge of harvest personnel about the management and correct use of agro-industrial machinery, based on established quality parameters. 130 hours of training.



### School of Tractor Operators

**15 employees**

We seek to facilitate and enhance the knowledge of harvest personnel in the correct management and use of agro-industrial machinery, based on established quality parameters. 130 hours of training.



## Machinery Operators (FOM)

### 65 employees

This program trains operators and helpers of tractors, harvesters and heavy machinery, to promote the growth of our employees.

## Training in Reliability Engineering and Data Analytics

### 19 employees

We train employees in the field of reliability engineering and data analysis, providing participants with the knowledge and skills necessary to evaluate, improve, and maintain the efficiency of our industrial systems and processes.

## Leadership Development and Effective Supervision

### 106 employees

We develop better leaders by training them on emotional intelligence practices, daily coaching to strengthen effective supervision, business mentoring, and oral and written communication techniques.

## Supera Program

### 296 employees

Together with the local unions, we encourage internal promotions based on skills. We carry out an internal analysis of all the operating categories to determine goals and objectives, in line with a development plan, to improve the efficiency of the processes and enable employees to move up the ranks. In 2022, 296 operators were trained through 3,864 hours of training covering topics such as mechanics, electricity, basic hydraulics, among others.

## Transformative Supervision Program

### 99 employees

With the support of the Superior Technological Institute of Pánuco, we created an industrial supervision program to increase the management skills of our employees through 884 hours of training.

# Labor Competencies

## 493 employees



In alliance with educational institutions, we certify the technical skills our employees have acquired during their time with us. This allows them to obtain a degree from a certified institution validating their skills. In 2021, Nicaragua collaborated with La Salle University of Technology in partnership with INATEC to provide training courses according to the needs of the operation. As a result, the skills of operators, for whom there is no formal technical education, were certified. In 2022, Monte Rosa Mill certified the professional skills of 164 employees: 89 through specialized courses with La Salle that include basic electricity and hydraulics and 75 in skills such as welders, machine operators, and automotive mechanics.

In Guatemala, with the support of INTECAP, we certified 310 employees in agricultural production and harvest. In Mexico, a total of 19 collaborators were certified.



Goal: 8.5



Goal: 4



# Occupational Health and Safety

At Pantaleon we are committed to providing safe and healthy work environments. Occupational health and safety is not only a priority, it is a permanent value within our company. All our employees are covered by an occupational health and safety protocol defined in our comprehensive management system. Our main objective is to protect employees from the potential dangers that arise from their own work, which is why we establish rigorous goals to reduce work accidents and occupational diseases, as well as generate detailed action plans to meet our goals. We comply with current legal regulations in each of the countries where we operate and even establish internal protocols and procedures exceeding what is required by law. We generate risk analysis for each of the positions and generate tailor made trainings, which allows us to develop plans to minimize and mitigate risks. In the event of accidents, we carry out different analysis to strengthen our processes.

Under this vision, we have managed to reduce the main risks of our operations, including contractors, who are subject to the same health and safety standards as employees within the company. We have an internal platform called CLEVER where we ensure suppliers compliance with our requirements, including having a valid social security, required skills and certifications, among other. We also carry out different safety leadership programs and continuous trainings for staff during working hours, as well as significant investments to improve labor conditions. Between 2021 and 2022, US\$8M were invested to improve occupational health and safety conditions.

We have developed a series of trainings as part of the induction process for all staff, and specialized trainings with the support of certified external instructors, including an e-learning platform. We evaluate the understanding of the courses through different methods, such as evaluations and in certain occasions practical applicability deliverables to be able to progress onto the next module. Our comprehensive management system is internally and externally audited under guidelines established by international certifications, including Bonsucro, ISSC, and ISO 450001.

The operations also have a physical security management plan, which establishes, under the principle of prevention, the procedures to safeguard the security of the operations, their assets, employees, and communities. The plans include risk assessments, constant trainings, and interaction with public institutions, ensuring compliance with and respect for internal policies and human rights.



 **283,534**

Training hours (308,617 on harvest 20/21)

 **532**

Third-party companies audited on occupational and safety issues (564 on harvest 20/21)

 **36,549**

Inspections (35,497 on harvest 20/21)

GRI 2: 2-27, 2-29  
GRI 403: 403-1, 403-2, 403-4  
403-5, 403-7, 403-8, 403-10  
GRI 410: 410-1





**3,102**

Training events (4,720 on harvest 20/21)



**8,846**

Occupational safety inductions carried out with employees and third-party personnel (7,653 on harvest 20/21)



**562**

Brigadiers Trained (914 on harvest 20/21)



**6,262**

Unsafe acts addressed (9,564 on harvest 20/21)



**63**

Campaigns (45 on harvest 20/21)



**73**

Drills (67 on harvest 20/21)

\* Data 20/21 excludes Vale Do Paraná.

As an organization, we deeply regret the death of two employees in an accident in our operation in Mexico during the 21/22 harvest. The employees were performing welding work on an industrial hydraulic turner. Several weaknesses were identified in the processes. Leadership and senior management carried out corrective actions including a thorough analysis and updating of the Process Risk Panorama to strengthen controls and increase the level of protection. The competencies of supervisory personnel and operational personnel were evaluated and reinforced with training on risk controls for activities critical to personnel. Also, recognition and sanction systems were strengthened to eliminate recurrences.

## Specialized Training of Supervisors in Occupational Safety



### 131 employees

We train staff for supervisory roles regarding safety in the work environment. The program provides participants with the necessary knowledge and skills to promote a safe work environment, identify potential risks and apply appropriate preventive measures. Through theoretical and practical training sessions, an SSO culture is instilled to develop leaders in the implementation and supervision of security policies and procedures in their respective areas.

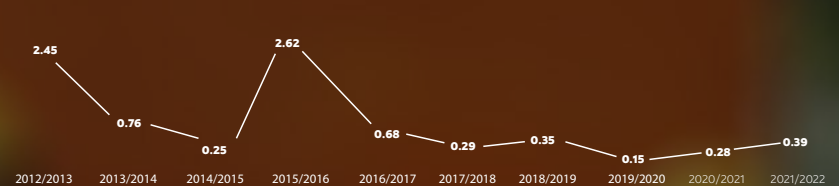
### Frequency Rate



### Severity Rate



### Incapacitating Injuries Index





# Total Worker Health



We have adopted the concept of Total Worker Health, an integrated approach of policies, programs, and practices dedicated to protecting employees from work-related health and safety risks, promoting efforts to prevent common injuries and illnesses. The term is adopted from "Total Worker Health (TWH)" of the National Institute for Occupational Safety and Health (NIOSH) of the United States, and it encompasses nine epidemiological surveillance programs.

In 2016, Pantaleon partnered with the Center for Health, Work, and Environment of the University of Colorado (CHWE) to support the identification and mitigation of health risks in workers and evaluate our existing programs based on scientific evidence. We began the alliance to evaluate the effectiveness of the monitoring program for heat stress and we have expanded to evaluate the effectiveness of Total Worker Health programs.



In 2004, we established a hydration, shade, and rest program in Nicaragua, which we have replicated in Guatemala since 2009 and 2011 in Mexico. The University of Colorado has systematically evaluated the occupational and non-occupational risks of chronic kidney disease and explored different preventive measures. Based on the findings, we implemented a series of factual scientific recommendations, including guaranteeing quality water to all employees, providing them with at least 5 liters of rehydrating serum, modifying working hours, improving shade quality, and performing periodic medical evaluations. We continue to evaluate the factors that contribute to the renal health of workers, incorporating the surveillance systems to female agricultural workers as well.

With this alliance, **20 scientific journal publications have been made, in 2020, we jointly published the first article on the applicability of the concept of Total Worker Health for agribusiness in Latin America.** Currently, through funds from the National Institute of Environmental Health Sciences (NIEHS), we are executing two field studies to evaluate environmental factors in the health of cane cutters, which will last 5 years and another to evaluate environmental factors in agricultural women in surrounding communities. In 2022, we were selected to present at the 3rd International Symposium for the Advancement of Total Worker Health® organized by the National Institute for Occupational Health and Safety of the United States (NIOSH), and at the First Congress for Health and Safety Work Environments of the Mexican Institute of Social Security.

GRI 2: 2-29  
GRI 403: 403-3, 403-4 403-5,  
403-6, 403-7, 403-8



Goal:3.d



Goal:8.2

# CENTRO DE SALUD INGENIO MONTE ROSA



## Other Health Initiatives

At Pantaleon, wellness is at the center of all our activities. All mills have health clinics that offer primary care, ophthalmology, and dentistry services. We have a health team made up by 128 people, including 1 epidemiologist, 3 occupational doctors, 2 public health specialists, 13 general practitioners, 2 nutritionists, 59 nurses, 3 paramedics, and 45 health brigade members. These services are part of the benefits received by the employees and their family:

- Vaccination campaigns
- Preventive outreach programs
- Seminars on the detection of chronic-degenerative diseases
- Pre-employment medical consultations
- Follow-up medical exams
- Health awareness campaigns
- Daily talks by health brigades
- Mobile preventive health units

Medical Consultations		
Country	2021	2022
Guatemala	39,692	33,472
Nicaragua	5,410	3,804
Mexico	3,120	2,386
<b>Total</b>	<b>48,222</b>	<b>39,662</b>



**17,005**

Pre-employment medical consultations



**34**

Health outreach programs



**5,562**

Dental consultations



**101**

Health campaigns



**6,637**

Health training hours



**9,576**

Training events



**6,902**

Follow-up medical exams



# Prosperity

We seek to promote development in the communities where we operate.



# Community Development Projects

Our sustainability strategy seeks to maintain social harmony, promote economic growth, and foster proactive relationships in the communities where we operate. We use community development plans and community characterization studies to understand their needs and support them on themes related to education, health, and water and sanitation. Recognizing the impact that our operations may have on our neighbors, we evaluate the risks and develop different community engagement strategies, where we implement actions that allow us to prevent and mitigate potential negative impacts, while making sure we create positive outcomes. We value honest and transparent relationships, which is why we promote different tools to have two-way interactions and conversations.



## Our Community Development Projects in 2022:

### 26 Education Projects

- Pantaleon Schools
- Child Development Centers "Arcoiris del Futuro"
- Adult education
- Improvement of educational infrastructure and donations of materials
- Computer centers
- Entrepreneurship programs
- School breakfasts
- Technical trainings in communities

### 19 Health Projects

- Health clinics
- Maternity wards
- Children's epidemiology ward
- Early stimulation room
- Mental health modules
- Hearing screens
- Integral nutritional food programs
- Improvements in infrastructure, furniture, and supplies of health clinics.

### 32 Community Development Projects

- Technical skill trainings, entrepreneurship programs, and allocation of seed capital
- Improvement of community infrastructure
- Support for cultural and religious traditions
- Support to communities affected by natural disasters.
- Reforestation campaigns
- Volunteering programs

### 5 Water and Sanitation Projects

- Water supply projects
- Household drinking water systems
- Water purification plants



# 56,231

People directly impacted by these programs.



# 305

Benefited communities



# \$4.3M

Community Investment

To learn more visit: [www.pantaleon.com/news](http://www.pantaleon.com/news)



Goal: 1.3



Goal: 2.3



Goal: 3.8



Goal: 4.4



Goal: 5.b



Goal: 6.4



Goal: 10.2



# Education

## Community Training Schools

In 2017 we established Training Schools to develop technical and integral skills of our employees. When we noticed the impact we could have on the communities around us, we expanded our reach to include community members.



### My Efficient Machine School

#### 10 community members

Our aim is to develop participants to become expert pilots transporting heavy cargo, so that they can be employed within the industry. The 120-hour training includes theory, simulator, and physical unit practices in partnership with Magdalena Mill. Topics such as safety regulations, advanced driving techniques, among others, are covered.



### Tractor Operators School

#### 25 community members

In 2022, a pilot program was carried out to develop the skills of 25 women from the communities of Santa Lucía and La Gomera. These women acquired the technical and integral skills required to become tractor operators. Through this school, access to employment opportunities has been provided, reaffirming our commitment to promoting responsible development and women's empowerment. **At present, 22 of these women have been hired, demonstrating the success and effectiveness of the program.**






## In partnership with Pantaleón Foundation we develop the following educational projects:

### Pantaleón Schools and “Arcoíris del Futuro”

 **1,405 students**

Education is one of the pillars of our efforts to promote development in surrounding communities. We have three schools, one in Guatemala and two in Nicaragua, where we provide comprehensive, quality education to the children of our employees and families living in communities near our area of operation. The pedagogical methodology we use is our own, training children in scientific education and values. We service primary, elementary, and high school levels. We also promote preschool education in the ‘Arcoíris del Futuro’ (Rainbow of the Future) Child Development Centers (CDI). In Guatemala, we benefited 40 children at the CDI and a total of 600 students at the Pantaleón School. In Nicaragua, we benefited 65 children at the CDI and a total of 700 students at La Curva School and the Pantaleón School.

### Adult Education Program

 **47 employees**

Our objective is to provide opportunities for operational employees who wish to continue their primary and secondary education. During the harvest period, at the end of the workday, interested employees receive classes. In Mexico, we benefited 12 cane cutters, and in Guatemala, 35.

In addition, 9 of the students who completed the program began a basic computer course to broaden their knowledge and acquire more skills.

### Online Community Education

**94 students**

In partnership with the municipalities of Siquinalá, La Gomera, and Santa Lucía Cotzumalguapa, the program was inaugurated to provide opportunities for men and women over 18, to begin or continue their basic or high school studies. The program is carried out through a virtual educational platform endorsed by the Ministry of Education, which is loaded on a tablet where students complete modules at their own pace, having regular classes with teachers to resolve doubts and evaluate their performance.

### Weekend Program

**196 students**

We provide opportunities for operational employees, as well as people from the communities of influence who wish to participate, to complete their elementary and high school studies. Classes are held on weekends during the school year. Upon successful completion they receive their high-school diploma.

### Nido Águila

**103 children**

We established a Club América's official soccer school, where we work on the integral formation of children by promoting values, discipline, teamwork, and leadership. We seek to promote a healthy and safe space for children and young people. Within the program, students receive awards for academic excellence as well as visual health care, psychological care, and dental care. All this, while their mothers receive zumba classes.



4 QUALITY EDUCATION  
Goal:4.2



4 QUALITY EDUCATION  
Goal:4.4



8 DECENT WORK AND ECONOMIC GROWTH  
Goal:8.3



# Promoting Entrepreneurship

We seek to foster new capabilities that allow members of the communities to open new business or become employed, generating new sources of income.

## Technical Trainings

**1,620 people benefited**

In Guatemala, we executed 52 technical courses benefitting 624 people from neighboring communities. These courses are carried out in partnership with the national Technical Training Institute (INTECAP) and different entities such as the Municipal Directorate of Women. Trainings included: motorcycle mechanics, baking, handmade bags, cooking, haircutting, among others.

In Mexico, we identify product needs in the communities where we operate and promote technical and administrative education. At the end of the course, we provide seed capital so that the participants can establish small businesses such as bakeries, water purification plants, and beauty salons. In 2022 we benefited 66 women in 4 communities. We trained 32 to manage two bakeries, 4 to operate a water purification plant and 30 with the beauty and esthetics practice laboratory, through which they finished high school as beauty technicians. **These projects have a major impact on the communities as they bring basic services and make quality products available at low cost.**

Pantaleon Foundation, in alliance with INTECAP, supported 930 people in Escuintla, Guatemala, with the aim of empowering them to create their own businesses. Training them in different trades such as motorcycle mechanics, nail art, and home electricity.

## Incubation Program for Suppliers

**488 jobs created**

We select strategic suppliers to receive specialized consultancy services to strengthen their business model, growth, and sustainability. The objective is to generate economic growth in the region and strengthen our value chain. More information is available in the product section.



## Enactus Pantaleon Bootcamp

**36 people benefited**

In partnership with Enactus, we founded a program to promote the generation of ideas and new businesses related to agricultural innovation. Our Bootcamp is the leading acceleration program for early-stage entrepreneurs. Its purpose is to develop skills and transfer knowledge to strengthen their business model. In our sixth edition, we benefited 36 entrepreneurs with 22 innovative ideas, who receive intensive training, mentoring, and assessments from experts and business leaders over a two-month period.



# Water for All Program

**17** Communities **8,744** People benefited

Since 2014, we have been working with communities, local entities, and strategic allies to bring drinking water directly to the homes of more than 8,744 people. We contribute with the drilling of wells, pump assemblies, installation of home networks and the process of water storage and purification.

Our methodology is comprehensive and participatory, we train community leaders and members of the Water and Sanitation Committee (CAPS) to ensure the sustainability of the systems. We teach them different technical and social tools such as basic accounting, assertive communication, and financial planning so that they can manage the plant themselves. CAPS members are elected by the community and supported by the Social Development team for the first two years, receiving monthly visits to ensure their proper operation and efficient management of funds. At the same time, we train the community to promote good health habits and a conscious use of the resource.

**In 2022 we carried out a water project that benefited the Las 20 Manzanas community, providing drinking water to 130 families and, thereby, improving the living conditions of 640 people.**



## Community Las 20 Manzanas

**130** Homes **640** People benefited  
**US\$ 93,967** in investment



GRI 203: 203-1, 203-2





# Community Engagement

In order to maintain proactive, two-way relationships with the different communities of influence and stakeholders, we continuously interact with community leaders and interested parties. In these community visits, formal, and informal meetings, we provide information about our responsible operating practices, potential risk mitigation strategies, social programs, and different projects that benefit the communities and countries where we operate.

We use different communication channels such as:

- Visits to communities
- Visits to our operations
- Open door policy
- Community newspapers
- Pamphlets and souvenirs
- Participating in multi-sectoral dialogue tables
- Participating in forums and exhibitions
- Community schools
- Volunteer Programs

## Watershed Management

We actively participate in multi-sectoral dialogue tables to find joint solutions to water management issues. In 2022, Business Technical Committees (ETC) managed by the Climate Change Institute (ICC) were held for the South Coast basins, Pantaleon participated in four. The CTEs are made up of all the business users of the basins and decisions are made at the technical level to ensure compliance with the agreements, especially that the water reaches the basin at adequate levels.

## Community Engagement Mechanism

In Guatemala, we work together with the other mills on the South Coast to foster a timely relationship with community leaders to mitigate impacts and strengthen long-term relationships. Prior to the beginning of each harvest season, we visit the communities to build agreements and commitments for Responsible Operation. During the harvest period, compliance with these agreements is monitored and assessed. With the support of community leaders, we provide feedback to the responsible teams.

During 2022, 25 communities participated in this management model, with which agreements were signed, mainly related to transportation, aerial applications, and programmed cane burning. We surveyed 174 community leaders and neighbors, 89% of whom perceive an improvement in the operation compared to the previous harvest.

## Promoting Corporate Social Responsibility

We support events and activities focused on promoting Corporate Social Responsibility in the countries where we operate. As a founding member of the Center for Corporate Social Responsibility in Guatemala (CentraRSE), we sponsored the XV National CSR Forum "El Cambio está en Ti." **We presented our best practices around the environmental axis with our Sustainable Precision Agriculture Program (ASP)**, and under the social axis our programs to support entrepreneurship for the development of the region. We also participated on a gender equity panel based on the United Nations Sustainable Development Goals (SDGs).

In Nicaragua, we supported and participated in the National Earth Fair, a space where our good practices and projects related to environmental care are exhibited, and in Mexico, we shared best practices at the Institute for Agricultural Protection and Health (IPSA). We were also recognized as a Socially Responsible Company by the Mexican Center for Philanthropy (CEMEFI), in Panuco for the twelfth consecutive year and in El Mante for the second consecutive year. We also received Global Compact recognition in Panuco for the tenth consecutive year and in El Mante for the second consecutive year.

## Competitiveness Table

Pantaleon supports the formation of the Escuintla Competitiveness Table. These spaces seek to promote the potential growth ecosystem of intermediate cities such as Escuintla in accordance with the National Competitiveness Plan. The Competitiveness Table is a methodology developed by Fundesa to generate coordination efforts among different actors in society to strengthen a growth ecosystem.



# Communication and Impact Mitigation Mechanisms

To ensure the well-being of the communities where we operate, we promote continuous two-way communication to mitigate any potential impact we may cause. We have a robust alert resolution process through which we provide attention and solutions to problems and concerns arising from our activities.

The Social Development teams, in conjunction with different departments within our operations, follow-up on the resolution of alerts or incidents to develop improvement plans. All notifications received are recorded and investigated. This information serves as feedback to adopt, within our operating protocols, practices that mitigate and eliminate social impacts.

In 2022, we had no fines or sanctions on social issues.

**27**

Alerts received

**100%**

of the alerts were addressed within 72 hours.

## Classification of Complaints 2021 vs 2022



Type of Complaint	2021	2022
Dust	33%	19%
Crop damage by aerial applications	11%	22%
Damages to private property	11%	15%
Transport	6%	15%
Request for donations	28%	7%
Bad smell		4%
Water		4%
Community damages to the company		4%
Other	11%	11%



Example of billboards placed in communities.

## Communication Channels

- Guatemala:**  
Toll-free line: 001 801 0002424  
Conventional line: +502 2377 2424
- Nicaragua:**  
Toll-free line: 001 800 5020098  
Conventional line: +505 2342-9040
- Mexico:**  
Toll-free line: 800 1233422  
WhatsApp: +502 4128 7000

**Webpage**  
[www.etictel.com/pantaleon](http://www.etictel.com/pantaleon)

**Email**  
Directed to the Social Development Team

**WhatsApp:** +502 4128 7000

**On-site:**  
For complaints made in person a complaint registration form is filled.





# Assessing Our Impacts

We evaluate the potential risks of our operations to our different stakeholders, including neighboring communities, indigenous peoples, vulnerable groups, among others. For the identification of impacts, four general categories are established, bringing together a total of 11 specific impacts. Local procedures are adapted to the context of each operation.



## Transport

1. Dust
2. Noise
3. Speed
4. Damage to communal roads
5. Potential accidents

We establish measures and controls to ensure safe handling with an emphasis on responsible operating practices to reduce the impacts where we operate:

- Training our pilots.
- Monitoring speed compliance in transportation routes and specially near communities.
- Program of maintenance and irrigation of communal roads.
- Clearly marking our transportation units.
- Clearly signaling the entrance, exit and at truck crossings.
- Our suppliers providing transport services must comply with our policies.



## Aerial Applications

6. Damage to other crops

We reduce the use of agrochemicals by using technology for precise and effective application with safe and environmentally friendly products. To mitigate impacts to plantations and neighboring communities, we carry out the following actions:

- Communication with community members before and after the applications.
- Satellite geopositioning.
- Limitation of applications near roads, communities or neighboring crops.
- Applications with helicopters and drones.
- Use of hydro sensitive cards.
- Use of certified and authorized products.
- Trained personnel and adequate protective equipment.



## Protecting Social Infrastructure

7. Electrical Wiring
8. Bridges

We ensure that the equipment that transports cane has the height and dimensions allowed. Our units have a rear identification with Pantaleon Te Escucha's telephone number 2377-2424, to report any infrastructure-related incident.



## Environment

9. Ash from burning
10. Water consumption from rivers
11. Wastewater management

### Programmed burning and ash control

- A system is used to record and monitor programmed burning, where weather conditions in the area, such as direction, wind speed, and temperature, are verified.
- We have trained personnel, equipment, and protocols in place to carry out planned, controlled, safe, and responsible burning in order to reduce the ash that could reach neighboring communities.
- There are established restrictions for burning in areas near towns, roads, and power lines, and there is a program to monitor compliance.

### River water consumption and wastewater management

- We promote the efficient use of water resources by investing in irrigation technology and avoiding the use of water for washing sugarcane.
- We have a recirculation system to reduce consumption, reuse industrial water for agricultural irrigation, and coating irrigation canals.
- Measurement of water sources, soil moisture, and monitoring of irrigation equipment.
- We have a program to ensure the quality of superficial water in the basins where we operate.
- We actively participate with different entities to take into account interested parties and find joint solutions to potential water-related issues.

# Planet

We continuously innovate to make our production sustainable, transforming our practices to be at balance with nature.





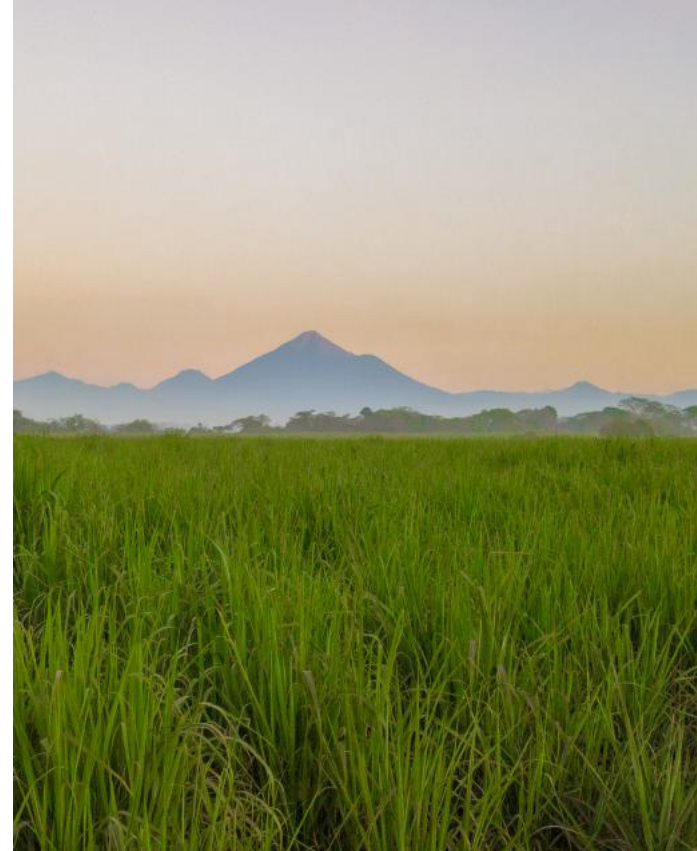
# Environmental Management

At Grupo Pantaleon, we are constantly transforming our production practices by incorporating principles of **regenerative agriculture, carbon agriculture, integrated soil nutrition management, and circular economy**, generating partnerships with local and international entities to be at the forefront of innovation. We are convinced that this is the responsible way to be at balance with nature and be able to hand over natural resources in equal or better conditions to future generations.

We have implemented different management systems to prevent, monitor, control, and reduce environmental impacts, ensuring the optimal and rational use of resources in all our processes. We establish robust environmental efficiency goals and compare them with

international standards. We abide by the World Bank's International Finance Corporation Performance Standards (IFCPS) on Environmental and Social Sustainability. As material aspects we have identified energy, water, air emissions, greenhouse gas (GHG) emissions, waste, and agrochemical management, as well as biodiversity and soil preservation.

**We comply with applicable local and international environmental laws and regulations, as well as fulfilling our customer requirements.** We continuously seek to exceed these requirements by adopting advanced practices and technologies that reduce our environmental footprint and generate positive impacts.



## Significant Achievements:

- Promoting a circular economy, **93%** of our waste is reused. **Goal 12.5**
- Increasing our use and production of renewable energy, **98%** of the energy we consume comes from renewable sources. **Goal: 7.2**
- Generating our own energy, **96%** of our consumption was supplied by cogeneration. **Goal: 7.3**
- Improving our management of natural resources, from 2013 to 2022 we reduced by 67.5% our water consumption. **Goal: 6.4**
- Protecting biodiversity and promoting education, research, and environmental awareness. We have designated **8,760 hectares** for forest plantations, riverfront protection forests, ecological trails, and species protection. **Goal:15.5**
- Generating innovative improvements in our agricultural processes such as the use of nitrogen-fixing bacteria, phosphorus solubilizing bacteria, crop rotation, intercropping, application of biosubstrate and liquid carbon. **Goal: 12.2**

	2021	2022
Reused residues (%)	94%	93%
Energy from renewable sources (%)	98%	98%
Consumption of cogenerated energy (%)	99.9%	96%
Reduction in water consumption since 2013 (%)	64%	67%



# Energy

We produce **clean energy** from the controlled burning of sugarcane bagasse, chips, and other fuels through a cogeneration process. **This energy source uses renewable inputs and avoids the emission of tons of CO2 into the atmosphere.** We use the energy produced to supply the energy needs of our operations and sell the surplus to the market. In addition, we seek to reduce internal energy consumption through improving our processes and investments in technology, accompanied by a constant consumption monitoring.

## Electricity

# 312,240 MWh

consumed, 96% was supplied through our own cogeneration.

# 566,650 MWh

sold to the National Interconnected Systems and/or energy markets.

**98%** of the fuels used come from renewable sources such as bagasse, chips, and firewood.

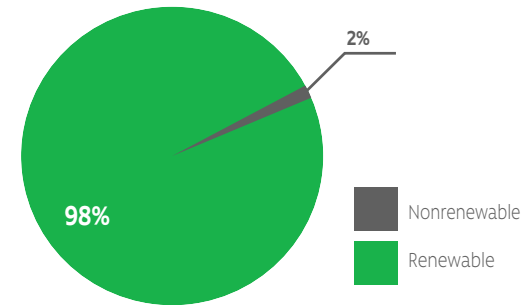
# 0.26 MWh

of electrical energy consumption per ton of sugar produced.

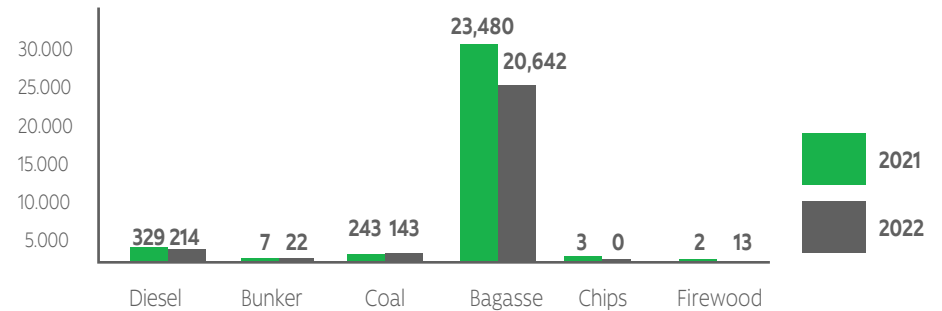
	2021	2022
Electricity consumption	346,206 MWh	312,240 MWh
MWh sold to National Interconnected Systems and/or power markets	686,122 MWh	566,650 MWh
% of fuel from renewable sources	98%	98%



Types of Energy Sources to Produce Electricity



Types of Fuel Used to Produce Electricity (TJ)



# Water Management

**67%**  
Reduction in water consumption (2013-2022).

Water is a fundamental resource in our agricultural and industrial processes, especially in the irrigation process. We have made great efforts to optimize water usage and properly manage effluents. Using 2013 as a baseline, as a group we have reduced our consumption by 67%. Achieving a 81.2% reduction in the industrial area and 62.6% in the agricultural area.

In the agricultural area, we have projects to reuse water from industrial effluents for irrigation, in accordance with the local legislation of each country. We also implement projects to achieve sustainable water management through a detailed Water Management Plan for each of our operations. In the basins where we operate, to promote best management practices on surface and groundwater, we comply with commitments established with different organizations. We have implemented responsible operation protocols for the proper use and handling of agrochemicals and vinasse, including protection practices and safety parameters.

In the industrial area, we have significantly invested on water recirculation systems at our mills to reduce water consumption. We constantly monitor water usage and quality. We have also invested in projects to cool, filter, and recirculate water so that we can employ it in our agricultural processes.

We are currently improving our wastewater management practices by implementing treatment plants in all our operations. In Nicaragua, we have invested more than US\$750k on a pretreatment system for industrial effluents, to improve the quality of water so that it can be reused in sugarcane fields. We also operate a domestic wastewater treatment system, which contributes to the conservation of the water cycle.

	2021	2022
Water reutilization in the agricultural process	12%	12%
Water reutilization in the industrial process	75%	77.9%
Agricultural water consumption reduction (versus 2013 baseline)	56.8%	62.6%
Industrial water consumption reduction (versus 2013 baseline)	82.8%	81.2%

Some measures adopted to improve water management in our operations are:

- Dry cane cleaning
- Lining of irrigation channels
- Soil moisture measurement
- Irrigation optimization through satellite images
- Infiltration irrigation
- Gauge measurement
- Water harvesting
- Reuse of industrial water for agricultural irrigation (fertigation)
- Water recirculation systems
- Real-time irrigation equipment monitoring (GPRS)

## Types of Irrigation by Operation:

To make water management more efficient and improve our productivity, we continuously invest on improvements for our agricultural irrigation systems. In the agricultural area, an irrigation plan was developed with the vision of migrating to more efficient water management systems that allow us to optimize all the resources involved during our productive activities. Among the actions we carry out are investments in more efficient technology, lining irrigation channels, measuring soil moisture to minimize the need for irrigation, and monitoring irrigation equipment in real time.

	GT	Efficiency	NI	Efficiency	MX	Efficiency
Drip Irrigation	1%	90%	6%	95%	0%	90%
Sprinkler / Reel Irrigation	78%	85%	79%	80%	50%	80%
Pivot / Mechanized Irrigation	14%	85%	16%	85%	49%	85%
Gravity Irrigation	7%	40%	0%	40%	1%	45%



# GHG Emissions

Aware of the importance of mitigating the effects of climate change, we are committed to minimizing our impact. We constantly monitor and measure the emissions generated in each of our operations, including the life cycle analysis of our products. The main sources of GHG emissions in our operations are derived from fertilizer emissions (Nitrogen Oxide, N<sub>2</sub>O), fuels for agricultural equipment (Carbon Dioxide, CO<sub>2</sub>), fuels for power generation (CO<sub>2</sub>), and effluent emissions (Methane, CH<sub>4</sub>).

In 2022 our carbon footprint was **0.32 tCO<sub>2</sub>** per ton of sugar produced Scope 1 and 2 using the IFC methodology. The increased production in El Mante Mill and the need to use coal for energy production in Guatemala, contributed to the increase of our footprint. In Guatemala and Nicaragua, various GHG reduction initiatives are being implemented, such as the electrification of irrigation systems, which will further reduce emissions. In 2022, Nicaragua managed to reduce its fuel usage by 8.33% and its fertilizer by 12.6% versus 2021.

	2021	2022
Intensity of GHG Emissions: Agricultural Processes	0.12	0.13
Intensity of GHG Emissions: Industrial Processes	0.16	0.19
Total GHG Emissions (Scope 1 and 2)	0.28	0.32


We have taken actions to reduce our carbon footprint, including the efficient use of nitrogen fertilizers, improving cane transportation, increasing the efficiency of our agricultural processes to reduce emissions, and increasing our energy efficiency. **In addition, we are taking several actions to neutralize our footprint through renewable energy generation and innovation projects such as ASP, which increase organic matter in the soil and sequester carbon.**

## Other actions to reduce our emissions:

- Electromagnetic precipitators installed in Pantaleón, Panuco and currently under construction in El Mante Mill.
- Wet scrubber installed in Monte Rosa.
- Use of renewable energies and reductions in our operational consumption.
- 8,760 hectares of forest plantations, restoration and protection of native forests along riverbanks, biological corridors, and species protection.

Complying with international environmental requirements, our operation in Guatemala is ISCC certified and has an additional verification of the greenhouse gas emissions requirements ISCC 205-01. We also comply with the requirements of the Air Resource Board of California, both of which validate the sustainability and GHG savings from our biofuels. Our cogeneration plants in Mexico and Nicaragua are registered with the United Nations Clean Development Mechanism Project for their contribution to reducing GHG emissions. **In 2022, we achieved the certification of 372,000 tons of CO<sub>2</sub> from the Biomass Cogeneration Project by the United Nations, contributing to the reduction of greenhouse gases in the environment. A significant achievement that demonstrates our commitment to reducing our environmental footprint.**

	2021	2022
Metric tons of CO <sub>2</sub> Emitted in the Agricultural Process	159,651	150,010
Metric tons of CO <sub>2</sub> Emitted in the Industrial Process	214,758	230,301
<b>Total Metric tons of CO<sub>2</sub> Emitted</b>	<b>374,409</b>	<b>380,311</b>

 In Guatemala, the Climate Change Institute (ICC) helps evaluate the carbon footprint of agribusiness and strategies to minimize it. In the last 15 years, there has been evidence of its reduction due to improvements in production process practices and an increase in the efficiency of energy generation. Currently, 129% more energy is produced with the same ton of sugarcane than 20 years ago, providing more clean energy to the national power grid, and avoiding emissions\*. The ICC also determined that sugarcane cultivation results in net emissions, since, during its growth, it absorbs CO<sub>2</sub> for 364 days a year. Thus, it is one of the most efficient plants in carbon fixation. The study also concluded that the Guatemalan Sugar Industry generates a footprint of 0.33kg of CO<sub>2</sub> equivalent per kilogram of sugar, which is less than that of the United States, the European Union, Thailand, the United Kingdom, among others.

\*ICC (Private Institute for Climate Change Research) 2019. Strategy for the Reduction of Greenhouse Gas Emissions -GHG- in the Production of Sugar in Guatemala. Guatemala. P.68.



# Air Emissions

Through air quality and environmental noise monitors, we analyze and implement strategies to reduce our environmental footprint. The mills' boilers are the main source of particulate matter; therefore, we have installed various gas treatment equipment to mitigate their impact.

## Mechanized Green Harvest

Using machinery of the highest standards we carry out cane cutting without burning, contributing to the reduction of emissions, and increasing our efficiency. It is important to note that the topography of the soils does not permit mechanized cutting through all the sugarcane-growing territory. Therefore, seeking innovation and efficiency, we carry out annual evaluations to determine which areas are optimal to introduce mechanized harvesting.

# 70.7%

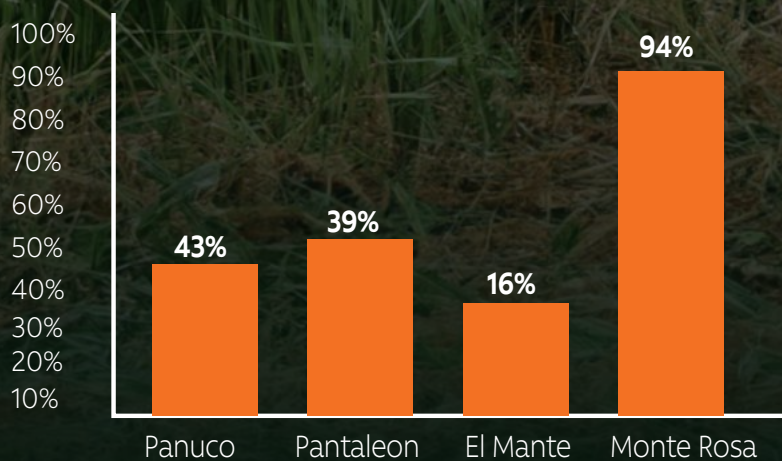
of the harvest is mechanized.

# 51.1%

of the harvest is mechanized green harvesting.

	2021	2022
Mechanized Harvest (%)	72.7%	70.7%
Mechanized Green Harvest (%)	65%	51.1%

## Percentage of Mechanized Green Harvest



Goal:12.2



Goal:13.2

# Promoting a Circular Economy

**93%** reused residues

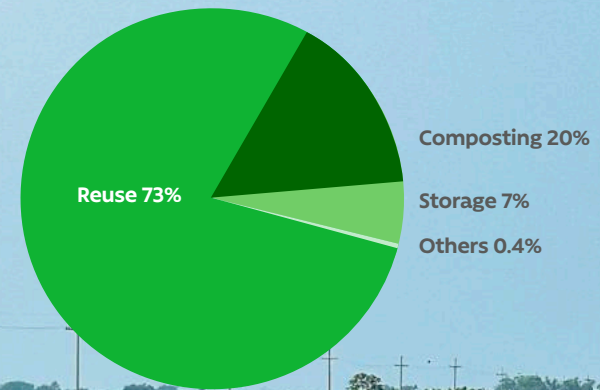
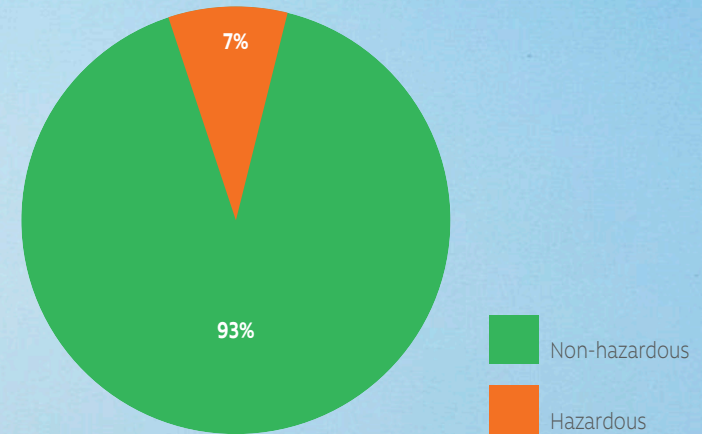
We aim to make the most out of the residues from our sugar production process and reuse them to create by-products or as a source of fuel, contributing to a circular economy. Some of these projects include Novapellet, ASP, Bioklar and the generation of agricultural biomass mentioned on p. 11 Innovation. In order to take effective measures, we constantly monitor the types and quantities of waste generated in each operation to establish reduction, reuse, and recycling strategies.

Among the elements that we consider residues are bagasse, ash, paper, cane waste, cardboard, plastics, lubricants, and oils. For the residues that cannot be reused, we manage their disposal with accredited suppliers in accordance with environmental processes and local environmental legislation.

From 2013 to 2022 we reduced residue generation by 42.5%. Achieving a 25% reduction in the past year.

Detail	Tipo	2021	%	2022	%
Reuse	Non-hazardous	2,201,427,280	86.9%	1,485,001,208	73.1%
Recycling	Non-hazardous	12,425,770	0.5%	5,692,565	0.3%
Composting	Non-hazardous	174,622,503	6.9%	394,195,269	19.4%
Recovered	Non-hazardous	117,696	0.005%	0	0.0%
Landfill	Non-hazardous	1,391,680	0.1%	1,561,210	0.1%
Dumpsite	Non-hazardous	617,530	0.02%	690,817	0.03%
Incinerated	Hazardous	169,377	0.01%	192,853	0.01%
Storage	Hazardous	142,272,421	5.6%	143,835,429	7.1%
<b>Total</b>		2,533,044,258	100.0%	2,031,169,351	100.0%

## Waste Management





# Agrochemical Management

We use products and dosages of agrochemicals in compliance with the national legislations of the countries where we operate, as well as the markets we sell to. We also ensure that we do not use products on the banned lists of the various international conventions. We use agrochemicals approved for sugarcane and its derivatives according to US and European legislation. The packaging and waste generated using these products are managed through the national programs "Campo Limpio". All packaging handling must comply with environmental standards according to national legislation and company standards.

## EL TRIPLE LAVADO es

repetir 3 veces los siguientes 3 pasos:

“ Cuando el producto se termina, es muy importante lavar los envases con la técnica del **triple lavado** para aprovechar su inversión al máximo y eliminar sobrantes que puedan contaminar el suelo y el ambiente. ”



**Campo Limpio**  
PROGRAMA DE MANEJO DE RESIDUOS PLÁSTICOS



COGIANOR N 60 44-086-98, Norma de Triple Lavado. Acuerdo Ministerial No. 166, 2005 del Ministerio de Ambiente y Recursos Naturales, clasificación de envases plásticos vacíos, como no peligrosos.



### Disposal

We work with specialized companies authorized by local authorities for the proper disposal of agrochemical containers.



### Collection Centers

We gather the containers in designated collection centers, for them to be disposed in an appropriate manner.



### Triple Rinse

- We triple rinse agrochemical containers.
- We provide our employees with the appropriate personal protective equipment.
- We puncture the containers to prevent them from being reused.



# Soil Conservation

The sustainability of our business highly depends on the quality of soil; therefore, its conservation is of vital importance to prevent erosion and promote the recovery of affected areas. We evaluate soil needs throughout the entire agricultural process and in response we renew and recondition the fields according to their needs.

## Soil Selection Process

Technical evaluation of soil and environmental impact.

## Soil Preparation

- Incorporation of agricultural residues into the soil
- Biological control of pests
- Methods to reduce tillage activities
- Mechanized green harvest
- Sowing of flemingias and legumes
- Terraces and conservation structures

## Design:

The agricultural design team establishes space adaptation activities to utilize the fields efficiently and sustainably.



## Soil Conservation Initiatives:

We have developed important sustainability initiatives such as Soil Management Plans, which involves the improvement of conservation structures under management areas to prevent soil erosion.

**We have also developed regenerative agriculture projects. Precision Sustainable Agriculture (ASP in Spanish)** seeks to take advantage of and maintain soil fertility to improve our processes, reducing the use of agrochemicals, the environmental impact, and our carbon and water footprint.

**ASP** incorporates the natural benefits of microorganisms to increase organic matter and nutrient availability, optimizing water usage and overall improving soil health, through three fundamental pillars:

1. Precision agriculture
2. Harnessing the microbiome
3. Green fertilizers and carbon agriculture.

We seek to generate a productive, efficient, and resilient ecosystem that is less dependent on external inputs and capable to tolerate the stress caused by climate change. **We promote the increase of organic matter within our soils and generate optimal conditions to increase the biodiversity of native organisms, obtaining healthier and more productive plants.**

## To date we have covered 36,700 hectares, achieving:

- 25% reduction of inorganic fertilizers by swapping them for biological fertilizers.
- Reduced greenhouse gas emissions.
- Optimized water usage through irrigation techniques.
- Increased carbon sequestration.
- Utilized over 50,000 tons of factory residues, to produce 30,000+ tons of biosubstrate.

# Biodiversity

Prior to acquiring or leasing new land, we perform an environmental, social, and biodiversity assessment, determining that our operations do not generate an impact on areas of high conservation values or any form of protected areas.

Through an on-site assessment, we identify areas of high conservation value and the biodiversity that inhabits it. We do not acquire or lease land that has had any form of deforestation, in compliance with our sustainability certifications and the company's environmental commitment.

In our constant search for the conservation of protected areas and their biodiversity, we have developed several projects internally, as well as in partnership with external institutions. These projects focus on three main areas: 1. forest management, 2. reforestation, and 3. conservation.

**8,760** hectares of forest plantations, protection forests, riverbanks, ecological trails, and species protection.

**8,4515.26**

Pantaleon

**252.11**

Monte Rosa

**92.3**

Panuco



## PROPIEDAD PRIVADA

### ÁREA DE RESTAURACIÓN NATURAL DE BOSQUES

**PROHIBIDO CORTAR LOS ÁRBOLES**



LOS BOSQUES SON  
OXÍGENO PARA LA TIERRA  
**¡NO LOS CORTES!**

In **Mexico**, through the **Environmental Management Plan**, we reforested over 180 hectares of our own farms to maintain nesting areas, transit areas, and overall habitats of various species of fauna.

In **Guatemala**, in 2022 we implemented the **Integral Biodiversity Conservation Plan**, which includes a reforestation plan and a conservation plan for endangered species, among other actions. To create biological corridors for high-value areas, 36 hectares were reforested in riparian areas and restoration zones within Pantaleon's farms. The project covers the six watersheds where we operate.

The **Endangered Species Conservation Plan** includes the identification and monitoring of existing populations of the Amazonian *Auropalliata* species (yellow-naped parrot). The actions included planting tree species that favored the nesting of the species and establishing partnerships with conservation organizations, as well as raising awareness and training activities.

# Monte Rosa

## Plant Nursery

Monte Rosa Mill has a local plant nursery, which in 2022 donated a total of 50,000 plants, supporting reforestation campaigns promoted by state institutions such as MARENA, INAFOR and different municipalities. In addition, it delivered plants to community members, producers, companies, organizations, and the population in general and we use them for reforestation campaigns with our employees. **From 2014 to 2022, Monte Rosa Mill has produced more than 2,000,000 plants to support reforestation campaigns.**

Through our campaign "One Tree at a Time", we donate trees from the plant nursery to raise awareness about the need to restore our environment and promote tree planting and its proper care. Part of our plant production is used for the establishment of forest plantations with native species aimed at the recovery of degraded areas, water recharge, and conservation of aquifers in our areas of influence. In addition, in 2021 the first stage of a Study to Identify Areas of High Conservation Value was completed, which was used as the basis for a communication campaign for the protection of biodiversity in 2022.

## San José de las Marías

As part of our commitment towards biodiversity preservation, we have established a conservation area called 'San José de las Marías' in Nicaragua. Covering 200 hectares, its protection is of vital importance because it is a water discharge zone and home to endangered migratory and native fauna. This ecological trail also provides educational benefits, as it allows students to acquire practical knowledge about the ecosystem and its biological interactions; thus, promoting scientific research and local ecotourism. We have made this project sustainable through maintenance, education, and reserve management activities.

To actively engage workers, students, teachers, and local producers, we trained guides on visitor services and educational methodologies. The Environmental Management Department coordinates tours open to the public.



# ***Product***

We manufacture high-quality products while strengthening the sustainability of our value chain.



# Products and Certifications

Our business success is the result of operational excellence and the continuous adoption of innovative processes, work methodologies, and technologies that ensure the best product quality and promote productivity and efficiency.



## Sugar

- Refined
- Brown Sugar
- White 150
- White 250
- White 300
- Standard White
- Raw



## Molasses

- High Test Molasses (HTM)
- Molasses



## Alcohol

- Neutral Alcohol
- Anhydrous Alcohol



## Energy

- Biomass based renewable electric power

## Products derived from sugarcane production



- Novapellet
- Agricultural fertilizers and animal feed additives
- Agricultural Biomass

## Certifications

**Panuco:** Bonsucro / ISO 9001 / FSSC 22000 / ISO 45001 / ISO 14001 / Kosher

**El Mante:** ISO 9001 / FSSC 22000 / Kosher

**Pantaleón:** Bonsucro / ISCC / ISO 9001 / FSSC 22000 / HACCP / Kosher / Halal

**Bio Etanol:** Bonsucro / ISCC / ISO 9001 / FSSC 22000 / HACCP / Kosher / Halal

**Monte Rosa:** Bonsucro / ISO 9001 / FSSC 22000 / HACCP / BPA / Kosher / Halal

**Pantaleon Commodities Corp:** Bonsucro CoC

We guarantee the quality of our products and production processes in compliance with the highest international standards. We manage the implementation of best practices in terms of quality, occupational health and safety, environment, and sustainability practices, adding value to our products, while ensuring the sustainability of our operations and the satisfaction of our customers. **Compliance with these certifications facilitates access to more demanding international markets and drives us to continually adopt more efficient and sustainable practices.**

**In 2022 Monte Rosa Mill became the first mill in Latin America to be certified with Bonsucro EU RED II!**



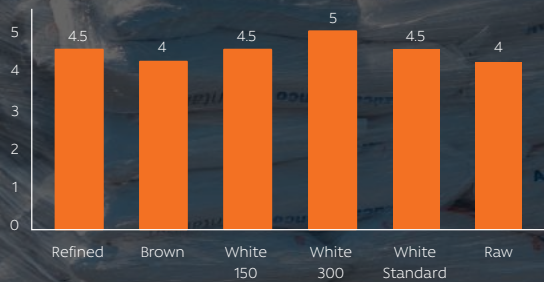
For more information about Bonsucro, please visit: [www.bonsucro.com](http://www.bonsucro.com)

# Our Clients

We are recognized as an efficient and reliable sugar producer with high quality products. We annually survey our customers to evaluate their appreciation and satisfaction with the quality of our products and services.

Our customers have highlighted the quality of our products and service, our ability to adapt to their needs, our can-do attitude, our openness to discuss and solve problems, our experience and professionalism, and the reliability and dependability that characterizes us. As part of our culture of improvement we are constantly searching new opportunities for improvement, prioritizing the satisfaction of our customers throughout the supply chain.

## Quality



## Service

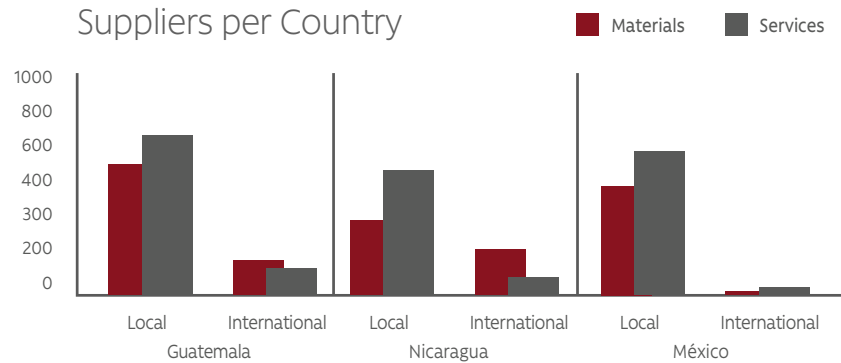


\*Quality:  
How would you rate the quality of our product?  
Scale from 1 to 5

\*Service:  
Did we do everything in our power to facilitate  
your process?  
Scale from 1 to 5.



# Suppliers



We acquire materials and services through **3,377 suppliers, 85% of which are local**. Promoting the economy of the countries where we operate.

In 2022 we updated our **Procurement Policy**, which defines the guidelines and processes that the entire organization must comply with to ensure the optimal acquisition of goods and the contraction of services in a sustainable and transparent manner. This policy defines the responsibilities of everyone involved in these processes, ensuring confidentiality and transparency throughout the entire negotiation process. The policy is aligned, and in compliance with, the Code of Ethics and Conduct; Anti-Fraud and Anti-Corruption Policy, and the current regulations of Grupo Pantaleon. Additionally, we have technological platforms that allow greater traceability and transparency in the process, execution, and bidding of each tender.

Our procurement team defines commercial and technical selection criteria to ensure an objective decision. Options are presented and verified with users and staff involved. We have defined categories to segment suppliers with potential implications in terms of quality, safety, environment, sustainability, and occupational health. These are discussed in the annual Supplier Evaluations, where main users evaluate suppliers' performance and the aforementioned variables. If an unsatisfactory evaluation is identified, the supplier must present an action plan to improve its performance. We evaluate whether to continue our relationship with them based on the action plans and results.

Additionally, we aim to ensure that our contractors and service providers act in accordance with our culture and procedures. To this end, we have a technological tool that evaluates compliance with occupational health and safety requirements of our suppliers, their employees, machinery, and vehicles on a daily basis.

**We manage 922 contractors, 9,477 contractor workers, and 2,839 pieces of equipment including vehicles and machinery.**



## Supplier Incubation Program

### 488 New jobs

Since 2019, every year we invite selected suppliers to join this program under the objective of generating economic growth in the region and strengthening our value chain. In 2022, four companies participated, generating 15 new jobs and a 21% average increase in sales.

Companies receive support from specialized consultants for one year to strengthen their business model, growth, and sustainability. The program is carried out under the guidance and methodology of Pomona Impact, a consulting firm that seeks to generate entrepreneurship ecosystems in Central America.

### During the program, suppliers:

- Develop and strengthen their entrepreneurial skills.
- Elaborate their strategic plan and begin its implementation.
- Define growth goals.

The 23 companies that have completed the program have generated 488 new direct jobs. The vision of this program is long-term; we seek to enable our suppliers with the necessary tools to adapt and generate new opportunities, strengthening our company/supplier bond and contributing to the development of Guatemala through the generation of employment and the promotion of a sustainable business ecosystem.





## Sugarcane Suppliers

We are committed to ensure sustainability within our supply chain, which is why we provide advice and support to small, medium, and large sugarcane suppliers. We support them by providing trainings to help them become more productive and profitable. These includes topics such as agronomic practices, new technology, and sugarcane varieties. We also support them with legislative updates to ensure their compliance with labor, occupational health and safety, environmental and human rights issues.

## Responsible Sourcing

Under the objective of strengthening sustainability practices along our supply chain, we provide selected suppliers with free technical support from specialists. The program begins with a field assessment where key compliance indicators and a tailored action plan are generated based on agreed objectives and the capabilities of each supplier. The plan enables them to prioritize preventive actions allowing them close identified gaps. In addition, we provide all of our sugarcane producers a Compliance Manual that includes local legislation and step-by-step instructions with formats to facilitate administrative processes.

Since 2014, we have implemented the program in Guatemala, accruing to 94% of the sugarcane received by producers. During 2022, 13 suppliers participated, representing a complete update for 69% of sugarcane hectares managed by third parties. We focused on updating labor legislation and occupational health and safety issues, achieving an average increase of 40 percentage points.

In 2019 we replicated this program in Nicaragua. To date 53 suppliers have participated, covering 33% of the cane received by third parties. In 2022, 34 suppliers completed the program, representing 23% of the cane received by third parties. This cohort achieved an increase of 14 percentage points in overall compliance with legal requirements. Working closely with Monte Rosa Mill's Occupational Health and Safety Department, the Operating Manual was updated and a new chapter on Hydration, Shade, and Rest was incorporated.

We also trained APRICO's technical personnel, as well as our own, to follow the Bonsucro standard to grant them the necessary knowledge to support our sugarcane suppliers. Additionally, we carried out a technical training on Bonsucro's Small Producers Standard for 30 small scale suppliers. These initiatives demonstrate the company's ongoing commitment to improving practices and sustainability in the sector.



## Extensionism Program

Recognizing the importance of working hand in hand with our cane suppliers to ensure the sustainability of our value chain, in 2021 we signed a collaboration agreement with Bayer and the leaders of sugarcane associations, creating the Extensionism Program. This program seeks to transfer technology and best agricultural practices to increase the productivity of 3,672 sugarcane producers in Panuco within a three-year period. Under this agreement we are developing:

- **Socioeconomic & productivity study:** *In partnership with Solidaridad, we carried out interviews to 92% of our sugarcane producers in Panuco. This information serves as a diagnostic and baseline to prioritize areas of support and quantify progress.*
- **Diploma for technicians and producers:** *To enhance knowledge and align technical criteria in sugarcane crop management, 90 technicians and producers received a tailor-made course.*
- **MAS CAÑA Program:** *Seeks to provide technological assistance and trainings to Panuco Mills's 3,672 sugarcane growers. Providing on-site training in the ejidos, technical assistance in the field, demos in real time, and exchange of best practices between growers and technicians.*

**MAS CAÑA Program focuses on 3 main areas. During the first year we accomplished:**

- **Technical assistance:** *Carried out 1,919 technical assessments, through which we analyzed the specific needs of suppliers and gave them personalized advice on how to improve their crop productivity.*
- **Trainings:** *91 training events, covering different topics such as integrated weed management, irrigation, crop nutrition, and equipment operation and calibration.*
- **Demonstrative plots:** *84 demonstration plots to instruct suppliers with dynamic examples on different topics including weeds, irrigation, crop nutrition, pest control, among others.*

## Sugarcane Production and Quality Committee

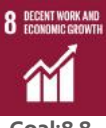
Alongside the Sugarcane Production and Quality Committees of Panuco and El Mante Mills, we invest in increasing producer's productivity, improving the working conditions of agricultural workers, and promoting the well-being of their families. The Committees are made up by the National Union of Sugarcane Growers (Unión Nacional de Cañeros, C.N.C.), the National Confederation of Rural Producers (Confederación Nacional de Productores Rurales, CNPR), and Panuco or Mante Mill, respectively. We seek to contribute in five areas: no child labor, education, health, working conditions, and efficiency. The hiring of personnel under the age of 18 is prohibited and field inspections are carried out to ensure compliance. In addition, we support the schools attended by our workers' children, promoting child labor-free spaces.

We provide safe working conditions and grant drinking water, rehydration serum, thermos bottles and personal protective equipment (PPE) such as shin guards, long-sleeved shirts, cap with neck cover, gloves, and goggles. Field staff is accompanied by a medical brigade for on-site care, preventive health programs, and permanent health campaigns. Under the objective of increasing their productivity and income, we also promote the adoption of best agricultural practices. We have also implemented nutrition, integrated pest control and irrigation programs to improve the capacity of approximately 7,000 hectares with water deficit. In 2022, new equipment was acquired by CNPR and CNC to increase mechanized green cutting and avoid the burning of residues, take advantage of organic fertilizer, and improve soil fertility and its conservation.

In Panuco, we have two housing accommodations for cane cutting agricultural personnel. These have lodging spaces, restrooms, dining rooms, a literacy area, and recreational spaces. We also set up two additional facilities, La Norma and Tanchicuín, for agricultural production workers.



**Solidaridad**



Goal:8.8

# Sugar and Wellness

At Pantaleon, we support scientific evidence-based research to understand the role sugar plays in human nutrition. We participate in the World Sugar Research Organization (WSRO), an international scientific organization dedicated to providing research information on the diverse roles of sugar in nutrition, health, and wellness. The organization evaluates, monitors, and communicates reliable scientific evidence globally and has a program that supports research on sugar and health in areas where knowledge gaps exist. The research program adheres to the Ethical Principles of Research.

## Uses and benefits of sugar:

- Sugar is a simple carbohydrate produced naturally in all plants, including fruits, vegetables, and seeds. Like all carbohydrates, it provides 4 calories of energy per gram.
- Of all plants, beets and sugar cane produce the most sugar. Therefore, they are the most efficient choice when it comes to extracting sugar.
- Sugar provides a sweet taste to foods, but it has many more functional properties such as: texture, balancing food's acidity, preservation and others. Because of its versatility, it is difficult to find a good substitute for this ingredient.
- Sugar is part of a healthy and balanced diet when it is not consumed in excess.
- Sugar has a low carbon footprint per calorie.
- In Guatemala and Nicaragua, sugar is fortified with Vitamin A in response to the deficiency of this micronutrient in the population, as it contributes to the proper development and growth of children.



# Sustainability Awards 2022

Partnership for Central America (PCA)	Pantaleon Group	Adherent	U.S.-led initiative to create job opportunities in the region.
GuateIntegra Anticorruption Certification	Pantaleon Mill	Certification	First company in Guatemala to receive an anticorruption certification from the Guatemalan Chamber of Industry (CIG).
Bonsucro Inspire Awards	Panuco Mill	Finalist	Our Extensionism program was a finalist under the "Best Value Chain Initiative" category, recognizing programs that drive sustainability throughout the supply chain.
Mexican Center for Philanthropy (CEMEFI)	Panuco Mill	Socially Responsible Corporation	Distinction received for the twelfth consecutive year.
United Nations Global Compact	Panuco Mill	Adherent	Adhered for the tenth consecutive year.
Mexican Center for Philanthropy (CEMEFI)	El Mante Mill	Socially Responsible Corporation	Distinction received for the second consecutive year
United Nations Global Compact	El Mante Mill	Adherent	Adhered for the second consecutive year.
MAS Program ED&FMAN Liquid Products	Monte Rosa Mill	MAS Program Winner	Supports programs that promote social welfare.
University of Colorado	Pantaleon	Partner of the Year	The University of Colorado Center for Health, Work and Environment (CHWE) named us "Partner of the Year" for our excellent collaboration in the Total Worker Health Program.



# CASA DE SALUD RAÚL VELA



 **Fundación  
Pantaleon**  
Haciendo la diferencia

  
*¡Juntos por una  
Nueva Historia!*  
GÓMEZ FARÍAS 2021-2024



## **Pantaleon Foundation**



Fundación Pantaleon benefits communities of influence through different projects around education, health, and environment. For more than 30 years it has benefited communities in Guatemala, Nicaragua, and Mexico by promoting responsible development, integral well-being and improving people’s quality of life, benefiting approximately 4,000,000 people.

Fundación Pantaleon’s education programs seek to become a national referent. Therefore, they focus their efforts on the development and improvement of their own educational methodology for the Child Development Centers in Guatemala and Nicaragua, job training and entrepreneurship courses in Guatemala and Mexico, as well as the administration of the Pantaleon Schools in Guatemala and Nicaragua.

In their efforts regarding health, they support free medical and pediatric care clinics in Guatemala, and support maternity homes providing pre- and post-natal care in Nicaragua and Mexico. They also support the development of infrastructure for new health clinics, in partnership with municipal entities in Mexico.

The Pantaleon Foundation’s programs have had a profound impact on communities, allowing the Foundation to achieve its mission of enabling sustainable opportunities for people in the countries where we operate.

To learn more visit: [www.fundacionpantaleon.org](http://www.fundacionpantaleon.org)





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