

## **DINANT Voluntary Principles Report Submission**

**February 28, 2022**

On 29 October 2021, Dinant submitted a full and comprehensive report following the VP format. We refer interested parties to that report for detailed information on all aspects of Dinant's VP Implementation Program. We have taken this opportunity to update that report with additional developments since that submission. We will also formally address the comments by the VPI Secretariate in their earlier response to Dinant's application.

### **External Audit**

The only outstanding issue from the VPI Steering Committee's 22 April communication concerned an audit of the program by an outside agency. Dinant has contracted with Foley Hoag LLP to conduct this audit. The audit itself was delayed by the travel restrictions imposed by the COVID pandemic. It is now scheduled for April 2022. The notification letter is included as Annex 1 to this submission.

### **Renew and strengthen Community Engagement Practices**

Despite the severe restrictions and dislocations caused by COVID in Honduras, Dinant's Social Team staff have continued to train the workforce at each major location. In addition, specially designated members of the Social Team have been designated Subject Matter Experts and Trainers for Dinant operations in Guatemala, El Salvador, Costa Rica, Nicaragua and Dominican Republic. The non-Honduran business units have received their initial and follow-on training by video link.

Dinant continues to engage with local communities in both VP related briefings and training sessions in a variety of local self-help and philanthropic projects. These projects and Dinant's continued commitment to the welfare of its employees have built a solid base of support and respect in neighboring communities. For example, one important activity Dinant conducted this year was the construction of the fence for the School "Juana Donatila Ruíz" located in the Aurora neighborhood in Tocoa, Colón; this project will benefit more than 300 children and youth who attend this school.



Consistent with established Dinant policies, the Company strives to support and facilitate local communities rather than merely make cash and in-kind donations. The objective is to create buy-in from communities for projects so that they take pride in what they have achieved and will protect and maintain the result. Dinant seeks to build mutually respectful partnerships, not client and patron relationships.

### **Gender Based Violence Prevention**

Dinant has a long-standing policy of strict adherence to ethical behavior and prohibition of sexual harassment in all dealings and policies (see the Dinant Ethics Policy on the Company website). The Company has expanded this awareness and developed an additional training module for all employees on the prevention of violence or harassment based on gender. Drawing from best practices and in collaboration with expert legal advice, the training includes references to sites and sources where those in need or in fear can go for free support and assistance. This training module, delayed by COVID restrictions on gatherings, will be initially presented by the various members of Dinant's Social Team to all employees beginning in March 2022. New employees' training will fall under the responsibility of the Human Resources Department.

### **Women's Issues**

In addition to prohibiting and preventing gender-based violence, Dinant has begun establishing private rooms at its facilities for nursing mothers. The first of these is at the snacks factory in San Pedro Sula which has a high proportion of female employees. A trained female health care provider is on site to assist nursing mothers and to attend any other medical issues they may have. A refrigerator is provided to store the expressed mothers' milk until they depart for home.

### **Indigenous Communities' Program.**

Dinant recognizes the historic disadvantages Honduras's indigenous communities have suffered, including endemic poverty, limited access to education and skills training. While Dinant has no issues or disputes with the traditional indigenous communities of Honduras, the Company has nonetheless decided to reach out to them with a program to assist their members to raise their educational, economic and social progress. Dinant already employs 18 indigenous persons.

Dinant began the Indigenous Communities' Program (ICP) with a survey of the various indigenous communities in Dinant's areas of operations. Once local leaders are identified, Dinant will engage with them in a program of partnership that will include preference in hiring for jobs with Dinant, coaching by Company's agriculture business unit on ways to increase productivity of their farms, and an intern program to train ICP members in higher level skills.

LEAN INDIGENOUS COMMUNITIES INFORMATION

ETHNIC GROUP	COMMUNITY	POPULATION	EDUCATION	HEALTH	WAY OF LIFE	NEEDS OR OPPORTUNITIES TO START A RELATION	FAVOR	NEUTRAL	AGAINST
GARIFUNA	NUEVA GO	123	KINDER AND MIDDLE SCHOOL	N/A	SIEMBRA DE PLATANO YUCA, MAÍZ, ARROZ, CAMOTE, AYOTE, GANADERÍA, PESCA ARTESANAL, AGRICULTURA.	1. CREATION OF FISH CULTURE. 2. TECHNICAL SUPPORT AND DONATION OF RAW MATERIAL FOR ORCHARDS. 3. CHARLAS ABOUT CHILD NUTRITION. 4. REFORESTATION OF DAMAGED AREAS AND BEACHES. 5. MANAGE TALKS ABOUT VALUES AND DRUG ADDICTION TO YOUNG PEOPLE. 6. ENVIRONMENTAL TRAINING. 7. EMPLOYMENT. 8. TRAINING FOR WOMEN AND MEN LEADERS. 9. TRAINING FOR CREATION OF SMALL-ENTERPRISES. 10. DEWORMING CHILDREN CAMPAIGN. 12. DAY OF FLUORIZATION AND DELIVERY OF ORAL HYGIENE KITS TO CHILDREN. 13. EQUIPMENT FURNITURE EQUIPMENT AND EDUCATIONAL MATERIAL FOR SCHOOL AND KINDERGARTEN.	X		
GARIFUNA	LA ROSITA	200	KINDER AND MIDDLE SCHOOL	N/A	PESCA ARTESANAL, VENTA EN MENOR ESCALA DE CULTIVO DE YUCA, PLATANO, GANADERIA, COCO Y EN SU MAYORIA SON JORNALEROS (CULTIVOS DE PALMA).	1. CREATION OF FISH CULTURE. 2. TECHNICAL SUPPORT AND DONATION OF RAW MATERIAL FOR ORCHARDS. 3. CHARLAS ABOUT CHILD NUTRITION. 4. REFORESTATION OF DAMAGED AREAS AND BEACHES. 5. MANAGE TALKS ABOUT VALUES AND DRUG ADDICTION TO YOUNG PEOPLE. 6. ENVIRONMENTAL TRAINING. 7. EMPLOYMENT. 8. TRAINING FOR WOMEN AND MEN LEADERS. 9. TRAINING FOR CREATION OF SMALL-ENTERPRISES. 10. DEWORMING CHILDREN CAMPAIGN. 12. DAY OF FLUORIZATION AND DELIVERY OF ORAL HYGIENE KITS TO CHILDREN. 13. EQUIPMENT FURNITURE EQUIPMENT AND EDUCATIONAL MATERIAL FOR SCHOOL AND KINDERGARTEN.		X	

AGUAN INDIGENOUS COMMUNITIES INFORMATION

ETHNIC GROUP	COMMUNITY	POPULATION	EDUCATION	HEALTH	WAY OF LIFE	NEEDS OR OPPORTUNITIES TO START A RELATION	FAVOR	NEUTRAL	AGAINST
GARIFUNA	Guadalupe	300 FAMILIES	Jardin de Niños Centro Basico	N/A	1. Fishing 2. Cocoa crops 3. Cocoa crops and their extraction 4. Crops on a smaller scale of plantain, yucca. 5. Food sale (bread, yucca)	1. Technical Assistance in cocoa / corozo cultivation 2. Training in micro-enterprises.	X		
GARIFUNA	Puerto Castilla	550 FAMILIES	Jardin de Niños Escuela	N/A	1. Fishing 2. Food sale	1. Pisciculture (fisheries) 2. Training in microenterprise	X		
PECHS	Silin	120 FAMILIES	Jardin de Niños Escuela	N/A	1. Cocoa Crops 2. Corozo extraction 3. Crafts 4. Internal tourism	1. Technical Assistance in cocoa / corozo cultivation 2. Training in micro-enterprises.	X		
GARIFUNA	Limon	2163 PERSONS	Kinder Estela Dias Banegas Kinder Jorge Orlando Martinez Escuela Francisco Morazán Instituto Abel Gonzales Caballero	Centro Integral de Salud	FISHING FARMING CATTLE RAISING	1. Technical support for the creation of micro-enterprises to make coconut bread with single women 2. Training in business administration and project formulation 3. Training and implementation of a nursery for reforestation of micro-watersheds 4. Training in prevention of alcoholism and drug addiction in young people 5. Technical support for the extraction and commercialization of coconut oil 6. Technical support for fishermen and support for the reactivation of the beach and mangroves in the area	X		

Dinant welcomes suggestions and experiences from other VPI Members on ways they have addressed similar situations.

### Engagement with the new Honduran Presidential Administration

In November 2021 Hondurans flocked to the polls to overwhelmingly elect a new president from the opposition party, Mrs. Xiomara Castro. She was sworn-in on 28 January 2022, and has begun forming her administration, one that is pledged to reform

the government, combat corruption, enforce law and order, and bring stability to the embattled nation. Dinant welcomed the new president and engaged with her representatives from the very start of her inauguration.

For years the previous government failed to uphold their responsibilities to enforce law and maintain the peace in the country. Dinant has felt the effects of this as well-armed criminal elements, sometimes masquerading as simple peasants, have violently seized property after property in the Aguan beginning in 2018. The brazen looting of Dinant's plantations went unchecked by the Honduran National Police, as did the threats against Dinant employees and even the murder of Dinant security guards. Even after the Honduran courts issued eviction orders, the police refused to enforce the orders and evict the trespassers. The loss to Dinant is calculated in the millions of dollars. Nor is Dinant being singled out. Other landowners, large and small, have also seen their property seized and suffered major losses as well –the land seized is always the most productive and valuable mature palm oil trees. To date, an estimated 13,400 hectares of palm oil plantations owned by different parties have been invaded, including 4,295 hectares owned by Dinant.

On December 6, 2021, over 4,000 Dinant employees signed an open letter to the government asking that their livelihoods be protected and Honduran law be enforced. (See Annex 2 for a copy of the letter.) Like so many Hondurans, Dinant hoped that the new government of President Castro would act to stop this lawlessness and restore Dinant's property to its rightful owners. As recently as February 19, 2022, the criminal assaults have continued with a major Dinant plantation taken by force. It is now up to President Castro to take appropriate action to restore order.

### **Rearming Selected Security Guards**

In the face of the open disregard for law and failure of the previous regime to take any action to prevent further transgressions, Dinant was faced with no other option but to rearm a small, select number of guards at the most critical and dangerous site. This decision was a bitter one, made only after repeated demonstrations that the public security forces were unwilling to perform their duties. Dinant immediately trained the new security guards in the Voluntary Principles and Dinant's Rules for the Use of Force. Concurrently, Dinant is developing a road map to returning to a 100% disarmed guard force. Logically this can only be considered once the government, courts and public security forces uphold their responsibilities and fairly enforce the law.

Dinant reiterates its offer to discuss issues with any party that rejects violence and accepts fair adjudication of the issues. Dinant will never negotiate under duress or accept a fait accompli gained by illegal means.

## Increased technical and physical security

In September-October 2021, Dinant contracted for a survey of the Company's technical and physical security. This technical survey identified a number of improvements and enhancements to the current protection protocols. As the recommendations are addressed and new systems introduced, Dinant will have a stronger, more secure, and better-informed security program to deter future criminal attacks.

## External Engagement

Dinant continues to work tirelessly to inform stakeholders of its overall progress and the challenges it faces, especially in the Aguan. In direct communications, Dinant reaches out to embassies, international organizations including the UN and OAS, Non-governmental organizations (NGOs), and others who follow environmental, social, human rights, bio-diversity, security and economic issues.

One of Dinant's early initiatives with the new Castro government is to urge them to examine the process to join the country pillar of the Voluntary Principles Initiative. It is far too early to expect progress but Dinant's commitment remains strong. As an encouraging sign of progress, another major Honduran company in the renewable energy sector has shown a strong interest in adopting Dinant's successful VP implementation program.

## Continued VP training

Despite the severe constraints imposed by COVID, Dinant subject matter experts have continued to train employees in the Voluntary Principles.

2022 Voluntary Principles Training		
SITE	Training Hours	Persons Trained
COMAYAGUA	71	71
LEAN	0	0
AGUAN	33	33
SPS	993	993
<b>TOTAL</b>	<b>1,097</b>	<b>1,097</b>

	Female	Male
Owned Security	0	42
Outsourced Security	12	105
Employees	367	541
Communities	17	13
Authorities	0	0
Others	0	0
<b>TOTAL</b>	<b>396</b>	<b>701</b>

## **New Dinant Chief of Security**

Dinant is proud to announce the hire of a new Chief of Security, Mr. Oscar Fernandez. Mr. Fernandez joins Dinant after ten years in the security section of the United States Embassy in Tegucigalpa and a prior career in law enforcement. He is currently doing a top-to-bottom assessment of the existing Dinant security system, looking at training, equipping, record-keeping, and fielding a state-of-the-art corporate security program.

## **Annex 1**

Letter from Foley Hoag LLP to Dinant on February 9, 2022 regarding the external audit.

February 9, 2022

Mr. Roger Enrique Pineda Pinel  
Director of Corporate Relations & Spokesperson  
Corporación Dinant  
Barrio Morazan  
Frente a Plantas Tropicales  
Boulevard Suyapa  
Tegucigalpa, Honduras

Re: Voluntary Principles Assessment

Dear Mr. Pineda,

After considerable delay due to the Covid pandemic, I am pleased to confirm that representatives of Foley Hoag, LLP's Global Business & Human Rights Practice are prepared to conduct an in-country assessment of efforts by Corporación Dinant ("Dinant") to operate in accordance with the Voluntary Principles on Security and Human Rights (the "Voluntary Principles.")

Specifically, Foley Hoag will undertake a desktop and on-the-ground assessment of Dinant's implementation of and compliance with its commitments under the Voluntary Principles. This assessment will be completed in three phases:

- The first phase will consist of a desktop review of Dinant's corporate documents regarding the company's history; security and human rights policies and commitments; and training and operationalization of those commitments. Additionally, this phase will entail independent research of reporting regarding the company and outreach to international representatives of civil society regarding their knowledge of and/or experience with Dinant, both directly and through associated organizations in Central America. We will also use this phase to conduct outreach to Dinant, international organizations in Honduras, local civil society organizations in Honduras, and the leadership of local villages impacted by the company to arrange for meetings. The first phase will be conducted over the course of approximately six weeks.



Mr. Roger Pineda  
Corporación Dinant  
February 9, 2022

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- The second phase will consist of in-country meetings with representatives of Dinant (including the company's executive leadership, head of security, and security guards); local civil society organizations, including campesino organizations; and villagers impacted by Dinant's operations. It is currently anticipated that this phase will be conducted during the first week of April.
- The third phase will entail compiling the materials gathered and interviews conducted, and assessing Dinant's practices vis-à-vis the Voluntary Principles and best corporate practices operationalizing them. This analysis will be incorporated into a written assessment that will identify strengths and weaknesses and will make recommendations by which Dinant can close any gaps related to its Voluntary Principles commitments. This phase will be conducted over the course of approximately four weeks.

The assessment will be completed by two members of Foley Hoag's Global Business and Human Rights Practice: Gare A. Smith, the chair of the practice, <https://foleyhoag.com/people/smith-gare>, and Isa Mirza, the Senior Advisor, <https://foleyhoag.com/people/mirza-isa> .

We are very pleased to have the opportunity to be of service to Dinant, and look forward to providing the company with an insightful analysis and practical recommendations regarding this very important matter.

Sincerely,



Gare A. Smith  
Partner  
Foley Hoag, LLP

## **Annex 2**

Open letter of December 6, 2021 signed by over 4,000 Dinant staff asking President Juan Orlando to enforce Honduran law and protect their livelihoods. A full copy of the letter containing all signatures is available on request.



Tegucigalpa, M.D.C.  
6 de Diciembre del 2021

**Excelentísimo**  
**Presidente de la República de Honduras**  
**Abogado**  
**Juan Orlando Hernández**  
**Su Despacho**

**REF:** LOS EMPLEADOS DE DINANT SOLICITAMOS SU AYUDA PARA QUE NO SE SIGAN PERDIENDO LAS POCAS FUENTES DE TRABAJO QUE HAY EN EL AGUAN, Y A SU VEZ PODER RETORNAR A NUESTROS TRABAJOS DIARIOS YA QUE HAN SIDO TOMADAS VARIAS FINCAS DE LA EMPRESA.

Excelentísimo Sr. Presidente Hernández:

Como es de su conocimiento existe una creciente y alarmante situación de invasiones a propiedades de Dinant y otras empresas en la región del Aguan, que se está expandiendo a otras zonas del país, sin consecuencias o acciones concretas en contra de quienes realizan las mismas al margen de la ley. Lo anterior pone en peligro nuestra estabilidad laboral y en consecuencia nuestras fuentes de ingresos, también atentando contra nuestros derechos humanos y de nuestras familias, así como el derecho a un trabajo digno los cuales se encuentran garantizados por la Constitución de la República, situación que nos mantiene a nosotros y a nuestras familias con incertidumbre acerca de la estabilidad de nuestro futuro.

Por este medio respetuosamente acudimos ante usted con el conocimiento que tenemos de su preocupación por el bienestar de las familias de escasos recursos para que pueda intervenir urgentemente tomando acciones que eviten que esta situación de invasiones continúe creciendo aún más y que las autoridades ejecuten las ordenes emitidas por los juzgados de la república para que estos invasores de oficio sean desalojados, permitiendo que podamos continuar manteniendo nuestros empleos e ingresos que permiten la manutención y educación de nuestros seres queridos

Dinant y otras empresas en la zona, son cruciales para el bienestar económico y social de estas y de nuestro país. Pero las acciones de estos criminales y la falta de apoyo por parte de las autoridades (policiales y judiciales) seguramente terminarían teniendo un efecto negativo para nosotros y el país en general.

Sr. Presidente, le solicitamos nos ayude actuando de inmediato. Por favor bríndenos su pronta y urgente ayuda para darle fin a esta situación, dándole la mano y ayudando a proteger los derechos que tenemos como ciudadanos Hondureños, retornando la seguridad jurídica y la paz a la zona y al país que tanto se necesita en estos momentos, para que así las inversiones se retomen generando bienestar para todos y evitar a su vez la migración de nuestros compatriotas y familiares al extranjero.

**Los Empleados de la Familia Dinant**