



DINANT'S IMPLEMENTATION OF THE  
VOLUNTARY PRINCIPLES ON SECURITY AND  
HUMAN RIGHTS IN 2022

2022 Annual Report

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## Executive Summary

Implementing the Voluntary Principles on Security and Human Rights (the “Voluntary Principles” or “VPs”) is a continuous process to which Dinant (“the Company”) is fully committed.

Founded in 1960, Dinant is a consumer-packaged goods (“CPG”) manufacturer and sales distribution and agribusiness company. Dinant has five primary business divisions: Snacks, Fats & Edible Oils, Foods, Home and Personal care, and Agribusiness. Dinant’s Honduran operations are spread out across the country, including crop operations in Comayagua; palm oil extraction and cultivation operations in the Leán and Aguán Valleys; CPG manufacturing facilities in San Pedro Sula, Choloma, Comayagua, and in the Aguán Valley; and sales distribution facilities across Honduras, Guatemala, El Salvador, Nicaragua, Costa Rica and Dominican Republic. The corporate offices are in Tegucigalpa, Honduras.

Dinant has a total workforce of 7,820 individuals, of which 5,800 are located in Honduras. To protect its productive assets in Honduras, the Company currently deploys 188 of its own security guards and 321 contracted security providers – with over 200 posted to the Company’s operations in the Bajo Aguán Valley, a part of Honduras in which there are significant security challenges.

Dinant’s business model is underpinned by an extensive corporate social responsibility (“CSR”) program that focuses on demonstrating respect for nationally and internationally recognized human rights, sustainable product development and resource management, community engagement and development, workforce well-being, and responsible security operations. In addition to its participation in the Voluntary Principles Initiative (“VPI” or “the Initiative”), Dinant is a member of several other organizations that focus on human rights and sustainability – including Banco De Alimentos Honduras, Fundación Hondureña de Responsabilidad Social Empresarial, and Alianza Empresarial para La Sostenibilidad en Centroamérica.

Dinant is widely respected in Honduras and recognized as “The Best Place to Work” in Honduras, awarded by Great Place to Work Central America and the Caribbean <sup>®</sup>. It also holds numerous certifications. These include a certification from the Business Alliance for Secure Commerce (BASC) and three certifications from the International Standards Organizations (ISO): ISO 9001, which is the standard for a Quality Management System; ISO 45001, the Occupational Health and Safety Management Standard; and ISO 14001, for Environmental Management Systems. Additionally, we hold two of the International Sustainability and Carbon Certifications (“ISCC”): the ISCC EU, which is recognized by the European Commission and demonstrates compliance with the sustainability criteria for biofuels and bioliquids; and the ISCC PLUS, the certification for plastics and chemicals, food, and feed markets, including the biofuels outside the European Union and UK.

This report builds on our submission to the VPI Secretariat in 2022. The Voluntary Principles Steering Committee Implementation Plan identifies two Request Actions: (1) Review and strengthen community engagement practices; and (2) Audit implementation of the VPs. The audit was performed in Honduras, where the majority of the Company's facilities and business activities are located.

Dinant's robust and extensive CSR program focuses on demonstrating respect for internationally recognized human rights, sustainable product development and resource management, community engagement and development, and workforce wellbeing. Community engagement practices are a strength of Dinant's VPs Program. The Social Team maintains excellent relations with local communities. The program is strengthened by an industry-leading Community Grievance Resolution Mechanism which was tailored for each local area in consultation with those communities. Dinant's employees receive many benefits as the Company has a program that ensures they have a high-quality life. They hold jobs that pay above the national average and are provided health care coverage. Additionally, low interest loans are given to first-time home buyers who are part of the employees' voluntary Savings & Loans Cooperative.

The audit requested by the VPI was predicated on the identification and remediation of human rights harms pursuant to the U.N Guiding Principles on Business and Human Rights (UNGPs), with an emphasis on corporate engagement with stakeholders who may be affected by a company's activity. The methodology also draws from VPs tools that help measure implementation of the Voluntary Principles – particularly how companies should identify, assess, and seek to mitigate security-related human rights risks.

In addition to reviewing Dinant's security and human rights policies, the Audit draws from fieldwork conducted from April 3-7, 2022, at Dinant's operations in Honduras. A report will be posted on the Dinant website in the coming days, but in the meantime people who want to see it can make their request through the "contact us" section on our website.

## A. Commitment to the Voluntary Principles

Dinant is fully committed to implementing the Voluntary Principles and has been doing so for over a decade. We are confident that adherence to the VPs is the right way to conduct business. To that end, Dinant promotes the VPs both publicly and to the Honduran business community – including within the Consejo Hondureño de la Empresa Privada (“COHEP”), Honduras’s largest private business organization. Dinant is the world’s first CPG and Agribusiness company to achieve admission to the VPI -- first as an Engaged member and later as a formal member. Dinant remains the only Honduran company with this distinction.

Dinant’s public commitment to the Voluntary Principles is posted on Dinant’s website. It can be found on pages 4 and 5 of the Ethics Code. In part, this commitment statement reads:

*“Our Ethics Code and Security Policy are based on the Voluntary Principles on Security and Human Rights, a commonly accepted reference for business operations, as well as national and international standards. Also, its frame of reference is based on the main purpose of its organization (Mission) and on the qualities, that inspire its daily behavior (Values).”*

The full statement is available here: [Dinant - Ethics Code](#).

We refer readers to the 2021 Annual Progress Report – Dinant Voluntary Principles Implementation Program in the following link: [Dinant - 2021 Annual Progress Report](#)

In 2017, Dinant’s social liaison staff conducted VPs training for all employees, as well as monitoring compliance of the Company’s VPs Implementation Program. Dinant has long had a binding public commitment to ethical behavior and respect for human rights. This commitment has been prominently posted at all Dinant facilities, operations, and sites in Honduras. Further, ALL contractors, particularly security service providers, are required to adopt the VPs and to train security staff assigned to Dinant regarding implementation of the Voluntary Principles.

Dinant understands that the VPs are universal. The guidelines are sound business practices that any company can adopt for its benefit and for the benefit of local communities impacted by the company’s operations. The VPs can also be adopted by the host country’s public security forces. From the beginning of its VPs implementation program, Dinant has considered it crucial that all members of the Dinant Team understand and fully commit to the principles’ effective implementation. The Company has ensured that all of its workforce, ranging from employees working in the field to middle management and senior executives, are trained with respect to the Company’s VPs commitments. The training program has always had the full support and direct involvement of the Dinant’s Executive President.

Beginning in 2020, Dinant has provided mandatory on-line training for several of the Company's certifications related to quality control, environmental, and social management systems. This training includes Dinant's ethics code and the VPs Implementation Program.

We want to ensure that every employee knows the importance that the VPs have for Dinant. To make sure that everyone was included, in 2020 we created a one-hour course for all new employees as part of their induction to the Company. To date 1,460 people have received this training. Additionally, our existing employees received courses on what the Voluntary Principles are, how we implement them, and the proportionate use of force (for security guards). We also train community members, outsourced employees, and governmental authorities regarding the VPs.

As mentioned above, Dinant has a well-developed Grievance Resolution Mechanism ("GRM"), established in consultation with local communities, at each major installation. This involves firm procedures that include special provisions for allegations of human rights abuse and protecting the confidentiality of anyone making such allegations. The GRM has been disseminated to all employees and to neighboring villages. There are four different ways to bring issues to the attention of Dinant for resolution: mailboxes located in easily accessible places in the communities, through the email [mdrc@dinant.com](mailto:mdrc@dinant.com), directly with the social liaisons and through the website [Dinant - GRM Contact](#). These include human rights allegations logs which are used to ensure that complaints can be made anonymously and confidentially. Employees from the Social Team have also been trained to handle a wide variety of situations. To date, Dinant has yet to receive an allegation through the GRM of any human rights abuse committed by a Dinant employee, contractor or affiliate.

Dinant is committed to the pursuit of sustainable operations, actively managing social value, environmental responsibility, and economic viability towards the growth and expansion of the business. Our Sustainability Policy is based on the following nine pillars.

1. Respect for human rights and relations with workers and communities
2. Occupational Health and Safety
3. Conservation and Protection of the Environment
4. Code of Ethics
5. Social Responsibility
6. Employee Administration
7. Control and Security
8. Quality and Safety
9. Supply Chain and Traceability

# Corporate Sustainability Policy



Above: The Corporate Sustainability Policy

The Company has closely followed the evolution of the VPIs and monitored the changes and evolving guidance to ensure it remains compliant with the spirit, as well as the letter, of the Governance Rules.

In addition, Dinant is reprinting handout flyers regarding the VPs for each major worksite. This information is provided in Spanish and English. The flyers are also provided to the local communities during meetings with the Social Team members.



¿Any doubt or suggestion?  
**Lourdes López**  
 Social Liaison/ lourdes.lopez@dinant.com

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## Voluntary Principles on Security & Human Rights Program

Promoting respect for Human Rights is a primary interest in **DINANT**

Pg.1

### Supporting Human Rights means:



Reduce the likelihood of lawsuits



Improve reputational image



Improve community relations

### Ignoring Human Rights increases business risks:

Operational risks	<ul style="list-style-type: none"> <li>• Blockades, strikes, protests</li> <li>• Vandalism, sabotage</li> </ul>
Reputational risks	<ul style="list-style-type: none"> <li>• Pressure and shame on employees and shareholders</li> <li>• Negative media attention</li> </ul>
Legal risks	<ul style="list-style-type: none"> <li>• Lawsuits for violation of norms and human rights</li> </ul>

Pg.2

### What must I comply?

Treat others with respect and professionalism



Participate in community relations training

Read and comply with the Voluntary Principles on Security and Human Rights



improve relations with public and private security forces

**The Voluntary Principles help us to:**

To build relationships with organizations that intercede with the community

Improving relations with the community (community engagement)

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Pictured above are the flyers that are found in Dinant's facilities and shared with local communities. They explain how to implement and promote the Voluntary Principles.

Dinant participated in the VPs Plenary Sessions in Bogota, Colombia in April 2016; Washington DC, United States of America in 2018; and London, UK in 2019. The Company was also invited to the Annual Plenary in Canada in 2017 but was unable to attend due to visa issues. As an Engaged Member, Dinant was invited to participate at the Annual Plenary in Switzerland in 2020 that, unfortunately, was suspended due to travel restrictions imposed by the COVID-19 pandemic. Dinant did, however, participate in the subsequent electronic Annual Plenary Meetings held in April 2020 and March 2021. This year, Dinant will attend the Annual Plenary Meeting in London in May 2023.

Dinant has also participated in some very useful meetings convened by the VPI's Secretariat including:

1. In-Country Implementation working groups;
2. A Conflict Project; and
3. In-Country Working Group Roadmap Consultation.

Dinant met with the Secretariat to address the Conflict Project and the possibility of finding new initiatives that might be useful in resolving local conflict in Dinant's area of operations. This year has been especially challenging given the multiple invasions of Dinant's properties and the search for a long-term, sustainable solution remain among the Company's highest priorities.

Dinant has made constant and significant efforts to engage with the Government of Honduras and the Honduran Public Security Forces regarding the VPs. In addition, Dinant has worked with the Honduran Human Rights Commission both at the local and national level to address human rights concerns. Dinant has shared copies of the VPs with government ministries, legal authorities, police and military commanders, and other senior officials of the Honduran Government. The Company takes every opportunity to encourage the Government to engage in discussions with the VPI about joining as a country member.

Although the NGO community in Honduras is generally more focused on environmental and labor issues than human rights, Dinant continues to reach out to organizations, including those traditionally less sympathetic to private corporations, to open dialog and develop processes to advance and strengthen peace in Honduras, especially in the Aguán Valley. While the response has been disappointing, the Company keeps the door open.

Dinant continues to regularly share its programs and successful examples with different stakeholders. This is done directly as well as through media releases, public fora, and statements published on the Company's website.

Dinant has been invited to share its experience implementing the VPs in several public fora. The Company has twice been invited by the United Kingdom's Embassy for Honduras and Guatemala to participate in public programs on human rights in Honduras and in Guatemala. The International Finance Corporation ("IFC") included Dinant in three fora - in Washington D.C., in Guatemala City, Guatemala, and in Tegucigalpa, Honduras to discuss Dinant's success in implementing its human rights policies and VPs and how Dinant faced challenges related to the illegal and sometimes violent invasions of its land.

We attended an event focused on the relevance of capacity building for the IFC's clients. This forum included representatives of most of Honduras's banks. Among many issues, Dinant was able to explain to the banks' representatives the relevance of human rights matters and how Dinant used the VPs as an opportunity to enhance the Company's performance and strengthen its reputation.

The Company has shared experiences and commitments at different meetings with institutions such as COHEP and the National Industrials Association/Asociación Nacional de Industriales (ANDI).

Even before Dinant was accepted as an Engaged Member, as part of its implementation process Dinant elaborated and shared with different stakeholders its annual Progress Reports on its VPs Implementation Program. These are available on Dinant's website and can be accessed here:

- 2019 Implementation Process: [Dinant- 2019 Implementation Process](#)
- 2021 Implementation Process: [Dinant - 2021 Implementation Process](#)

In 2019, and again in 2020, Dinant sent letters to all suppliers and contractors to make them aware that compliance with the Company's policies, including its Human Rights Policy, was mandatory.

As part of Dinant's implementation process, the Company's social liaison staff meets at least twice a year with members of local communities to share the Company's implementation process. During these meetings, community members ask questions about the program and provide feedback.

Given Dinant's wide-ranging sustainability program, the Company is currently carrying out an Environmental and Social Impact Assessment ("ESIA") on its palm oil operations. The ESIA will be discussed with local communities (17 communities in the Lean Valley and 21 communities in the Aguán Valley) in public assemblies or open fora. Using the results of these meetings, impact mitigation and monitoring plans are to be defined, and the essential budget funding allocated to execute the mitigation plans. This will reduce potentially adverse developments which could escalate into conflict. Follow-up and implementation of earlier mitigation plans have proven to be successful in decreasing the potential for misunderstanding and conflict.

This process also includes discussions about the VPs implementation process. Dinant has never hesitated to share its experience implementing its VPs program and is always open to advice on how to improve its performance.

To validate Dinant's commitment to implement the Voluntary Principles, the Company was audited by Gare Smith and Isa Mirza, two experienced human rights assessors from the law firm Foley Hoag LLP, in July 2022. This was accomplished for the purpose of receiving independent, third-party feedback and recommendations for improvement. The audit was conducted in Honduras.

The assessors' methodology was predicated on the identification and remediation of human rights harms pursuant to the UNGPs. The Assessment's conclusions verified Dinant's commitment to the VPs and highlighted the Company's extensive efforts to implement them through best practices. The Assessment also found some areas for improvement and offered recommendations by which to close gaps.

One of the biggest challenges that the Company is facing today is illegal land invasions. Trespassers have seized Dinant's property in Aguán and Lean and proceeded to harvest and illegally sell the palm fruits. In addition to the loss of product, this has presented a serious threat to employees in as much as the invaders are sometimes armed and often violent. Dinant has regularly sought assistance from the law enforcement community to enforce the rule of law, but the police have been unable or unwilling to remove the trespassers. We have also reached out to President Xiomara Castro and numerous senior government officials about the challenge, but the Castro Administration has declined to resolve the stand-off.

Dinant is seeking to do the best it can in a very difficult situation. Most importantly, the Company has been seeking to provide a safe environment for all members of Dinant's workforce. This includes updating the Risk Assessment, ensuring that the security guards receive continuous training, and providing protective equipment for the guards themselves.

## B. Policies, Procedures, and Related Activities

Dinant has put in place robust Human Rights and Security Policies. Such policies are part of Dinant's overall sustainability policy. All the Company's policies are open to revision when needed and are updated at least once a year. Dinant policies related to Human Rights can be found at the following links:

Sustainability Policy (Spanish): [Dinant - Sustainability Policy Spanish](#)

Sustainability Policy (English): [Dinant - Sustainability Policy English](#)

Security Policy (Spanish): [Dinant - Security Policy Spanish](#)

Security Policy (English): [Dinant - Security Policy English](#)

Human Rights Policy (Spanish): [Dinant - Human Rights Policy Spanish](#)

Human Rights Policy (English): [Dinant - Human Rights Policy English](#)

The social liaison staff reports their efforts and any challenges they may face to the CSR Manager, who in turn reports directly to the Human Resources Director, who has full access to the Company's Executive President. Discussion fora among the social staff allow them to exchange experiences on how to face challenges at the various Company locations.

Dinant provides extensive and continuous training to employees in addition to the introduction to the Voluntary Principles. For example, the Company's Gender-Based Violence Prevention program is among the first in Honduras.

Training is delivered by Social Team and Human Resources professionals to Dinant's employees in all major Honduran operational sites:

- The consumer goods products manufacturing and operational facilities in the Comayagua Valley, which include the Foods and Home Care products, the green houses facilities, and the fresh vegetables packaging facility.
- The Snacks manufacturing facility and main distribution center in San Pedro Sula City.
- The Bleach products manufacturing in Choloma City.
- The Oil Palm Extraction Mill and Oil Palm Plantations in the Lean Valley.
- The Oil Palm Extraction Mill and Oil Palm Plantations, as well as the Fats & Edible Oils manufacturing facility in the Aguán Valley.
- Training is also provided to Dinant Staff at the Corporate offices in Tegucigalpa.



**Training of Dinant's security staff on the Voluntary Principles**

Similar training was begun in Guatemala in 2023 and will continue in Dinant's other business units outside Honduras in the future.

Training in local communities

Training is an essential means by which Dinant shares the importance of the Voluntary Principles Initiative. This also allows the Company to inform local communities how Dinant's security force works.

In 2022, Dinant sought to share the VP's with as many individuals as possible. The social staff located at every major site, arranged meetings with community leaders, teachers, and members of the communities. In 2022, about 419 community members were trained.

<b>Training on VPs 2022</b>		
<b>SITE</b>	<b>Training Hours</b>	<b>Total Participants</b>
<b>COMAYAGUA</b>	1,104	1,062
<b>LEAN</b>	200	114
<b>AGUAN</b>	530	393
<b>SPS</b>	1,221	1,221
<b>TOTAL</b>	<b>3,055</b>	<b>2,790</b>

<b>Training on VPs 2022</b>		
	<b>Female</b>	<b>Male</b>
Internal Security	1	114
Outsourced Security	18	552
Employees	549	1,049
Communities	263	156
Authorities	13	20
<b>TOTAL</b>	<b>844</b>	<b>1,946</b>

## C. Risk Assessment

From the early stages of Dinant's implementation process, the Company has worked on a continuing basis on the VPs Risk Assessment.

In general, all threats are to be considered, regardless of their origin. A threat can be related to operational hazards, environmental, social, security, or human rights issues.

Dinant's risk assessment process covers the following elements:

1. Threat identification and registration of each in the risk matrix.
2. Vulnerability Assessment.
3. Risk analysis, stemming from two variables: Probability on the X axis, and Consequence on the Y axis on a matrix chart.
4. Defining strategies to:
  - a. Deter
  - b. Deflect
  - c. Mitigate
  - d. Recover
5. List of Feasible Measures (Mitigation Action Plan).
6. Determine Resources – Cost/Benefit Analysis.
7. Decision to commit resources.
8. Allocation of:
  - a. Responsibilities for each mitigation measure
  - b. Resources required to deliver the measure (personnel, equipment, procedures, budget)
  - c. Time required to fully implement the mitigation measure (when will it be in place)
  
9. Once the mitigation plan is set in motion, the responsible staff members are required to re-evaluate their progress on a regular basis to deliver successful risk mitigation with their site manager or their senior Dinant manager.

In accordance with the Company's policies, all Risk Assessment processes must be validated at the highest corporate position within the Company, which helps strengthen the implementation process and ensures delivery of the plan.

The current Risk Assessments are confidential. The methodology and process, however, are described above.

#### D. Country Implementation

Although Honduras is not a member of the Voluntary Principles, Dinant has benefitted from engagement with diplomatic representatives of other Government Pillar members such as the United States and the United Kingdom.

At the same time, Dinant has actively encouraged the Government of Honduras to become a Participant Member. To this end, Dinant sent letters to former President Juan Orlando Hernandez describing the Company's positive experiences implementing the VPs and urging him to put forward Honduras as a candidate to join the Initiative. More recently, since the inauguration of President Castro, Dinant has redoubled its efforts to this end and has increased its outreach to public security forces. Dinant has met frequently with the Castro Government's Minister of Security and encouraged the Castro Government to pursue membership in the VPIs. Although our efforts have not borne fruit to date, Dinant will continue to encourage the Government of Honduras to participate in the VPI.

Dinant regularly promotes the Voluntary Principles Initiative with organizations in the business community, including ANDI and COHEP, Honduras's largest business organizations.

The Company is an active member in ANDI's National Action Plan, which aims to ensure that every company in Honduras, public or private, big or small, abides by the U.N. Guiding Principles on Business and Human Rights. Dinant is also a member of the Human Rights Committee for ANDI and participates in fora and training on Human Rights and Due Diligence.



**Pictured above is one of the interactive fora related to Human Rights and Due Diligence**

Dinant is the only participant in the VPI in Honduras. That said, Dinant has been able to persuade more than a half a dozen companies in Honduras to adopt the VPs for some of their operations. In addition, two other agri-businesses in Guatemala have engaged in similar training and implementation of the VPs using Dinant as an example.

## E. Lessons and Issues

### 1. Transparency and engagement with all stakeholders are critical to business success.

Dinant has a long and consistent record of constructive engagement with stakeholders. Among other organizations, Dinant has engaged with the IFC, the Fund for Peace, the World Wildlife Federation, and Human Rights Watch and has implemented recommendations from each. Dinant responds to every inquiry from media or academia with full transparency. Indeed, even those who take issue with Dinant must admit the Company has never refused dialogue. Dinant has learned that engaging with all stakeholders in a transparent way often results in constructive solutions to a problem that, if not properly addressed, may escalate into confrontation and conflict.

### 2. A formal social engagement program with dedicated professional liaison staff on the ground can improve Dinant's relationship with local communities and deter conflict.

Over a decade ago, Dinant realized that its informal community engagement was not as effective as it could be, and that a more robust and open communication with them was necessary. The Company wanted to have direct relationships with all the communities near their sites, particularly the indigenous communities. Accordingly, Dinant established a program to allow all the communities to have a two-sided communication pursuant to which community members could easily reach out to the Company. The Grievance Resolution Mechanism was implemented, and has significantly improved communication, allowing the Company to engage with all communities, including vulnerable groups, while also creating initiatives to mitigate any possible negative effects its operations may cause. This has allowed the communities to express their concerns and discuss them with the Social Team members at each site. The implementation of a formal social engagement program has enabled Dinant to find a simple and reliable way in which community members can reach out and communicate with the Company and find constructive and sustainable solutions that create a safe and secure environment for all parties.



**Community Engagement Program led by members of the Social Team**

3. Conducting business in the Aguán and Lean Valleys requires vision and a long-term commitment.

Dinant operates in areas of Honduras that have historically suffered from a limited Government presence, scarce private and public investment, and few job opportunities, which have resulted in high crime rates and insecurity.

This factual scenario is symptomatic of greater structural problems in the region, including limited rule of law, and abuse of private property rights that, in turn, have resulted in reduced national and international private investment that could generate job opportunities in those regions. These challenges have contributed to significant migration to other countries, especially the United States. Dinant has operated in Northern Honduras for many years. Despite the huge cost of illegal invasions and the looting of its plantations, the Company remains deeply committed to the well-being of its employees, the many farmers who supply its processing plants, and the surrounding communities. Dinant's commitment to the VPs – including open and transparent engagement with local communities and the extensive security modernization program – has significantly contributed to the Company's ability to navigate these challenges.

Dinant is committed to the region for the long term. That is why it has engaged energetically, peacefully, and transparently with those who hold different views in the belief that common points of agreement can be found. Dinant regularly invites interested parties – including its critics – to visit its palm plantations in the Bajo Aguán region, as well as the rest of its operational sites, to see the results of the extensive resources that Dinant is investing in community engagement, and environmental and social management.

Although Honduras can be a challenging place to do business, Dinant has proven that it is possible to do so successfully, honestly, and transparently. The VPs are embedded in its business model and ensure that we always engage peacefully and respectfully with local neighboring communities.

The violent trespassing and looting of property are ongoing issues in Honduras. This and other criminal challenges to the business continue to increase. We have invaders in several of our plantations including Trujillo, Tocoa, Arizona, and Esparta who have seized more than 9,000 hectares of Dinant's land. This has severely affected the Company and its employees. Because of the significant drop in the palm oil production, Dinant's employees cannot access various plantations to continue to work. As a sign of the company's loyalty to its workforce, Dinant has temporarily continued to pay these employees for the past year even though they have been unable to work. However, this is no longer sustainable.

Criminality in these regions is endemic. Other companies and even peasant-owned small cooperatives have had their land invaded as well. Our efforts to urge the Honduran government to enforce the law have included sending employee-signed petitions, writing letters to the President, and meeting with senior government officials at all levels and across the Government. Regrettably, these efforts have been unsuccessful to date and Dinant's security personnel and operations continue to be threatened and targeted. Dinant realizes that success in these regions requires a long-term commitment to the rule of law.

We will continue to do all we can to protect our employees and their communities, including through continuous implementation of the Voluntary Principles.

4. Violence in sites has forced the Company to rearm some guards.

The violent assault on Dinant's property has continued unabated in 2023. At one point in 2022, the palm oil extraction mill in the Aguán was surrounded and the employees held there against their will for over 24 hours. On that and other occasions Dinant employees have been threatened and physically assaulted. As a consequence, Dinant has reluctantly rearmed a small number of contract guards with shotguns at the extraction mills to protect the lives of our employees. In addition, the mills use sophisticated equipment that, if mishandled, could result in catastrophic damage to anyone nearby. That equipment must be safeguarded during shutdown to prevent a tragedy. These guards have been hand-selected and specially trained in a multi-media, inter-active program on the de-escalation of confrontations and, if that fails, in the use of minimal and proportional force.

The guards have been highly trained and are aware that these weapons are only to be used to mitigate a risk, not aimed to injure, or kill any individual.

It has been a long process, but it was imperative that we acted accordingly to the current threat situation while implementing the Voluntary Principles. The VPI members were previously informed by Dinant before taking this action.

Once the Government of Honduras responds to the lawlessness and reestablishes order and the rule of law, Dinant will disarm this small force.