



## DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.**

## DISCLOSURE QUESTIONNAIRE

Company Name: La Holandesa  
 Date Submitted: 01/26/2022

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services	✓	
Biodiversity Impacts	✓	
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries	✓	
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries	✓	
Tax Advisory Services		✓

  

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration		✓
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

  

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory	✓	
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓

## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

La Holandesa

UPDATED AS OF:

01/26/2022

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Compulsory Overtime
<b>ISSUE DATE</b>	Ongoing
<b>TOPIC</b>	Hourly workers required to work overtime due to production requirements.
<b>SUMMARY OF ISSUE</b>	<p>"Employees at La Holandesa routinely work over 40 hours per week, but are compensated by receiving 1.5x their salary, based on hourly pay, if they work over 8 hours per day and 2x their salary if they work a 6th day in the work week.</p> <p>The average number of hours worked per week by employees, based on a calculation of the past 12 months, is 49.77 hours per week. However, the average number of hours worked by new hires is 48.64 hours per week. The maximum hours worked in a day by an employee was 52 hours.</p> <p>The overtime work schedules are structured according to required production to achieve the sales plans per week. The company produces perishable products that have an average of 30 to 45 day shelf life, so they maintain a low level of inventories to prevent losses from overstocking and to ensure products are as fresh as possible when sent to the supermarket. Employees are made aware that overtime is required during the hiring process."</p>
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	In the previous fiscal year, 106 out of 154 employees were required to work overtime hours at some point during the year, which represents 69% of the total workforce.
<b>IMPACT ON STAKEHOLDERS</b>	Employees that work compulsory overtime can experience increased stress and have less time to spend on activities outside of the workplace, such as spending time at home. At La Holandesa, if an employee is unable to meet the overtime requirement or refuses to work overtime, the employee must submit a formal request to restructure the overtime schedule, and those hours would be covered by other employees.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"The company has taken the following actions to mitigate health &amp; safety issues and security concerns related to working overtime: Staff training, PPE delivery, rotating shifts for workers working overtime, provision of private transportation for workers who leave at night, food provided according to the shift, and importantly, an occupational doctor to follow up with workers, a paramedic available in case of emergencies, and preventive health insurance.</p> <p>The company has also taken steps to optimize and automate production lines, which can reduce the need for overtime in the long term. For example, they have automated part of the labeling process, so in one production line, people that used to have worked 9 - 10 hours per day when overtime was required, now work 8 hours with the machine.</p> <p>The requirement of overtime was different in fiscal year 2020 than other years due to the pandemic, and the company implement several measures to ensure employees health while complying with production plans. Overtime is a routine part of the company's production requirements and does not vary from year to year."</p>
<b>RELATED INCIDENTS (YES/NO)</b>	There have been no accidents while workers are working overtime.

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<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally Intensive Industries
<b>TOPIC</b>	Biodiversity Impact
<b>SUMMARY OF ISSUE</b>	<p>"As a milk products manufacturer, La Holandesa operates in an industry in which biodiversity impact is a material environmental issue.</p> <p>The company makes milk-based products that are purchased from farms, which can have an impact on biodiversity. The only potential negative impact on biodiversity that the company has evaluated would be an exploitation of Andean paramo for the elaboration of new pastures.</p> <p>This could have a direct impact on the reduction of water springs that originate in the Andean paramos. This, in turn, would have a direct impact on the farms themselves and would make them unviable and unprofitable due to the decrease in water sources and the wear of the paramo soil in the medium term. Equally important is the direct impact on the ecosystem: altering the flora and fauna of the Andean grasslands, not only by the destruction of the grass but also by the inclusion of invasive species."</p>
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	"Approximately 85% of La Holandesa's supplier expenses come directly from animal farms. 100% of company's revenue comes from products made with animal products. 13% of the farms that represent the company's suppliers are located in the Andean paramo, which starts at 3,300 meters above sea level
<b>IMPACT ON STAKEHOLDERS</b>	Animal agriculture poses a risk to local ecosystems of flora and fauna as well as the potential degradation of farmed land.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"The real impact of industrial operations on biodiversity is difficult to measure since the factory is located in an urban area and complies with legal regulations.</p> <p>The company ensures that haciendas do not expand towards the Andean grasslands when creating new pastures or that the planting of various crops before planting grass (which is an agriculture technique) also does not expand into the surrounding ecosystem. In this way, it limits their effect on the local biodiversity and water sources. This is monitored in the annual assessment and in follow-up visits to suppliers when assessing land use intensity. For example, if the farm has 20 cows on 10 hectares, it has an intensity of 2 cows per hectare. If the number of cows or the number of hectares increases, the company easily realizes if additional space was used.</p> <p>Through the company's annual supplier assessment, they review areas that have been eminent for livestock use for many years and that therefore, the biodiversity impact is lower and more easily controlled. One of their objectives is to only purchase haciendas that are located less than 3,500 meters above sea level, considering that the Andean grasslands are located above this height and have the highest percentage of biodiversity. Preservation and conservation objectives are evaluated and supported by the reforestation of hillside areas, with endemic species, that is within the plan of each farm.</p> <p>Additionally, the company encourages the use of silvopastoral systems in farms, preferably with endemic forest species in the area. In this way, the company can provide the conditions both for more efficient management and greater awareness of the livestock, as well as, provide them with an adequate habitat for native species of flora and fauna of the sector.</p> <p>The company does not currently follow any legal regulations regarding biodiversity. Audits focus mainly on the production and quality of the milk, and do not assess 100% of the farms operations and areas, rather focusing more on the area of milking, water storage, waste management, and evaluating the grazing area to assess the quality as feed for cows. "</p>

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<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally Intensive Industries
<b>TOPIC</b>	Water Intensive Industries
<b>SUMMARY OF ISSUE</b>	As a milk products manufacturer, La Holandesa operates in an industry that is water intensive.
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	"Approximately 85% of La Holandesa's supplier expenses come directly from animal farms. 100% of company's revenue comes from products made with animal products.
<b>IMPACT ON STAKEHOLDERS</b>	As a water intensive industry, animal agriculture and milk production poses risks such as water stress or depletion of local water sources if water use is not appropriately managed.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"La Holandesa sources water from public network water reservoirs. These are sourced from the Papallacta Integrated System, which captures and distributes water from the Antisana Reserve. The company has not seen evidence, through its operation, of effects on other interested parties.</p> <p>The northern Andean region of Ecuador is not considered a water-stressed zone. However, an important part of the company's projects are aimed at reducing water consumption per unit of product.</p> <p>The company measures specific water intensity based on the following formula: liters of water per liters of processed milk, and monitor the monthly variations and trend of the last 12 months. By reference, the company's indicators of recent years are the following: 2017 - 1.89 liters, 2018 -1.84 liters, 2019 - 1.36 liters, 2020 - 1.16 liters, 2021 projected 1.31 liters.</p> <p>The main investments since 2018 were made taking into account the impact on the reduction of water consumption. In 2018, nearly \$2 million USD was invested into an automation project for the pressed cheese line. Previously, everything in this line was washed by hand (tubs, molds, fabrics) after each use, causing high consumption that was difficult to manage. As part of automation, tubs, steel molds and fabrics were removed. The current molds are micro perforated and washed in a washing machine that recycles water. This is what has impacted water consumption in recent years.</p> <p>In 2021, the company began to see an increase in water consumption, already projected, based on new production lines. For this reason, in 2020 the company started its most ambitious investment project, about \$3.5 million USD. The project consists of implementing an automatic line of pasteurization, ultrafiltration and reverse osmosis of milk, whey and by-products. The main objective is to reuse the milk water in the production plant as cleaning water. With this, it is planned to reach a goal of 1 liter of drinking water for each liter of processed milk.</p> <p>There is no public information in Ecuador on the consumption of drinking water in the dairy industry, but an estimate based on conversations gives the company an indicator of close to 2 liters per liter of processed milk. In international publications, the company has found that the standard is close to 1.5-1.7 liters of water per liter of processed milk. The company's average in recent years places it below this standard, with its goal of 1 liter of drinking water per 1 liter of processed milk, which the company believes is at the forefront of the Dairy industry in Ecuador and South America.</p>
<b>OTHER MANAGEMENT COMMENTS</b>	<p>"The company does not currently assess how supplier farms are managing their water consumption. The company does not evaluate farms consumption or offer support to minimize consumption in the supply chain. The company has the goal to develop plans in 2022 to support reduced water consumption in their milk suppliers.</p> <p>The company does not have any specific goals related to water consumption in their supply chain. Their goal relates to water consumption in the production process and their own facilities, which is 1 liter of water for each liter of processed milk.</p>

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<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Animal Products and Services
<b>TOPIC</b>	Clients in Controversial Industries
<b>SUMMARY OF ISSUE</b>	La Holandesa is a manufacturer of milk products, a range of cheeses, creams and yogurt. The company is based in Quito, Ecuador and purchases milk from farms located close to Quito. All farms the company purchases from are family production units. 100% of the farms have a grass-based feed system for the animals.
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	<p>"The company has changed its vision and strategy of sourcing raw materials to be more inclusive of supplier associations and small farmers. Currently, the distribution of supply is: 45% medium and large farms, 25% small farms and 30% small suppliers and associations.</p> <p>Until 2020, the company's milk supply was as follows: 65% from medium to large farms with an average herd size of 80 to 100 cows, 25% from small farms with an average size of 30 cows and 10% from small suppliers and associations with an average size of 5-10 cows.</p> <p>70% of milk from small, medium and large farms corresponds to 65 families that receive income from dairy activity. The additional 30% of milk comes from small producers, about 550 families, that receive fair income. In Ecuador, the price per liter of milk is regulated by the national government who sets a minimum price to be received by the farms. According to the company, the current cost structure of their farms covers the milk farmers cost. The income is considered fair if it is greater than the farm expenses.</p> <p>Additionally, the company estimates that 70% of milk producers in Ecuador work in the informal economy. The company is working to change this by formally contracting and paying their suppliers. Suppliers that sell in the informal economy often receive low prices and late payments. Through formally contracting their suppliers, the company can ensure they are paid on time and fairly. "</p>
<b>IMPACT ON STAKEHOLDERS</b>	La Holandesa verifies that the farms it purchases from have animal welfare practices in place, and the company does formal evaluations/audits of the farms and these practices once per year, as well as other informal visits throughout the year.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"The company has the following practices and welfare standards for the cows throughout its supply chain:</p> <ul style="list-style-type: none"> <li>- Free of thirst, hunger and malnutrition: water is provided at will and food in the conditions required for the animals to maintain a body state according to their reproductive stage.</li> <li>- Free of physical or thermal discomfort: the farms have tracks, stables and optimal conditions at the time of milking the cows.</li> <li>- Free to express behavior: 100% of animals graze freely in groups, according to their reproductive status, and behave in a natural manner.</li> <li>- Free of pain, injury and illness: all farms have a professional, on site or under scheduled visits at least twice a month, who ensures the animals are in optimal health.</li> </ul> <p>Animals roam the farm in a tranquil environment without any undue stress due to the presence of other animals, and without causing them physical harm or stress due to the presence of blunt objects.</p> <p>Additionally, the animals are moved to milking parlors only to be milked. Each farm is formally evaluated once a year in its Good Practices of Milking audit. Additionally, each farm is informally evaluated 6 to 12 times a year, on a scheduled visits basis, by the company's team of livestock advisors.</p> <p>In the annual audits on Good Practices of Milking, the company evaluates the animal welfare on each farm. To pass the audit, the farms must comply 100% with the 5 freedoms. During the compliance visits, the company runs trainings on animal welfare. These trainings have resulted in an increase in compliance with criteria and, accordingly, in the internal management of the company's suppliers.</p> <p>Starting in 2022, the company will also evaluate the collection centers, places that store milk from several small suppliers, that are a fundamental piece of the company's approach to buying milk.</p> <p>The information from audits and evaluations are not currently published. However, starting in 2022, the company will annually publish the farms and collection centers results, animal welfare objectives and action plans. "</p>

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<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally Intensive Industries
<b>TOPIC</b>	Energy and Emissions Intensive Industries
<b>SUMMARY OF ISSUE</b>	As a milk products manufacturer, La Holandesa operates in an industry in which energy and carbon emissions is a material environmental issue.
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	"Approximately 85% of La Holandesa's supplier expenses come directly from animal farms. 100% of company's revenue comes from products made with animal products.
<b>IMPACT ON STAKEHOLDERS</b>	Animal agriculture is a major contributor to global carbon emissions.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"La Holandesa tracks energy consumption in their manufacturing processes. The energy intensity of the company is measured through the Kwh consumed in relation to the liters of milk processed daily, which in 2021 was 42.01 Kwh/L.</p> <p>The company has not benchmarked their energy consumption and emissions in comparison to other companies in the industry, but they have set the specific reduction target to be carbon neutral by 2030 and have implemented the following to reduce energy consumption:</p> <ul style="list-style-type: none"> <li>- Optimize the use of diesel and fossil fuels through the installation of automatic steam distributors and automatic steam valves, and maintenance of the machinery</li> <li>- Automatic cleaning systems that manage the use of energy based on real time needs</li> <li>- Installation of state-of-the-art cooling systems based on the use of NH3 and automatic cooled water flow control valves based on the actual use of the plant, which will optimize the consumption of electrical energy.</li> <li>- Ensuring all refrigeration for finished products are adequately insulated</li> <li>- Centralization of industrial operations for the optimization of machinery and energy consumption, as well as consistent maintenance of the machinery</li> <li>- Purchasing policy that includes evaluation criteria for the efficient consumption of each piece of equipment that is purchased.</li> </ul> <p>The company has plans to install in the first half of 2022 a 1.1MW solar power plant installation, with 8,000 meters of solar, which is projected to produce around 50% of the plant's electrical energy requirements."</p>
<b>OTHER MANAGEMENT COMMENTS</b>	<p>To promote the management of the suppliers' emissions, it is requested through the supplier Code of Conduct that the corresponding environmental permit be obtained according to their economic activity, which involves the implementation of good environmental practices and therefore the reduction of emissions. Additionally, it is requested that waste management be carried out with companies certified by the Ministry of the Environment.</p> <p>Additionally, to manage the emissions generated by the transport of raw material to company facilities, they have implemented a system that establishes the routes of the tankers, monitoring the departure and arrival times from the farms, thus obtaining the most short and efficient route, and reducing unnecessary fuel burn.</p> <p>Currently the company does not support the energy reduction of their supplier farms. They plan to create a plan in 2022 to start addressing this with suppliers."</p>