



## 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

PROVIDED BY:

CORPORACIÓN ALIMENTARIA  
 PEÑASANTA S.A (CAPSA FOOD)

UPDATED AS OF:

05/29/2020

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	✓	
Other		✓

  

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		✓

  

Other Disclosures	Yes	No
		✓

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: **CORPORACIÓN ALIMENTARIA PEÑASANTA S.A (CAPSA FOOD)**      UPDATED AS OF: **05/29/2020**

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Disclosure Outcomes & Penalties
<b>ISSUE DATE</b>	7/11/2019
<b>TOPIC</b>	Anti-Competitive Behavior
<b>SUMMARY OF ISSUE</b>	Based on a complaint from the Unions Agrarias-UPA Union, the CNMC (National Commission on Markets and Competition) in Spain launched an investigation which led to issuance of a fine for eight companies (including CAPSA) who operate in the raw cow's milk supply market for activities between the years 2000 and 2013. The CNMC said the illegal behavior consisted of the exchange of information that allowed for the coordination of sales strategies to the detriment of the interests of the farmers and thereby a violation of competition law.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	<p>CAPSA was issued a fine of € 21,800,000. The amount of the penalty was calculated based on the annual turnover of those allegedly involved.</p> <p>4 employees from CAPSA were named in the penalty; 2 current executives (at the time of the incident, they were at a lower level) and 2 at the operational level (field/milk collection managers)</p>
<b>IMPACT ON STAKEHOLDER(S)</b>	CAPSA has always acted within the law and in particular within the antitrust rules.
<b>RESOLUTION</b>	With all due respect to the CNMC, CAPSA completely and categorically disagrees with the penalty issued by the CNMC and has appealed this penalty since October 11, 2019 before the National Hearing.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>CAPSA reaffirms its commitment to Spanish livestock farmers. CAPSA has recognized among its commitments and within the Code of Ethics, a recognition for the respect of fair and transparent competition.</p> <p>CAPSA has also stopped participating in numerous forums and dairy meetings. In 2019 the company allocated resources for the implementation of a Criminal Compliance Management System, aimed at preventing, controlling and managing any possible risk of being involved in criminal conduct through the company's activities as well as through its relationships with related persons and business partners.</p> <p>CAPSA is also in the process of being certified per the Spanish Standard UNE 19.601 - a standard for penal compliance management systems to adhere to the requirements established in article 31 bis of the Spanish Penal Code.</p>
<b>REPORT</b>	<a href="https://www.cnmc.es/gl/node/375940">https://www.cnmc.es/gl/node/375940</a>
<b>RELATED INCIDENTS</b>	Related to the CNMC penalty, CAPSA is involved in a civil lawsuit from SAT San Antón (a cattle farmers' cooperative) naming 4 companies (including CAPSA) with the claim amount for CAPSA being 2.3 million Euros. The proceedings in this matter have been halted until the outcome of the above mentioned CNMC penalty is finalized.

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Disclosure Industries
<b>TOPIC</b>	Animal Products or Services
<b>SUMMARY OF ISSUE</b>	CAPSA is a manufacturer of dairy products and sources a majority of their dairy ingredients directly from dairy farms.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	100% of CAPSA's revenue comes from animal products.
<b>IMPACT ON STAKEHOLDER(S)</b>	CAPSA sources dairy products from family run farms throughout Spain, that utilize grass feeding and fodder feeding with the fodder grown on the farms itself. The management system is fundamentally free range. The average herd size of farmer suppliers is around 60 cows.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>CAPSA's suppliers are mainly certified under three third party certification schemes:</p> <p>(1) Garantía Ganadera - certified by SGS that indicates (among other matters) that the livestock farmers who provide the raw material are committed to caring for and serving their animals. This certification affects the livestock partners of the Central Lechera Asturiana brand.</p> <p>(2) Animal Welfare WELFAIR™ - certified by AENOR that specifies animal welfare requirements for livestock farms. This certification is for Catalan breeders of the ATO brand.</p> <p>(3) Pastoreo seal - certified by SGS which certifies that the milk comes from cows that graze in the wild for at least a specified amount of time. This seal is applied to Galician farmers of the LARSA brand.</p> <p>CAPSA ensures that the objectives and standards in each of these certifications are being met because periodic evaluations are carried out annually or biannually for the renewal of these certifications.</p> <p>The company informs consumers about the obtaining and possession of these certifications through their website, packaging, advertising, media, CSR reports, etc.</p>
<b>REPORT</b>	<a href="http://www.centralelecheraasturiana.es">www.centralelecheraasturiana.es</a> / <a href="http://www.leitelarsa.es">www.leitelarsa.es</a> / <a href="http://www.ato.cat">www.ato.cat</a>

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally-Intensive Industry
<b>TOPIC</b>	Energy/ Emission Intensive industry
<b>SUMMARY OF ISSUE</b>	<p>As a dairy processing company, Synlait operates in an emission intensive industry with milk processing for preventing microbial growth and ensuring product safety, being the most energy intensive processes in their operations.</p> <p>While they don't own or operate any dairy farms, 100% of their revenue comes from animal products and therefore, they have set targets for the reduction of emissions on and off farm.</p>
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	<p>CAPSA derives 100% of its revenues from milk and milk products.</p> <p>CAPSA's energy intensity indicators for FY 2019 were:</p> <p>Natural gas (utilized for thermal processes): 0.36 MWh/ton of product</p> <p>Electricity: 0.0954 MWh/ton of product</p> <p>GHG emissions: 0.0016 ton CO2/GWh*ton of product</p>
<b>IMPACT ON STAKEHOLDER(S)</b>	The emissions associated with their operations and their contribution to climate change along with air pollution and associated health impacts of air quality are the potential impacts of their energy intensity.

<b>IMPLEMENTED MGT PRACTICES</b>	<p>CAPSA has reduced their natural gas consumption intensity by 12% and their electricity consumption intensity by 7% between 2015 and 2019. They have a target to reduce their electricity consumption intensity to 0.091 MWh/ton of product by 2021 and are yet to set a goal for their carbon emissions.</p> <p>Since 2013, CAPSA has been sourcing 100% of their factories' electricity needs from renewable sources and have achieved reductions of 13% in their corporate carbon footprint (for scope 1 and 2) in the last 4 years. They use only natural gas for all thermal applications in their factories.</p> <p>The company has 2 high-efficiency combined cooling, heat and power facilities (1 owned and 1 rented) that are certified annually in which electricity is generated from natural gas and whose exhaust gases are introduced into boilers to generate steam for heating purposes. Additionally, the excess residual heat is directed to absorption chillers to obtain cooling capacity. They are also working on the optimization of transport routes both from their suppliers and in the dispatch of the finished product.</p> <p>They carry out annual energy consumption minimization programs, which result in projects and investments as well as training and awareness-raising for staff. Further, the company internally benchmarks the energy consumption of their factories and compares them against the data available in the sector BREFs released by the EU Commission. Factory-to-factory analysis is carried out and the best technologies in the sector are applied, choosing them according to environmental criteria and economic viability, and their implementation takes place on a continual basis. The company also benchmarks their performance with that of other food companies, that are in general much larger in size, to see in a qualitative way how they manage these impacts and what practices they incorporate. The results of such benchmarking indicate that CAPSA's energy management is better than the average of</p> <p>The company recognizes their scope 3 impact coming from suppliers. The "Clas Energía" is a voluntary program that is available to their livestock farmer suppliers for improving energy consumption and optimizing the cost of sourcing electricity. In the last 4 years, the consumption of electrical energy of livestock farms linked to their "Clas Energía" has been reduced by 11% and in 2019, all of the suppliers in this program already had renewable energy. Currently suppliers in the Clas Energía program constitute 75% of the milk sourced by the company. The company aspires to include 100% of their milk suppliers in to this program by 2020.</p>
<b>REPORT</b>	<a href="https://www.capsafood.com/wp-content/uploads/2019/08/Informe-Estado-Informaci%C3%B3n-no-financiera.pdf">https://www.capsafood.com/wp-content/uploads/2019/08/Informe-Estado-Informaci%C3%B3n-no-financiera.pdf</a>

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally-Intensive Industry
<b>TOPIC</b>	Water Intensive industry
<b>SUMMARY OF ISSUE</b>	As a dairy processing company, CAPSA operates in a water intensive industry, water is used in a variety of ways for milk drying and processing including steam generation (closed loop), cleaning, chilling, purification and reconstitution.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	<p>CAPSA derives 100% of its revenues from milk and milk products.</p> <p>CAPSA's specific water consumption in 2019: 2.85 m3/ton of product</p> <p>CAPSA sources the water from the municipal supply as well as from onsite catchment areas such as rivers and wells for meeting their water needs.</p>
<b>IMPACT ON STAKEHOLDER(S)</b>	Water intensive industries pose risks such as water stress or depletion of local water sources if the water use is not appropriately managed.

<b>IMPLEMENTED MGT PRACTICES</b>	<p>CAPSA has reduced their water intensity by 10% 2015 and 2019. They have a target to reduce their water intensity to 2.6 m3/ton of product by 2021.</p> <p>Water is utilized with strict control and rigorous compliance with the applicable regulations regarding water resources. The company has set targets for reducing water intensity for each of its factories.</p> <p>The company internally benchmarks the water consumption of their factories and compares them against the data available in the sector BREFs released by the EU Commission. The company also benchmarks their performance with that of other food companies, that are in general much larger in size, to see in a qualitative way how they manage these impacts and what practices they incorporate.</p> <p>The company utilizes best available technologies for optimizing their water consumption including technologies for flow measurement and optimization, reuse and recycling of water, utilization of automated and centralized CIP technology, etc.</p>
<b>REPORT</b>	<p><a href="https://www.capsafood.com/wp-content/uploads/2019/08/Informe-Estado-Informaci%C3%B3n-no-financiera.pdf">https://www.capsafood.com/wp-content/uploads/2019/08/Informe-Estado-Informaci%C3%B3n-no-financiera.pdf</a></p>

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally-Intensive Industry
<b>TOPIC</b>	Biodiversity impacts and facilities adjacent to a sensitive ecosystem
<b>SUMMARY OF ISSUE</b>	<p>Negative biodiversity impacts as a result of dairy farming, while CAPSA does not own or operate any farms, 100% of their raw materials comes from animal products.</p> <p>CAPSA's factory at Zarzalejo is situated in a property that is designated as "Non-developable land specially protected owing to livestock interest" which is not a "protected area". This factory is located at 400m from the "special protection zone (ZEPA)" of the forests near rivers Alberche y Cofio which is designated so for protection of birds.</p>
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	<p>CAPSA sources dairy products from family run farms throughout Spain, that utilize grass feeding and fodder feeding with the fodder grown on the farms itself. The management system is fundamentally free range. The average herd size of farmer suppliers is around 60 cows.</p> <p>CAPSA's factory at Zarzalejo contributes to approximately 8.5% of their total production.</p>
<b>IMPACT ON STAKEHOLDER(S)</b>	<p>The potential negative impacts of dairy farms on biodiversity are linked to the change in land use through the potential conversion of high biodiverse land to dairy farming. Other potential negative impacts on biodiversity can occur once the farm is established and operating via poor pest management, degradation or removal of habitats, and the degradation of water streams.</p>

**IMPLEMENTED MGT  
PRACTICES**

In all factories of CAPSA, a study of the natural environment in which they are located has been carried out. 75% of CAPSA's factories are ISO 14001 certified for their environmental management system and they expect to be 100% certified by June 2020. The environmental aspects such as emissions, discharges, waste, etc. are analyzed annually and throughout the year with a control and monitoring program established to assess compliance to regulations and minimizing the environmental impacts of the factories.

Specifically for CAPSA's factory at Zarzalejo, owing to its location, over the years the company has implemented important investments for improving the quality of effluents from the factory as well as for improving the noise and odour related performance of the factory. The company is also working to reduce the generation of sewage sludge, the consumption of chemical products in the water, the water and energy consumption of this factory as per their environmental programs.

None of CAPSA's suppliers' farms are in an area vulnerable to nitrate contamination derived from European directives. In all cases, the best available technologies are used to apply it to the soil and a new partnership has even been developed to treat farm waste and convert it into renewable biogas and biofertilizers.

CAPSA is also working to create a program to reduce the environmental impacts of their suppliers' livestock through improvements in the medium / long term. They have analyzed the types of species present in all their suppliers' farms of the cooperative, as well as the best available technologies that help to reduce the impacts on biodiversity.

In addition, they have created the "Central Lechera Asturiana Forest" by planting indigenous trees that provide shelter to protected species such as brown bears and grouse.

**REPORT**

<https://www.capsafood.com/wp-content/uploads/2019/08/Informe-Estado-Informaci%C3%B3n-no-financiera.pdf>