



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: Grupo Hada
 Date Submitted: 05/26/2023

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:

Grupo Hada

UPDATED AS OF:

05/26/2023

DISCLOSURE QUESTIONNAIRE CATEGORY	Industries at Risk of Human Rights Violations
ISSUE DATE	Ongoing
TOPIC	The company has as its main raw material the purchase of Palm Oil, a material whose supply chain presents Risks of Human Rights Violations.
SUMMARY OF ISSUE	Grupo Hada is a family-owned group of companies that provides contract manufacturing and merchandising services for soap bases, bar soaps, and liquid products for personal care, hygiene, home care, and institutional use. The company relies on palm oil to manufacture its products. Grupo Hada participates in the palm oil production chain, transforming the oil into soaps and other products as a final product.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	52% of the company's supplier expenses come from palm oil suppliers and 98% of the company's products have palm oil in their composition.
IMPACT ON STAKEHOLDERS	<p>High-risk supply chains such as palm oil have a history of forced and child labor, which subjects workers to poor working conditions, low wages, and puts children at risk for human trafficking.</p> <p>B Lab has flagged the palm-oil industry for upcoming risk review. When the SAC determines the specific performance requirements for companies in this industry, Grupo Hada will be required to meet these standards by a future recertification date.</p>
IMPLEMENTED MGT PRACTICES	<ul style="list-style-type: none"> The company is currently part of RSPO (Roundtable for Sustainable Palm Oil), a global non-profit organization focused on bringing together stakeholders from across the palm oil supply chain to develop and implement global standards for sustainable palm oil. In 2022, Grupo Hada purchased 11,000 tons of RSPO certified materials of a total of 26,500 tons (41%). 100% of the company's palm oil supply has due diligence in terms of sustainability, human rights, forced and child's labor, etc. It is under the company's corporate principles to ensure that none of their palm oil purchases violates any moral or legal rights and responsibilities. Grupo Hada adheres to sustainable practices around palm cultivation. Its main suppliers are located in Colombia and Latin America, The company signed a joint declaration to support sustainable palm oil in Colombia, At Colombia, the company stated that follows FEDEPALMA (National Federation of Palm Oil Growers) which exists to support palm growers in defending their interests and achieving the competitiveness of an oilseed agro-industry that transforms the quality of life of the communities that host it and promotes progress and well-being,
REPORT	<ul style="list-style-type: none"> About RSPO: https://rspo.org/ Colombia steps up sustainable palm oil support in joint declaration: https://rspo.org/colombia-steps-up-sustainable-palm-oil-support-in-joint-declaration/ FEDEPALMA: https://web.fedepalma.org/node/220 More information about the company's palm-oil related practices: https://grupohada.com/aceite-de-palma/



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DISCLOSURE QUESTIONNAIRE CATEGORY	Environmentally Intensive Industries
ISSUE DATE	Ongoing
TOPIC	Chemicals
SUMMARY OF ISSUE	<p>Grupo Hada manufactures cosmetic and personal care products. The manufacturing process of these products requires chemical ingredients which are purchased as raw materials and used in varying quantities depending on the technical data sheet of each final product.</p> <p>Grupo Hada use in their production ingredients in the category of substances of very high concern (SVHC), including Tetrasodium EDTA.</p>
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	All the products manufactured by Grupo Hada contain chemical substances in their composition, so 100% of the income is related to this item.
IMPACT ON STAKEHOLDERS	As a chemical-intensive industry, the company's production process poses risks to the environment such as pollution of air, land, and water, as well as potential human health risks to those exposed to harmful chemicals.
IMPLEMENTED MGT PRACTICES	<p>Grupo Hada only use ingredients allowed for cosmetic use by the FDA, PCPC (Personal Care Products Council) and Cosing of the European Community, thus complying with all restrictions imposed on them. For the SVHC, the company provides all the necessary information to the European customers who need to make any REACH procedure.</p> <p>The company also make efforts to add the least possible amount of active ingredient in the products they formulate, likewise, for the Hada brand references the company is gradually migrating to vegan formulas, thus decreasing the use of high risk chemical substances.</p> <p>Wastewater management</p> <p>At Cosméticos Trujillo, both domestic and industrial wastewater are discharged into the municipal sewage system corresponding to each site, ensuring, through annual analysis, that the maximum permissible limits of contaminants, established by NOM-002-SEMARNAT-1996, are respected. In addition, microbiological analyses are performed monthly on water for human use and consumption (bathrooms and canteens), in accordance with the standards established by NOM-127-SSA1-2021.</p> <p>Hada International generates two types of wastewater: industrial and domestic.</p> <p>Domestic wastewater is treated at the PTARD of Zona Franca La Cayena which has a discharge permit granted by the environmental authority through Resolution 1059 of 2012 and is currently in the process of renewal Auto 360 of 2022.</p> <p>Industrial wastewater is treated at the WWTPnD of Hada International S.A.S. The organization has its own wastewater permit granted by the Corporación Autónoma Regional de Atlántico (C.R.A.) through Resolution 0000127 of 2019.</p> <p>The goal is to comply with 100% of the parameters required by standard 0631 art 13 in Colombia and NOM-002-SEMARNAT-1996 in Mexico.</p> <p>The company also has implemented strategies such as cleaner production systems such as the pig pusher, which reduces water discharge from cleaning activities, consumption control through the installation of meters in the processes, installation of ecological toilets, procedures established for proper waste management, and internal environmental standards, among others.</p> <p>Periodic measurements are also taken to ensure that discharges comply with established regulations.</p>

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DISCLOSURE QUESTIONNAIRE CATEGORY	Environmentally Intensive Industries
ISSUE DATE	Ongoing
TOPIC	Water Intensive Industries
SUMMARY OF ISSUE	As a cosmetic and personal care manufacturing company, Grupo Hada operates in an industry that is water intensive.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>Water is an indispensable resource for the operation of Grupo Hada production and administrative activities, as well as for the operation of the company's facilities. The consumption of water resources in the process is mainly reflected in the transformation of drinking water into deionized water to be used as raw material and in the washing of lines. Water is also used to supply toilets, showers, cleaning services/areas (canteens, laundry rooms, hand-washing stations, etc.), and to irrigate green areas.</p> <p>Grupo Hada's processes that consume the most water are those associated with saponification and production of liquid products. From the saponification process soap base is obtained and can be used as raw material or sold to third parties to be used as raw material in their manufacturing processes. With respect to total production in 2022, the saponification and liquid product manufacturing processes accounted for approximately 46% and 5% of total production, respectively.</p> <p>At Cosméticos Trujillo, resources for manufacturing activities are acquired through the purchase of tanker trucks, while for other services the Cuautitlán plant is supplied by municipal networks and block water from the Cutzamala system; in the case of Tepotzotlán, the water resource comes from elevated reservoirs and cistern tanks.</p> <p>At Hada International, water is taken from the municipal aqueduct network supplied by AAA (Triple A) Sociedad de Acueducto, Alcantarillado, y Aseo de Barranquilla S.A E.S.P, which in turn is supplied by the Rio Grande del Magdalena and from there Zona Franca La Cayena distributes drinking water to all users of the industrial park.</p> <p>Likewise, at the Manizales headquarters, water is taken directly from the municipal aqueduct supplied by the company Aguas de Manizales and is used for purely administrative activities.</p>
IMPACT ON STAKEHOLDERS	As a water intensive industry, manufacturing poses risks such as water stress or depletion of local water sources if water use is not appropriately managed.
IMPLEMENTED MGT PRACTICES	<p>Mexico has been experiencing water shortages due to the lack of rainfall and long droughts that the country has been experiencing, the reason why much of the water used for production is purchased by piped water (tanker trucks) and cannot be obtained directly from an aqueduct network.</p> <p>In response to this situation, in 2022 Grupo Hada started to measure the corporate water footprint in order to identify the areas or processes with the highest consumption and thus implement mitigation activities that lead to the reduction of water consumption.</p>

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Likewise, Cosméticos Trujillo has managed initiatives such as changes in the sanitary systems, through the installation of ecological toilets, which allows the following results:

- 100% saving of water in offices with respect to the consumption of the previous urinals.
- 40% saving of water in offices with respect to the approximate consumption before changing the toilets.
- The total liters saved considering urinals and W.C. is approximately 178,934.4 L per year.

For the manufacture of liquid products, Pig Pusher devices were installed as systems for product recovery, reduction of discharges of finished product, and reduction in the load of effluents to be treated, thus reducing water consumption.

In addition, the following projects are planned to be executed during 2023:

- Installation of aeration systems in faucets and pipes.
- Installation of rainwater collection and process water recirculation systems.
- Design the new Hada International WWTPnD to ensure the treatment of all effluents generated after the start-up of the additional phases. Evaluate the technical and economic feasibility of implementing a treated water reuse system.
- Annual consumption targets set for each of the production processes, with monthly monitoring

Within the results of the water footprint performed in 2021, the company concluded that according to the activities provided by Grupo Hada and taking into account only direct footprint, the organization has a contribution of 2.13×10^{-4} % nationally compared to the Colombian industry - values are compared from the latest national water study.