



Porta Hermanos

Disclosure Report

Date Submitted: July 10th, 2024



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 that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of 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 practices are in place to avoid similar issues from arising in the future, when necessary.

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

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check 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

Industries and Products

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

Outcomes & Penalties

	Yes	No
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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Litigation or Arbitration	<input type="checkbox"/>	<input checked="" type="checkbox"/>
On-Site Fatality	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Significant Layoffs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Practices

	Yes	No
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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Facilities located in sensitive ecosystems	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers paid below minimum wage	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Alcohol

Porta Hermanos is involved in the production or sale of alcohol. Alcohol may have a negative impact on the health and well-being of individuals and their communities, particularly in cases of over-consumption, addiction, or under-age drinking. Certified B Corps are required to make transparent their involvement in such industries.

For more information about the company's practices, please visit the company's webpage/ sustainability report, accessible [here](#).



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Energy and Emissions Intensive industry

Porta Hermanos is involved in the production/sale of products, or is part of an industry that can potentially be classified as energy and emission-intensive, meaning that they are more likely to have significant impacts on the environment based on their carbon emissions associated with their operations and their contribution to climate change. Certified B Corps are required to make transparent their involvement in such activities or industries.

For more information about the company's practices, please visit the company's webpage/ sustainability report, accessible [here](#).



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Water Intensive industry

Porta Hermanos is involved in the production/sale of products, or is part of an industry that can potentially be classified as water intensive, meaning that they are more likely to have significant impacts on the environment, such as water stress or depletion of local water sources if water use is not appropriately managed. Certified B Corps are required to make transparent their involvement in such activities or industries.

For more information about the company's practices, please visit the company's webpage/sustainability report, accessible [here](#).



Disclosure Questionnaire Statement

Disclosure Questionnaire Category: On-Site Fatality

Porta Hermanos has had one on-site fatality in the last five years. The company is responsible for ensuring they have enough practices and policies in place to prevent similar incidents from happening again. Certified B Corps are required to make transparent when such incidents have occurred.

Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Company has filed for bankruptcy

Issue Date	July 2019 (until final payment in 2033)
Topic	Debt reorganization proceeding
Summary of Issue	<p>Porta Hermanos is an Argentinian based company that is involved in the production and elaboration of alcohol, vinagres, sauces as well as soy and pea proteins. The company also constructs alcohol manufacturing plants and provides industrial engineering solutions to other companies. Porta Hermanos has a joint venture in Destilados Argentinos which is not included in the scope of the company's certification. Porta Hermanos was forced to file for Creditors' Preventive Bankruptcy (Chapter 11 in the USA), in July 2019, for the first time in its 141-year history. Porta Hermanos is in a current state of debt restructuring with an approved debt reorganization plan through written consent of the majority of unsecured creditors, and subsequently approved by court. The approval of this debt reorganization kept the company out of a state of bankruptcy. The company's creditors include suppliers (many of which continue to be their suppliers), banks and tax authorities. The company always kept salary payments up to date, has an approved debt reorganization plan and continues to have ownership of their assets as well as the ability to invest in their company.</p> <p>The factors that led to filing for Creditors' Preventative Bankruptcy included the following:</p> <ul style="list-style-type: none"> - Argentine economic reality is constantly changing and unstable, causing a strong devaluation of the Argentinian peso against the dollar, increasing real interest rates to above double digits and a growing recession in 2018/19. - A significant and prolonged drought impacted their main input, corn, which suffered a price increase of 300%. - At the same time, market interest rates had a significant increase, reaching over 20% in real terms. In this context, the investments made for improvements to the industrial plant (high-speed line for fractionation of alcohols and vinegars) and in the MiniDest impact business project, added to the growing working capital due to devaluations and complicated the company's financial situation. <p>This situation motivated the company to try to obtain a private restructuring of the bank debt (APE), which was not possible due to the refusal by the banking entities (a situation, according</p>

	<p>to the company, that is systematic in the Argentinian financial system). This led Porta Hermanos to decide to file for Preventive Bankruptcy (CPA) to preserve the company, the source of work and the business.</p> <p>Porta Hermanos presented three different payment alternatives to its creditors, who were empowered to freely select the one they considered most convenient. The alternatives were called Alternative A, Alternative B and Alternative C. Alternatives A and C proposed paying 100% of the debt in 10 and 12 years respectively, while B included a 30% reduction but a 6-year payment plan. For alternatives B and C, debts in foreign currency, it was proposed to pay in pesos at the selling exchange rate of Banco Nación on the day before the expiration of each installment, while for alternative A, debts in foreign currency are canceled at the rate of change of approval of the agreement. Different interests are recognized for each type of alternative and depending on the currency of origin of the debt.</p> <p>To achieve the approval of the agreement, Porta Hermanos managed to obtain the majorities established by the Bankruptcy and Bankruptcy Law: a) absolute majority of creditors and b) the approval of two thirds of the eligible capital.</p> <p>The last installment of the contest is due to be paid on 12/20/2033. Once payment of this fee has been verified by the judge, they must issue a resolution determining that the company has complied with its payment commitments to the creditors and communicates the end of the process. This is likely to take place during 2034.</p>
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	<p>100% of Porta Hermano's debt is included in the debt reorganization proceeding. The total amount of consolidated debt amounts to 2,899,481,848 Argentinian Pesos. The last installment for the creditors that opted into the longest term of payment will be December 2033.</p>
Impact on Stakeholders	<p>Companies that are in a state of insolvency are of concern to B Lab as it suggests the inability of the company to consider other stakeholders in its decision making except for creditors. Companies currently in bankruptcy (or currently under administration or filed for insolvency) are ineligible for B Corp certification. The Argentinian Bankruptcy law has a path, which Porta Hermanos has received approval for, which permits the company to progress with its payment plan whilst still having control over their assets and their company, as well as autonomy with decision making. Therefore, Porta Hermanos has been deemed eligible to move forward with their recertification</p>

	as the debt restructuring process in Argentina permits the company to continue to have control and invest in its company, having an approved debt restructuring approved by a judge has avoided the company from entering into bankruptcy.
Implemented Management Practices	<p>Although the company indicates that the debt restructuring was due to the external factors, the company implemented the following to avoid preventative bankruptcy proceedings in the future:</p> <ul style="list-style-type: none"> -The company strengthened and incorporated good financial practices in its management and culture with the objective of being less sensitive to changes in the Argentine economy. Currently, after 4 years, the company has a significant stock of working capital (inputs and finished product), non-existent short-term debt and long-term debt with annual maturities of less than 1.6% of turnover. - Use of financial instruments to hedge against exchange rate variations, value of corn, soybeans, gas, interest rates, inflation, to name some external variables. They currently have 3 months of price coverage for the main variables. - Incorporation of new external financial advisors who participate in situation diagnoses, future forecasts and also propose future actions to be taken. - Business developments with export potential and sales in dollars to minimize risk (Concentrated soy protein and technology export, among others). - Creation of an anti-cyclical fund in order to have liquidity in the event of fortuitous events. - New ERP to have more and better information. - Work on the company's financial culture, strengthening budget practices, collection management, investment policies; making the finance department more transversal in the company's scheme. <p>As a result of the practices adopted, the company was able to close 2023 with positive economic results and good financial health.</p>
Report	Court debt restructuring under Argentine Law