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**BARCELÓ**  
RON DOMINICANO

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**RB360**

**Sustainability  
code**

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**Executive  
summary  
2023**



## Preliminary note

**ENERION GLOBAL** has been contracted as a consulting firm to integrate the necessary procedures to support the RB360 Sustainability Code initiative.

This document outlines the general elements of the code, as well as a summary of the main results in 2022 already verified by SGS. For more details on the methodological criteria and calculations of different KPIs, please refer to the 2023 impact reports of each macro indicator.

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## Preface

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The RB360 Sustainability Code has been established by RON BARCELÓ since 2020, as part of the organization's commitment to the Dominican Republic and the rest of the world in developing environmentally conscious business practices. This commitment extends to the careful consideration of environmental resources, social development, and biodiversity in synergy with the collective social development, environmental conservation, and biodiversity.

The RB360 Code enables RON BARCELÓ to monitor and manage its activities with a sustainable approach encompassing 360 degrees. This is achieved through the periodic monitoring and evaluation of a set of requirements related to four macro indicators: AIR, WATER, LAND, and TERRITORY.

Carbon neutrality and the development of sustainability within the company are two aspects that complement and mutually reinforce each other. Thus, the RB360 represents the next step for RON BARCELÓ after implementing the initiative to annually quantify, reduce, and offset its carbon emissions, both in the overall business activities and in each product. This procedure, implemented since 2016 and certified in 2019, positions RON BARCELÓ as the world's first Carbon Neutral Rum.

The RB360 initiative is aligned with the Sustainable Development Goals established in 2015 in Paris by the United Nations as part of the 2030 Agenda.

Vinicio Subero

Global Director of Business & Supply Chain

## Our commitment

### Unsustainable development

Eight years after the signing of the 2030 Agenda for Sustainable Development, the 2019 Sustainable Development Goals Report shows that, while progress has been made in some areas, significant challenges still exist. This is because economic growth has been driven by an incessant demand for natural resources. The demand for resources has not decreased at any point, regardless of income levels. Consumption and the throwaway culture have had devastating effects on the planet. Economic growth achieved at the expense of the planet is simply unsustainable.

In addition to the challenges posed by climate change, poverty, hunger, and diseases continue to concentrate in the poorest and most vulnerable groups of people and countries. Over 90% of maternal deaths occur in low- and middle-income countries. Three-quarters of all stunted children live in South Asia and sub-Saharan Africa. People living in vulnerable states are twice as likely to lack basic sanitation and approximately four times more likely to lack basic drinking water services than those in non-vulnerable situations. Young people are three times more likely to be unemployed than adults. Women and girls bear a disproportionate burden of unpaid domestic work and lack autonomy in decision-making.

### Climate change

Climate change has an impact on almost every aspect of our lives. Our ecosystems suffer from the loss of biodiversity and habitat, and human systems, such as health, will be negatively affected.

As mentioned in the 2022 Sustainable Development Goals Report, the COVID-19 pandemic coupled with the war in Ukraine has exacerbated the food, energy, and humanitarian crisis. These situations become even more severe with climate change, which acts as a crisis multiplier, and its effects are already noticeable worldwide.

The report highlights that an urgent effort is needed to recover from these crises and rescue the Sustainable Development Goals. All sectors of society must mobilize to fulfill the Agenda 2030 and thus anticipate future crises.



## Our code

The sustainability code of RON BARCELÓ, also known as the **RB360 Sustainability Code**, or simply **RB360**, is an environmental and social conduct protocol based on the principles of sustainable development, integrated into the **17 Sustainable Development Goals (SDGs)** defined by the United Nations in the Agenda 2030.

Incorporated into the company's **strategic framework** and **Integrated Management System**, the code regulates the impact of the activity from a 360-degree perspective, through a circular economy vision based on the Reduction, Reuse, and Recycling of resources.

### Objetivos

The overall objective of RB360 is to improve the sustainability performance of RON BARCELÓ's production processes. This is achieved through a periodic review of 4 macro indicators. More specifically, the code pursues the following objectives:

1. Implement a methodology to calculate and assess the sustainability of the activity and products, capable of measuring the environmental quality of the rum production chain and its main raw material, sugarcane.
2. Develop, with reference to the established methodology, a specification for the analysis and certification of the 4 macro indicators, updated periodically based on the evolution of international regulations in the field;
3. Identify measures to improve the sustainability performance of the rum production chain and sugarcane cultivation;
4. Transparently communicate and inform the end consumer about the results and improvements achieved in terms of sustainability;
5. Train company technicians on the application of RB360 indicators, as well as assess and improve their sustainability performance over time;
6. Collaborate and engage with stakeholders to promote the initiative nationally and internationally.

### The 4 Macro Indicators

The RB360 consists of **4 macro indicators** as described below. These can also be understood as 4 management areas that directly and indirectly encompass the company's activities. Each macro indicator is composed of a series of prerequisite questions, which are linked to **Key Performance Indicators (KPIs)** based on the application of specific recognized methodologies.

**MACRO INDICATOR FIELD** : Sustainable management of the field through monitoring the environmental impacts of agronomic activities in terms of fertility, erosion prevention, defense, soil protective capacity, and fertilizer use.

**MACRO INDICATOR WATER** : Sustainable care of water resources by measuring the volume of freshwater used directly in rum production processes, as well as indirectly in processes managed by third parties, primarily in sugarcane fields and alcohol production.

**MACRO INDICATOR AIR** : Management of emissions of pollutants, mainly Greenhouse Gas (GHG) emissions, from organizational activities as well as the product life cycle.

**MACRO INDICATOR TERRITORY** : Sustainable care of the territory through the assessment of the environmental and social impact of RON BARCELÓ's production activity on working conditions, the local community, and biodiversity.

### Period

The analysis of the 4 macro indicators is conducted on the basis of a calendar year.

### Organizational Scope

Sustainability is a shared responsibility throughout the entire rum production chain. Therefore, each operator must directly participate and be responsible for meeting the minimum requirements related to their respective phase of competence.

For the purposes of RB360, only the impacts linked to the controlled processes of RON BARCELÓ's activity are considered. This includes the 2 production sites in San Pedro de Macorís, as well as the offices in Santo Domingo.

The DMG bottling plant in Barcelona is only considered within the framework of the carbon footprint of products.

### AFD Activity

A special consideration is given to Alcoholes Finos Dominicanos (AFD), a company dedicated to sugarcane cultivation and alcohol manufacturing.

Although RON BARCELÓ is a minority partner in AFD, it does not have control over its field or distillery operations, nor in terms of human management. In this context, AFD is considered a major supplier to RON BARCELÓ, and certain diverse parameters impacting sustainability are monitored.

Given the above, and considering the importance of the field in RON BARCELÓ's activity (as a product of agricultural origin), the application of RB360 is extended to the following:

- Through the FIELD macro indicator, monitoring fertility, erosion prevention, defense, soil protective capacity, and fertilizer use. This applies to the entire sugarcane land under the direct management of AFD.
- Participation in the conception of initiatives to improve sustainable practices in organic sugarcane lands dedicated to RON BARCELÓ production.
- Application of the WATER macro indicator to monitor the efficient and non-polluting use of water resources.
- Application of the AIR macro indicator to determine the carbon emissions factor for the alcohol supplied to RON BARCELÓ.
- Reporting on general initiatives in the energy and waste management sector with an impact on reducing carbon emissions.
- Application of the TERRITORY indicator to monitor community initiatives carried out by the AFD - RON BARCELÓ Foundation.

### Special scope of the carbon-neutral initiative

A particular consideration occurs for the mapping of product emissions within the carbon-neutral initiative. This takes into account the entire life cycle of the products, from **cradle to grave**. These processes include activities managed by third parties, such as the manufacturing and transportation of packaging materials and process inputs, product distribution by sea and land, final disposal of materials, among others.



# RB360

## SUSTAINABILITY CODE









## Fundamentals

The RB360 is an initiative by RON BARCELÓ based on a series of internationally recognized standards regarding field management, water, carbon emissions management, social aspects, and biodiversity.

In its general structure, it takes as a reference the **Sustainability Program VIVA** (2019 version) - Sustainability of viticulture in Italy – (viticolturasostenibile.org), launched in 2011 by the Italian Ministry of the Environment. The program aims to improve the sustainability performance of the wine sector through the analysis of four indicators: Air, Water, Territory, and Vineyard.

Additionally, through prerequisite questions, criteria from the **Global Reporting Initiative (GRI)** versions 2016 & 2018, **B Corp certification**, among others, are incorporated. The following table summarizes the standards used in each indicator :

| MACRO INDICATORS   | STANDARDS & METHODOLOGIES   | MONITORING & REPORTING  |
|--|---|---|
|  <b>CARBON</b>      | ISO 14067, ISO 14064-1<br>BILAN CARBONE<br>Carbone Neutral Protocol,<br>PAS2060 | Carbon Footprint<br>Reduction and Offset Plan<br>Air Impact Report<br>(& External Communication Report)               |
|  <b>WATER</b>      | ISO 14066<br>Water Footprint Network  | Water Footprint (WFP)<br>Water Impact Report<br>(& External Communication Report)                                     |
|  <b>FIELD</b>     | Directiva 2009/128/EC<br>Buenas Prácticas Agrícolas                             | Soil Fertility Analysis<br>Field Impact Report<br>(& External Communication Report)                                   |
|  <b>TERRITORY</b> | ISO 26000<br>Sustainability Reporting Guidelines<br>B-Corp                      | Requirements Compliance Matrix<br>Impact Assessment B<br>Territory Impact Report<br>(& External Communication Report) |

## Performance annexes

As part of the improvement opportunities identified during the code verification audit in 2023, it has been considered to add a series of sections related to sustainability assessment tools to the code. These sections, hereinafter referred to as **Performance Annexes (PA)**, provide additional and voluntary support in terms of assessment and identification of improvement actions for the code in any of its 4 management areas.

Currently, there is only one Performance Annex related to the alignment and tracking of RB360 with the 17 SDGs. Additionally, efforts are underway to incorporate new performance annexes related to the B-Corp assessment, as well as additional criteria from the Global Reporting Initiative (GRI).



**Currently, we are working on incorporating B-Corp as an additional management tool for RB360 ”**







## Management

### Improvement plan

The company has established a strategy or Improvement Plan involving various activities. The implementation of at least one of these interventions must take place within the two years prior to the next verification of the code, and it is mandatory.

### Review and reporting period

In accordance with the principle of "continuous improvement," a review and eventual update of the RB360 Sustainability Code are carried out every **two years**.

The review is based on a report or **impact assessment** for **each macro indicator**. This report includes results through the evaluation of various KPIs and prerequisite questions, as well as implemented improvement interventions, including evidence of training activities and interactions with stakeholders.

### Verification

The **external** and **independent verification** by a third party is necessary to ensure the accuracy of the information conveyed to consumers and stakeholders regarding the results of the sustainability assessment. Also, in line with the principle of "continuous improvement" and considering any substantial changes in production processes, an **Assurance Statement** is issued by the auditor every **two years**.

Additionally, an **internal verification** as part of RON BARCELÓ's Integrated Management System monitors the implementation and tracking of RB360. The frequency of this verification is carried out at least **once a year**.

### Promotion of training and dialogue

Education and training, along with collaboration and dialogue among stakeholders, constitute a central theme necessary for achieving specific objectives and adopting sustainability practices. As part of the implementation of RB360, initiatives to promote training and knowledge exchange are encouraged to disseminate more information and culture about sustainability.

### Communication

To ensure compliance with the "principle of transparency" and in accordance with the **ISO 26000:2010** "Guidance on social responsibility," the achieved results are disclosed in a clear, precise, and comprehensive manner through a corporate report, the company's website, social media, press releases, competitions, national and international outreach programs, among other channels.



**Our code is verified  
biannually by an external  
entity ”**



## Macro Indicator Field



### Definition

The **FIELD** macro indicator is a management tool used to assess the environmental impacts of agronomic activities related to field management.

This macro indicator provides an assessment of sustainability performance through the analysis of five KPIs. In the context of this report, this macro indicator addresses the agricultural activity managed by Alcoholes Finos Dominicanos (AFD), the sole alcohol supplier for RON BARCELÓ.

### KPI's

1. **Defense** : evaluates the potential environmental risk associated with the use of phytosanitary products by assessing the relationship between the expected concentration of a phytosanitary product in the environment and the toxicological reference limit for groundwater, soil, air, and surface water.
2. **Soil Protective Capacity** : assesses the soil's protective capacity against pollution.
3. **Biological Fertility** : evaluates the effect of soil management practices on the evolution of organic matter, the quantity of living organisms, and their potential activity.
4. **Erosion** : assesses the loss of the topmost layer of soil due to the action of natural agents such as rainwater and wind, as well as anthropogenic mechanical actions.
5. **Soil Management** : provides a sustainability judgment of fertilization practices based on the balance of fertilizer elements, considering natural availability, crop needs, and losses.

### Objective of the study

The objective of this study is to analyze, quantify, understand, and verify the environmental impact of field management involved in production.

### System limits

For the study in question, in line with the stated objectives and existing scientific literature, field activities related to the production phases (up to harvesting) were considered.

### Boundary

As described in the 2023 version of RB360, sugarcane cultivation and alcohol production are beyond the operational and organizational boundaries of RON BARCELÓ. However, the management of the code is extended to these processes, ensuring sustainability at the origin of the product.

## Functional unit

The analysis was conducted on the directly managed plots that supply sugarcane for rum production. These areas, named Altagracia, Bella Vista, Consuelito, Doña Lilla, Jalonga, Vasca, and Vasquez, constitute the functional units of the study.

## Reference period

The data used for calculating the FIELD indicator pertains to the year 2022.

## Methodology

The analysis is conducted using sub-indicators from specific and/or internationally recognized official methodologies as acknowledged by the scientific community. For more details on equations, technical considerations, and references, please refer to the Impact Report of the Macro Indicator FIELD, version 2023.

## Results

As per the methodological criteria of RB360 and based on agricultural activity data, the results for each of the sub-indicators (KPIs) are provided below. These pertain to all sugarcane crops based on the results of samplings conducted in representative plots, weighted according to their extent. The assessment is carried out at two levels.

### A) First nivel

The first level is that of individual KPIs, for each of which a sustainability assessment is provided. This allows highlighting the critical issues for each plot and working towards improving environmental performance.

| Value | Classes of judgment | Assessment     |
|-------|---------------------|----------------|
| 5     | A                   | Optimum        |
| 4     | B                   | Good           |
| 3     | C                   | Acceptable     |
| 2     | D                   | Non-acceptable |
| 1     | E                   | Negative       |

Table Ca1 Values related to the evaluation of each KPI and related judgment classes

|             | Defense | Protective capacity | Biological fertility | Erosion | Soil management |
|-------------|---------|---------------------|----------------------|---------|-----------------|
| Alta Gracia | 4       | 3                   | 5                    | 3       | 3               |
| Bella Vista | 4       | 4                   | 5                    | 3       | 3               |
| Consuelito  | 4       | 4                   | 5                    | 3       | 3               |
| Doña Lila   | 4       | 5                   | 5                    | 3       | 3               |
| Jalonga     | 4       | 4                   | 5                    | 3       | 3               |
| Vasca       | 4       | 5                   | 5                    | 3       | 3               |
| Vasquez     | 4       | 4                   | 5                    | 3       | 3               |

Table Ca2. Result of each indicator for each plot

### B) Second Level

The second level is the overall judgment on the management of the fields examined in the analyzed route.

| Value     | Classes of judgment | Assessment     |
|-----------|---------------------|----------------|
| $\geq 23$ | A                   | Optimum        |
| 18 – 22   | B                   | Good           |
| 13 – 17   | C                   | Acceptable     |
| 8 – 12    | D                   | Non-acceptable |
| $\leq 7$  | E                   | Negative       |

Table Ca3. Values related to the general evaluation

|             | Value | Classes of judgment | Result |
|-------------|-------|---------------------|--------|
| Alta Gracia | 18    | B                   | Good   |
| Bella Vista | 19    | B                   | Good   |
| Consuelito  | 19    | B                   | Good   |
| Doña Lila   | 20    | B                   | Good   |
| Jalonga     | 19    | B                   | Good   |
| Vasca       | 20    | B                   | Good   |
| Vasquez     | 19    | B                   | Good   |

Table Ca4. Evaluation result of each plot and relative class of judgment

|                 | Weighted Value | Classes of judgment | Result |
|-----------------|----------------|---------------------|--------|
| Indicator FIELD | 19             | B                   | Good   |

Table Ca5. General evaluation results and relative class of judgment

Additionally, in the annex, the assessment of KPIs is provided through the prerequisite questions associated with this macro indicator.

#### Improvement plan

The plan aims to integrate sustainable field management tools by identifying and implementing possible improvement interventions, including management-related activities of this macro indicator.

Regarding the application of these tools, the **effective improvement** produced by the recently implemented **organic management** in a part of the sugarcane planted area will be verified compared to **conventional management**.

In this regard, various soil samplings will be carried out in the organic production area with the goal of highlighting performance in the field.

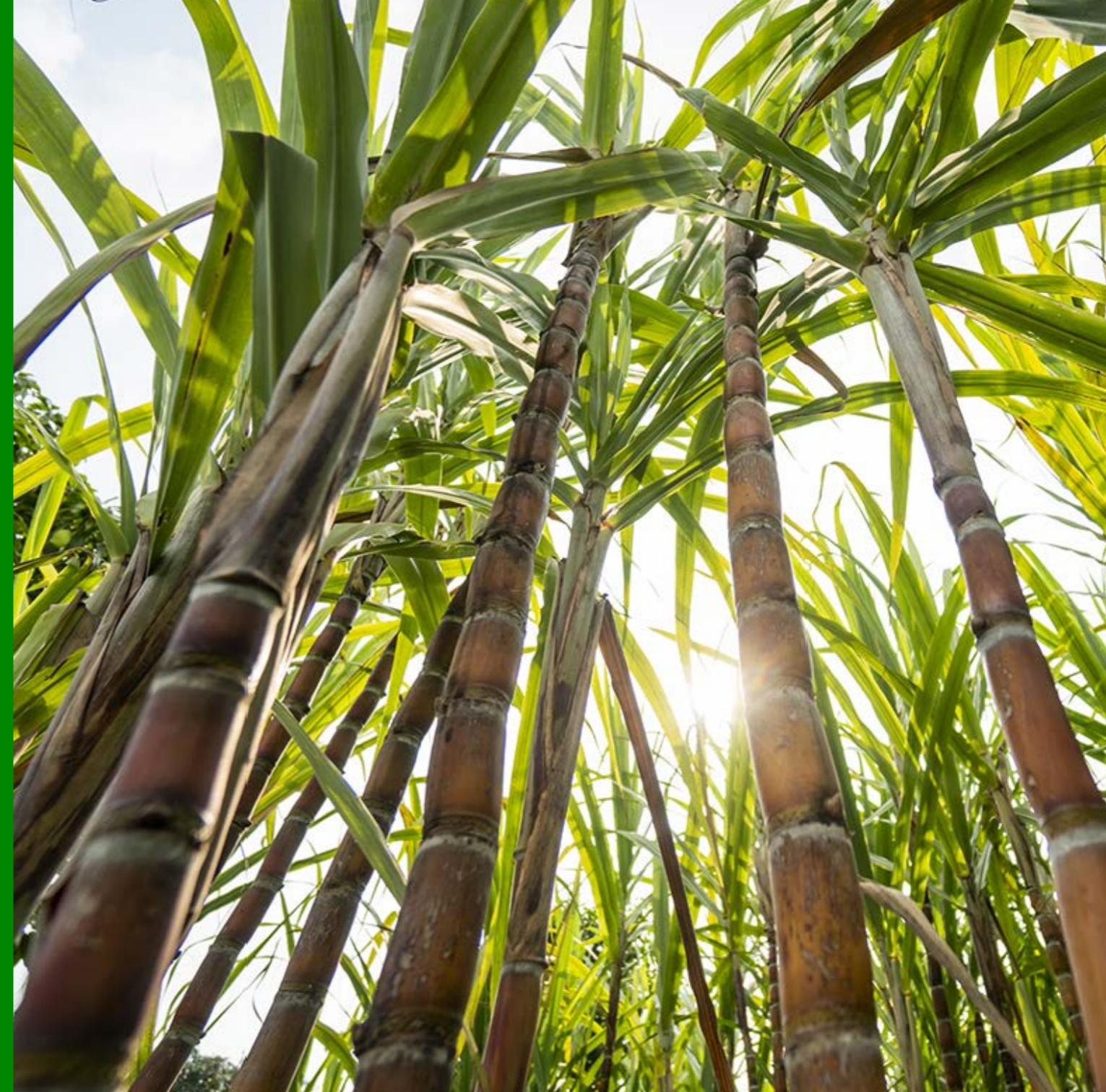
In terms of improvement actions, it is suggested to strengthen the content of the code through specific initiatives mainly linked to **enhancing** the **FIELD macro indicator** with an impact also on the **AIR macro indicator**.

The suggested direction is **carbon farming**, which involves defining and implementing sustainable **carbon sequestration** practices in the **soil**.

In addition to the favorable **environmental** and **agronomic** impact, these practices can be supported by obtaining emissions removal certificates.

In this sense, the implementation of a carbon farming project is suggested, starting from the production of **biochar** for use in **plantations dedicated** to the production of organic rum.

This measure is envisioned as the **first-of-its-kind** in the sector and could be the first in the Dominican Republic. This action **significantly** addresses the need to strengthen this macro indicator through an action of undeniable relevance to sustainability.





## Macro Indicator Water



### Definition

The WATER macro-indicator of the organization aims to quantify the volume of freshwater used directly and indirectly in the transformation processes required for rum production.

The calculation of this macro-indicator provides a measurement of how rum production affects the use of water resources.

Specifically, it primarily addresses the direct activities related to rum production at the company's sites in the Dominican Republic. It also analyzes the impact of indirect processes due to agricultural production and distillation, both operated by AFD, the sole supplier of alcohol to RON BARCELÓ.

### Objective of the study

The objective of the study is to quantify the volume of freshwater directly or indirectly used for rum production. Additionally, the toxicological impact of the water used in both direct and indirect processes is analyzed.

### Boundary

It consists of the two company plants in the Dominican Republic located in San Pedro de Macoris, and it also includes water use in offices in Santo Domingo. As described in the 2023 version of RB360, sugarcane cultivation and alcohol production are outside the operational and organizational boundaries of RON BARCELÓ. However, monitoring of the water macro-indicator is extended to these processes, thus ensuring sustainability at the origin of the product.

In the future, other water footprints related to the manufacturing and transportation of packaging material could be integrated into the study

### Functional unit

The functional units of study are the production of one liter of rum.

### Reference period

The data used to calculate the WATER indicator refer to the year 2022.

## Methodology

The analysis is carried out through the application of sub-indicators of specific and/or internationally recognized official methodologies. In general terms, the main standard used as a reference is the UNI EN **ISO14046:2016** standard, and the impacts are assessed based on the methodologies proposed by the WULCA (Water Use in LCA - Life Cycle Assessment) working group and the Water Footprint Network (WFN).

## Results

Below, the results of the water footprint are integrated, considering both direct processes (RON BARCELÓ and BAINSA) and indirect processes (AFD) for alcohol production.

| Type of process | In absolute terms          | In relative terms      |
|-----------------|----------------------------|------------------------|
| Directs         | 7 079 m <sup>3</sup> / y   | 1.18 l water / l ron   |
| Indirects       | 500 616 m <sup>3</sup> / y | 47 l water / l alcohol |

Tabla 3.1 Direct and indirect water footprint

Given the previously presented results for the processes, including both field and alcohol production by AFD, as well as aging and alcohol production at RON BARCELÓ and BAINSA, the following freshwater consumption was estimated for one liter of rum (final functional unit).

**Total water footprint = 48.18 l water / l produced rum**

Additionally, based on the methodology of the Water Footprint Network, direct and indirect impacts were estimated. This resulted in the quantification of various KPIs derived from three main concepts:

- (a) **Blue water**, correspondiente al volumen de agua de pozo utilizada para la actividad de transformación.
- (b) **Grey water**, definida como el volumen de agua azul que permitiría restablecer el agua contaminada a los límites normativos o ecotoxicológicos aplicables.
- (c) **Green water**, relacionada con el volumen de agua de lluvia realmente utilizada en la evapotranspiración de los cultivos.

The details of these estimates can be found in the Water Impact Report 2023.





## IMPROVEMENT PLAN

The plan aims to integrate sustainable water resource management tools by identifying and implementing possible improvement interventions, including management activities attributable to the indicator.

Contributions from blue water and grey water depend directly on the company's water resource management policies, both at the production and packaging plant and in field activities.

Based on the critical issues identified in the previous period, the following improvement measures have been implemented:

- A. **Implementation of water meters** to improve the measurement system for the volume of extracted groundwater.
- B. **Conducting a study of the water table** to assess the behavior of the water table level and its fluctuation over time.

Based on the analysis conducted, the commitment has been established to implement the following improvement measures:

1. Construction of an **Effluent Treatment Plant (ETP)**.
2. Evaluation of a project to **correct leaks** in the supply network through a **new surface pipe network**.

For the principle of comprehensiveness, consideration will be given to **expanding the indirect water footprint** to include packaging materials, fuels, etc.



## Macro Indicator Air



### Definition

The **AIR** macro indicator mainly refers to the management of **Greenhouse Gas (GHG)** emissions generated throughout the entire life cycle of products and at the organizational level of RON BARCELÓ. It also monitors compliance with local regulations regarding atmospheric emissions.

The importance of monitoring this indicator lies in the need to mitigate atmospheric emissions, particularly carbon emissions, which are responsible for the phenomenon of climate change.

### Boundary

The analysis covers three aspects: (1) regulated atmospheric emissions in the Dominican Republic; (2) product greenhouse gas emissions; (3) organizational greenhouse gas emissions.

#### A) Atmospheric emissions

These include organizational emissions of carbon monoxide (CO), nitrous oxide (NO<sub>x</sub>), and sulfur oxide (SO<sub>x</sub>) resulting from combustion.

#### B) GHG emissions from products

The quantification of emissions encompasses the entire life cycle of the product, also known as cradle-to-grave. This includes: (1) the manufacturing and transportation of raw materials, (2) the production of rum, (3) the distribution of products, (4) consumption, and (5) the disposal of packaging material.

#### C) GHG corporate emissions

These emissions include those generated by the operations of the two RON BARCELÓ plants in the Dominican Republic, which are the only facilities under the operational control of the company. To comply with ISO 14064-1:2018, direct emission sources have been considered, covering fuel consumption and refrigerant gas leaks.

In addition, indirect sources have been included after conducting an analysis of their significance. According to this analysis, all indirect sources established within the perimeter defined by the **Carbon Neutral Protocol** are considered relevant. These indirect emissions encompass electricity consumption, processing and transportation of raw materials and packaging materials, employee transportation, distribution of finished products, disposal of packaging material, as well as losses associated with the transportation and distribution of electrical energy.

#### Functional unit

The subindicator (KPI) at the product level is expressed in grams of carbon dioxide equivalent (CO<sub>2</sub>e) per liter of anhydrous rum alcohol produced. Carbon equivalent includes all considered greenhouse gases: carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), methane (CH<sub>4</sub>), and hydrofluorocarbons (HFCs). This subindicator encompasses emissions from the five phases of the described life cycle.

For the organization, the KPI is expressed in absolute terms, i.e., in tons of annual carbon equivalent emissions (tCO<sub>2</sub>e).

Regarding atmospheric emissions, the indicator is compliance with national regulations.



## Reference periode

The GHG inventory covers the year 2022.

## Methodology

The quantification of emissions is based on the criteria of ISO 14064-1 and ISO 14067 related to the inventory of organizational greenhouse gas emissions and product emissions, respectively. Additionally, the **NORDOM 798**, related to demonstrating the Carbon Neutrality of Organizations at the national level, is considered. Similarly, in 2023, the **PAS2060**, a British standard applied to Carbon Neutrality of products and organizations, was integrated.

For the purposes of emissions offset processes, the criteria of the **Carbon Neutral Protocol** are applied regarding the definition of quantification boundaries. Also, the French method **Bilan Carbone®** is used as the source for most emission factors considered in the inventories.

## Results

Here is a summary of the results for the year 2022.

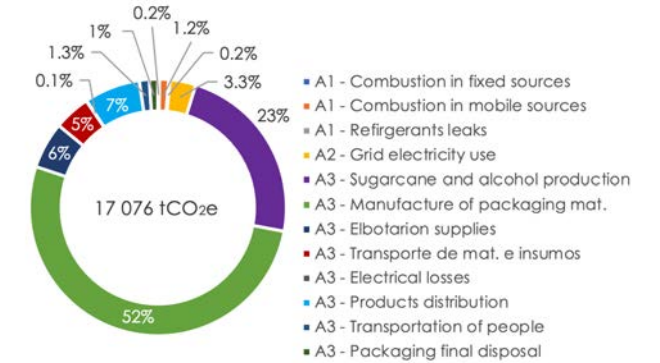
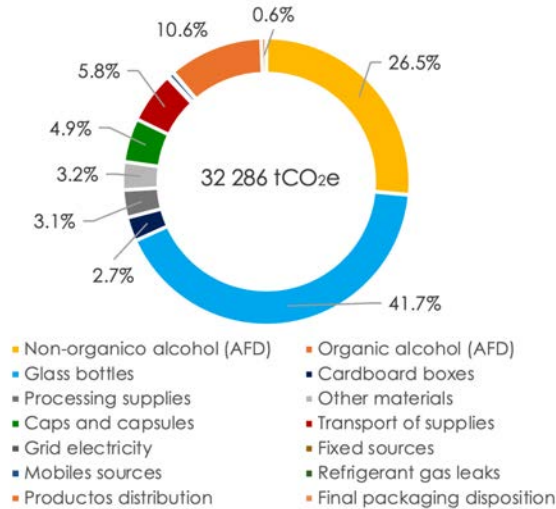
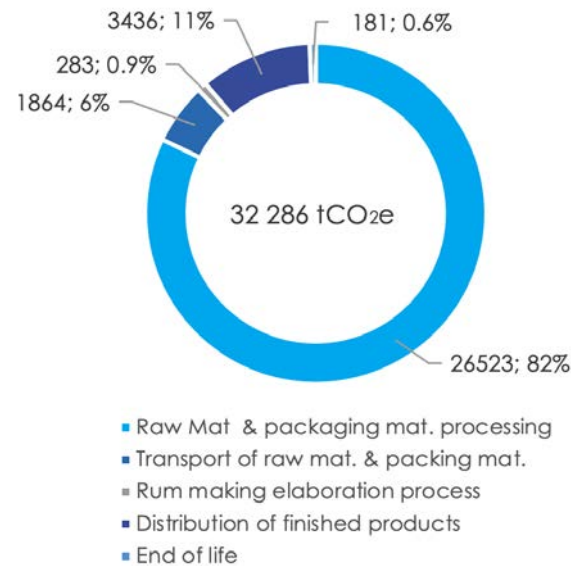
### I. Atmospheric emissions

Based on the assessments reported in the Environmental Compliance Reports (ICA) carried out by the company and presented to the national environmental authority, it is confirmed that in 2022, NOx and SOx emissions were in compliance with the limits established by the regulations in the Dominican Republic.

### II. Product GHG Emissions

As detailed in the PAS2060 Report 2023, the level of relative carbon emissions in terms of anhydrous alcohol for 2021 was **3.73 kgCO<sub>2</sub>e/laa**. Based on this, emissions were calculated for each product version. This calculation covers all phases of the product life cycle, including distribution by sea and land, transportation of raw materials, as well as the manufacturing of packaging material, which represents **55.7%** of the total, with glass bottles being the cause of **41.7%** of the total emissions.

The following graphs describe the distribution in 2022 of the carbon footprint by phase of the product life cycle and its main emission sources.



### Improvement plan

Based on this, emissions were calculated for each product version. As an indicative example, a 700 ml bottle with a 37.5% alcohol level has a GHG footprint of **979 gCO<sub>2</sub>e**, already including all phases of the life cycle.

As part of a greenhouse gas (GHG) management initiative aimed at consolidating concrete **commitments** in the **fight against climate change**, RON BARCELÓ established the **Carbon Neutral initiative** in 2016 for both its organization and its products.

### A.3 Organization's Greenhouse Gas Emissions

In 2022, emissions were estimated at **16,519 tCO<sub>2</sub>e** under the market-based approach, considering the acquisition of Renewable Energy Certificates (IRECs), and **17,076 tCO<sub>2</sub>e** under the location-based approach, without IRECs. Emissions are distributed across three scope levels: (1) direct controlled emissions, including fixed and mobile combustion sources and refrigerant leaks; (2) controlled indirect emissions due to the consumption of electricity from the national grid; (3) indirect emissions related to the production and transportation of raw materials and inputs (including cane alcohol and packaging material), electrical losses, as well as land and sea distribution of products.

Carbon Neutral means that (1) carbon gas emissions have been **quantified**, (2) a management plan has been established to **reduce** these emissions, and (3) an annual **offset** program has been set up for the entire life cycle of products.

In terms of reduction, RON BARCELÓ aims to reduce its controlled emissions (Scopes 1 & 2) by at least **50%** from the 2018 baseline by **2025**, by **75%** by **2035**, reaching zero emissions by **2045**. The year 2018 serves as the baseline, being the first year verified by SGS. For reference, in 2022, product-intensive emissions were **94 gCO<sub>2</sub>e** per liter of anhydrous rum (location-based), resulting in a **19.6%** reduction compared to 2018.

Given these objectives, the reduction strategy until 2050 is based on the following action axes:

- Expansion of energy efficiency measures in lighting and various equipment;
- Increase in the consumption of 100% renewable energy in the 2 RON BARCELÓ plants in the Dominican Republic (self-generated and supplied);
- Ongoing training and awareness of employees;
- Development of proprietary carbon sequestration projects;
- Progressive replacement of vehicles based on less emitting technologies;
- Increase in the production of organic rum and the use of less emitting packaging;
- Additionally, with an impact on uncontrolled emissions, the involvement of management and reduction measures with suppliers.

### Reduction measures in 2021 & 2022

The self-generation of electrical energy from photovoltaic panels at the aging, production, and packaging plant of RON BARCELÓ in San Pedro de Macorís was increased by 200 kWp in 2022, reaching a total of 500 kWp installed. With this capacity, **36%** of the electricity consumed by the plant was covered until 2022.

In the same category, to offset the electricity still consumed from the national grid at the two plants in San Pedro de Macorís and offices in Santo Domingo, Renewable Energy Certificates (IRECs) have been acquired from the San Pedro BioEnergy cogeneration plant located in the same San Pedro de Macorís. This plant is mainly fueled by sugarcane bagasse, a 100% renewable resource. Thus, **867 IRECs** were acquired to offset fossil energy consumption in 2021 and **928 IRECs** for 2022.

During this period, it is also noteworthy to mention the inclusion of a line of organic rum products made from sugarcane juice, the first of its kind in the Dominican Republic. With this new range, packaging made from bagasse fiber and natural ink is also introduced. This measure is an example of how the company guides reduction actions with an impact on Scope 3, in this case, at the AFD distillery and packaging material suppliers.

### Previous reduction actions

The company has adopted, since its inception, the strategy of minimizing dependence on fossil energy sources. This is evident considering that the alcohol from the Alcoholes Finos Dominicanos distillery – a company in which RON BARCELÓ has equity participation – is produced almost **entirely** from **renewable energy** based on bagasse cogeneration.

Other measures implemented in this plant include (1) the management of vinasse – generated in the distillation process – for fertigation in sugarcane plantations, partially avoiding the acquisition of agrochemicals and their transportation; (2) the capture of biogenic CO<sub>2</sub> resulting from the fermentation of sugarcane juice for reuse in other industries.

Other measures implemented involve the application of a comprehensive waste management plan in all plants, ensuring that 100% of the waste is recycled or even energetically valorized by third parties.

### Offset strategy

On the compensation front, covering various phases of the product life cycle as well as organization-related emissions, the program is based on acquiring carbon certificates from projects certified under recognized standards. Between 2022 and 2021, a total of **56,669 tCO<sub>2</sub>e** was compensated to offset all these emissions. Through the acquisition of these certificates, the promotion of wind parks **Larimar and Los Cocos II**, located in the province of Barahona, southwest of the Dominican Republic, has been continued. These power plants are owned by the Empresa Generadora de Electricidad Haina.

This marks the third occasion that these two Dominican companies have traded carbon credits, being the first to do so in the country. Through this avenue, RON BARCELÓ has been, since 2020, the national company offsetting **100%** of its emissions through national projects.

RON BARCELÓ has been a pioneer in implementing the carbon-neutral initiative since 2016, with respect to its emissions in 2015. Since 2019, the process has been certified biannually by SGS, making it the world's **First Carbon-Neutral Rum** since 2019. The products have since carried the label:

The products have carried the label since then.



Additionally, it's worth noting that since 2020, RON BARCELÓ joined the United Nations **CLIMATE NEUTRAL NOW** program, becoming the first distilled spirit to do so at that time. In 2023, the company reaffirmed its commitment to the program.

For more detailed information on the procedures, a separate report has been issued dedicated to the carbon-neutral initiative in the framework of obtaining the PAS2060 certification. This report, also known as the "**PAS2060 - Qualification Explanatory Statement**," includes the inventories for 2021 and 2022, as well as details of the current and anticipated reduction strategy up to 2050, along with specifications of the compensation processes for these two years.



## Macro Indicator Territory



### Definition

The organization's **TERRITORY** macro indicator is designed to determine the relationship between RON BARCELÓ's production and its territory. In this way, it pragmatically and unequivocally identifies the environmental and social repercussions of business activities, including aspects such as impact on the landscape, biodiversity, labor, and community engagement.

This aspect of the RB360 allows for the evaluation and improvement of the impact of these aspects as an integrated part of the rum production chain.

The TERRITORY indicator consists of a series of requirements integrated into three sub-indicators:

**Landscape & biodiversity** - Includes requirements that identify the company's activities aimed at protecting the environment, biodiversity, ecosystems, and the landscape as a set of elements, natural or otherwise, characteristic of a specific area.

**Society** - Includes requirements that assess the company's connection with society, comprising consumers and communities near the territory where the company is located.

**Ethics** - Includes requirements related to business ethics in terms of labor management, relationships with suppliers, as well as involvement in community-interest initiatives.

It is considered that the company complies with the TERRITORY indicator when its activities **develop or strengthen the requirements** described in the territorial regulations of the RB360.

### Boundary

As described in the 2023 version of RB360, this macro indicator only covers the organizational perimeter of RON BARCELÓ, including activities directly controlled by the company. However, it should be noted that some of the requirements of this indicator are addressed through initiatives developed by the AFD - RON BARCELÓ Foundation, which has been established by these two companies.

### Functional unit

The functional unit is the entire organization located in the same geographic region.

### Methodology

The TERRITORY indicator is evaluated based on compliance with **28 requirements** from an initial list of 40 general requirements taken from the VIVA Program version 2019. The selection was determined based on the opinions of stakeholders, including customers, end consumers, the community, government, competitors, and employees.

### Reference period

The data used for compliance with the requirements of this indicator correspond to actions carried out in **2022**.

## Results

In the annex, the **Compliance Requirement Matrix (CRM)** is presented, detailing the 28 requirements of the territory indicator.

The **CRM** specifies the applicability status of the organization for each requirement. This matrix includes references to documents serving as evidence, as well as activities carried out or planned in relation to compliance and development of each requirement. These activities involve reports, analyses, press releases, procedures, among others.

According to the observations integrated into this matrix, RON BARCELÓ demonstrates having monitored and complied with the set of requirements of the Territory Indicator.

## Improvement plan

While demonstrating overall compliance with the MCR requirements, the organization must continue to make efforts to implement measures that strengthen and promote its sustainability.

Based on the findings detected in the 2020 verification exercise and the assessment of this indicator during 2022, the following improvement actions have been implemented.

### Training

The company conducted awareness and training sessions for the approximately 200 employees comprising the organization in 2022. Training was provided to personnel in different positions within the company: department heads, operators, maintenance and kitchen staff, etc.

The training included topics such as the fundamentals of the code, promotion of individual improvement actions, as well as a dynamic through which employees expressed their own impressions regarding the impact of the code. The training took place in April 2022.

### Disclosure

The company regularly disseminates the content of RB360 through various channels such as social media, websites, guided tours of the plant and its museum. Similarly, through participation in conferences or workshops specialized in sustainability-related topics, mainly at the national level.

As part of these exchanges, various concerns related to the code have been collected, ranging from environmental issues to the impact of the initiative in economic terms for the company.

Multiple pieces of evidence in the form of digital publications and certificates of participation in various events support these activities.





## Strengthening

As part of the internal audit process and observations collected by RON BARCELÓ, there is a need to integrate standards that strengthen the monitoring of environmental, social, and economic criteria of RB360. In this regard, it has been concluded that there is an opportunity to add the following procedures:

### (1) BSCI Certification

RON BARCELÓ has been audited under the **Business Social Compliance Initiative (BSCI)** through which the company monitors its production, ensuring that its workers are treated ethically and legally. The last audit was conducted in 2022.







### (2) B-Corp Certification 2024

Starting in 2023 and throughout 2024, as part of the integration of the B-Corp certification, a review of compliance with the requirements of the **MCR**, the **Impact Assessment B**, is added. This action is seen as an improvement to the RB360 in that::






- It will contribute to a more extensive and rigorous management of the Territory indicator.
- The integration of a scoring system will allow for a broader monitoring of the evolution and improvement of the social and environmental requirements of the code.
- The certification must be renewed - and verified - every third year. This evidence will be presented in the next verification of the RB360, scheduled for 2025.

## Performance Annex - Sustainable Development Goals

The RB360 Sustainability Code is a sustainability management tool through which RON BARCELÓ tracks and indirectly monitors the fulfillment of the 17 Sustainable Development Goals (SDGs). This **Performance Annex** summarizes the actions that have supported the tracking of these objectives during the 2022-23 period.

| Objective   | RON BARCELÓ Activity Application   |
|---|--|
|       | <p>During the 2021/22 period, the company monitored these objectives through the direct hiring of 208 individuals from the local area, thus contributing to the reduction of poverty in the community.</p> <p>Evidence: Active Jobs Report 2021/22</p>   |
|       | <p>Through the AFD-RON BARCELÓ Foundation, programs addressing the health and education of workers and adjacent communities are developed. Among the most notable programs active in 2021/22 are:</p> <p><b>(a)</b> "Education, towards success," which aims to improve the quality of life in communities through 8 areas of action: school transportation, parent school, teacher training, personal growth workshops, academic excellence award, study scholarships, and academic leveling.</p> <p><b>(b)</b> "Health, healing lives," designed to address health issues in the bateyes, prioritizing those most in need. It includes subprograms for assisting the elderly and medical outreach</p> <p>Evidence: Ministry of Labor Certificate</p> |
|   | <p>The company has hiring procedures and a supplier code of ethics based on respect for human rights, ensuring non-exclusion, fair working conditions, gender inclusion, among other social aspects.</p> <p>During the 2021/22 management period, the direct employee hiring comprised 31% women and 69% men. The company aims to further promote the hiring of women in operational, technical, and administrative positions.</p> <p>The company complies with the Business Social Compliance Initiative (BSCI), thus meeting ethical and social performance requirements within organizations.</p> <p>Evidence: BCSI Certification</p>   |

|   |   |
|---|---|
|    | <p>For the 2021/22 period, the company continues to report its direct and indirect water footprint. In this regard, as part of the improvement opportunities identified in 2020, the water extracted from wells is monitored, and a study of aquifer stress has been conducted to ensure the availability of the water resource over time.</p> <p>Evidence: Water Stress Study Report</p>   |
|     | <p>In 2022, the in situ photovoltaic generation capacity plant was expanded. As of now, approximately 36% of the energy at this site is generated from solar power, accounting for around 30% of the total electricity consumption across all sites in the Dominican Republic. Additionally, between 2021 and 2022, 1790 IRECs (International Renewable Energy Certificates) were acquired to offset the portion of electricity obtained from the grid (1790 MWh over the two years). This way, the company compensates for the fossil component of its electricity consumption.</p> <p>Regarding Goal 13, the Carbon Neutral initiative continues to evolve in 2023, offsetting organizational and product emissions from 2021 and 2022, totaling 56,669 tCO<sub>2</sub>e for these periods.</p> <p>Evidence: Solar Park Generation Report</p> |
|   | <p>As mentioned before, the company has hiring procedures and an ethical code linked to labor aspects. For the period 2021-2022, the company maintained compliance with all requirements to ensure the well-being of all employees, as well as infrastructure conditions to guarantee the best safety and socio-economic conditions.</p> <p>In addition to this point, the expansion project for the main warehouses was approved. From the design stage, considerations were made for these infrastructures, including seismic, natural climate control, and security systems, ensuring improvements in operations, logistics, and product quality.</p> <p>Evidence: Design blueprints and photographs of the warehouses.</p>  |

| Objective   | RON BARCELÓ Activity Application  |
|---|---|
|   | <p>Ron Barceló's production is based on comprehensive waste management, involving nearly 100% recycling or reuse of process waste. The same applies to packaging material once the product is consumed; it is almost entirely recycled. Additionally, the company promotes environmental education and awareness within the community.</p> <p>During the 2021-2022 period, the program for waste recovery remained in force through authorized waste handlers and companies with valid environmental authorization. For some products, packaging made from organic fiber and natural ink has been implemented.</p> <p>Evidence: Collection manifests and Final Disposal Certifications Photographs of the packaging</p> |
|   | <p>Through river cleaning initiatives and education on the responsible use of non-recyclable plastics, the company contributes to ocean cleanup and the protection of marine life. Similarly, through the emissions offset program, the company takes steps to address its environmental impact.</p> <p>For the 2021 and 2022 period, the activities of river cleaning and the promotion of forest preservation have continued. Additionally, awareness has been raised among employees regarding the rational use of energy, comprehensive solid waste management, and best practices to reduce emissions.</p> <p>Evidence: Workshop materials, attendance lists, and photographs from the awareness workshop.</p>     |
|    | <p>The company supports this objective through the Integrated Management System that links the social, environmental, risk, and financial areas under a framework of local and international certifications, all of which are currently valid.</p> <p>For the 2021-2022 period, the company has reaffirmed its commitment to implementing a management system that substantially prohibits corruption, bribery in all its forms, and the employment of child labor. This is supported by the BSCI standard and local regulations applicable to the company's activities.</p> <p>Evidence: Ministry of Labor Certificate</p>   |

|   |  |
|---|--|
|  | <p>Through sectorial partnerships and events coordinated by public institutions, the company participates in promoting the carbon-neutral initiative. Additionally, the organization has shared the RB360 experience with the Association of Industries of the Dominican Republic (AIRD) as part of a national reference catalog of sustainable practices.</p> <p>In this regard, the organization has maintained its membership in a Business Support Network for Environmental Protection named (ECORED), which promotes, at the local and regional levels, corporate responsibility programs and initiatives in the field of sustainability.</p> <p>Evidence: ECORED membership</p> |
|---|--|

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

# BARCELÓ

RON DOMINICANO



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