

PUBLIC DISCLOSURE

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A. Investment Summary tab (provided by the Operation Leader)

Disclosed Date:	April 23, 2020
Project Name:	PRONACA II
Project Number:	11598-04
Investment Type:	Direct Senior Loan
E&S Category:	B
Projected Board Approval Date:	June 8, 2020
Company Name:	Procesadora Nacional de Alimentos, C.A. ("PRONACA") La Estancia Investment Holding, S.L. ("La Estancia")
Sector:	Agribusiness
Financing Requested:	Up to US\$ 50,000,000
Financing Currency:	USD
Project Country:	Ecuador and Panama
Team Leader:	Carlos Narvaez
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B. Project Scope and Objective:

The transaction consists of a loan for up to USD 50 million, with a term of up to 8 years with 2 years' grace period, to Procesadora Nacional de Alimentos, C.A. ("Pronaca" or the "Company") and to La Estancia Investment Holding, S.L. ("La Estancia") in order to partially finance: (i) the 2019-2020 investment plan for organic growth in Ecuador; (ii) refinance the existing IDB Invest loan; and (iii) La Estancia's inorganic growth in the region through the acquisition of a shareholder stake in Panavícola I, S.A. ("Toledano") in Panama (the "Project").

Pronaca's investments in Ecuador will allow it to (i) increase chicken and swine production, given its increased installed capacity; (ii) increase productivity; (iii) retrofit its productive facilities via maintenance investments; and (iv) improve its internal policies and corporate efficiency. Pronaca's internationalization

efforts include inorganic growth aimed at increasing its presence in the region, diversifying the risk of business concentration in Ecuador, and transferring knowledge and best practices to other companies in the region.

C. Environmental and Social Review Summary

1. Scope of the Environmental and Social Review

The environmental and social due diligence (ESDD) process included: (i) an analysis of the Project operating facilities' environmental permits; from September 9 to 12, 2019, face-to-face meetings with representatives of the Client's Corporate Management, Swine Production Management, Environment and Communities Division, Environmental Management, and Occupational Health and Safety (OHS) Management; (ii) the review of documents associated with manuals, procedures, licenses and permits, and operations reports; (iii) between September 9 to 12, a visit to the Valle Hermoso swine processing plant (FRIMACA) and the Valle Hermoso poultry processing plant, located in the Province of Santo Domingo de los Tsáchilas, in addition to interviews with the Plant manager and staff members from the Production, Comprehensive Management System, and Maintenance departments; (iii) from October 27 to November 1, 2019, a visit to the Tropicales complex poultry and swine farms to inspect bird sheds, a visit to the San Javier, Socorro, and Toachi swine farms to inspect animal husbandry systems, production processes, and the wastewater treatment system (WWTS), along with interviews with the Administrator and the Animal Health Coordination staff and each farm's Biosafety staff; and (iv) on October 31, 2019, a meeting at the offices of the Environmental Directorate of the Provincial Decentralized Autonomous Government (DAG) of Santo Domingo de los Tsáchilas (the local environmental authority).

2. Environmental and Social Categorization and Rationale

The Project is a Category B operation under the IDB Invest Environmental and Social Sustainability Policy, as its possible environmental and social ("E&S") risks and impacts are, overall, limited, mostly reversible, and subject to being mitigable by measures that are readily available with current technologies and whose implementation is feasible within the context of the operation.

The possible environmental, social, and OHS risks and impacts identified for the Project during the construction activities of the new operating facilities or the retrofitting or adaptation of its existing facilities are related to (i) the generation of both hazardous and non-hazardous solid waste; (ii) air emissions, both polluting gases and dust; (iii) noise pollution; (iv) wastewater generation; (v) earthworks; (vi) soil vibrations; (vii) vegetation removal; (viii) possible alteration and displacement of wildlife; (ix) worker occupational health and safety, and (x) community health and safety concerns regarding increased heavy transit. During the operation and maintenance (O&M) phase of all the Project's operating facilities, the risks and impacts tend to relate to: (i) workers occupational health and safety, (ii) both hazardous and non-hazardous solid waste generation, and (iii) the use of resources such as energy, water, and local services.

Natural hazards, such as earthquakes, fires, floods, and thunderstorms, may also pose risks for the Project's operating facilities, not only due to possible impacts on workers, but also due to possible damage to the physical infrastructure of the Project's facilities, which may result in commercial losses.

Due to its distinct characteristics, the Project has triggered the following Performance Standards (PS): (i) PS 1: Environmental and Social Assessment and Management System; (ii) PS 2: Labor and Working

Conditions; (iii) PS 3: Resource Efficiency and Pollution Prevention; (iv) PS 4: Community Health, Safety and Security; (v) PS 5: Land Acquisition and Involuntary Resettlement; (vi) PS 6: Biodiversity Conservation and Sustainable Management of Natural Resources; (vii) PS 7: Indigenous Peoples; and (viii) PS 8: Cultural Heritage.

3. Environmental and Social Context

Procesadora Nacional de Alimentos C.A. (“PRONACA”), is an Ecuadorian company with more than 60 years of experience in the agricultural sector. For the year 2018 it reports a payroll of 7,905 employees distributed in 120 Operating facilities, which include regional offices and administrative centers, poultry and swine farms, processing plants, distribution centers, storage facilities, laboratories and research centers, warehouses and farms, among others, located in 10 provinces, through which they commercially reach the 24 provinces of Ecuador. Of the total number of collaborators, 82% are male and the remaining 18% female, of which 53% are in administrative positions, followed by 47% in operational positions and finally only 0.2% in managerial positions.

PRONACA has national and international certifications, such as ISO 22000 – Food Safety; OHSAS 18001 – Occupational Health and Safety Management System; Kosher; Good Manufacturing Practices; Hazard Analysis and Critical Control Points (“HACCP”) for food safety; the International Food Standard (“IFS”); as well as certifications issued by the National Agency for Health Regulation, Control, and Monitoring (“ARCSA”). In 2017, it obtained the Official Certification of Good Poultry Practices (“BPA”) issued by *Agrocalidad* (Agency for the Regulation and Control of Plant and Animal Health of Ecuador) for its breeding farms, turkeys, commercial layers and broilers; as well as Certification by the Manual of Good Practices in Swine Production (“BPP”) Chile 2003 of CIC, S.A. (an accredited Ecuadorian company) in all its swine farms. In 2019, it began migrating to ISO 45001 – Occupational Health and Safety System certification for its 4 Processing or Slaughtering Plants. In addition, it is part of the Ecuador Swine Producers Association (“ASPE”), as well as the National Poultry Corporation of Ecuador (“CONAVE”).

The analysis of PRONACA’s operations has been divided into two large production or business segments: (i) Swine Production and Processing; and (ii) Poultry Production and Processing. Production consists of the operation and management of the swine or poultry farms (PRONACA has land where both the poultry and swine farms are located, keeping each one separate and applying the necessary biosafety measures) and processing operations, which is the operation of the Group's Processing Plants, also known as slaughterhouses, in which the slaughter, treatment and processing of the meat obtained from these animals is carried out.

The analysis of both productive segments included: (i) compliance with Ecuador's environmental regulations such as current environmental permits issued by the environmental authority, the Ministry of the Environment, and its registration and operating permit, issued by the health authorities, the Ecuadorian Agricultural Quality Assurance Agency (AGROCALIDAD), which is part of the Ministry of Agriculture and Livestock; (ii) verification of animal welfare conditions, based on the general principles of the World Organization for Animal Health (OIE) Livestock Production Systems; (iii) the source of electrical energy; (iv) the generation and management of waste and solid organic by-products; (v) the generation and quality of water resources; (vi) the handling and treatment of process wastewater; (vii) odors and air emissions; (viii) the handling and storage of hazardous products; (ix) occupational health and safety conditions; and (x) impacts on community health and safety. For further details on the scope and

conclusions of the environmental and social analysis of these production or business segments, please refer to [Annex 1: Animal Production and Processing](#).

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks and Impacts

4.1.a E&S Assessment and Management System

PRONACA has ISO 14001:2015 certifications – Environmental Management System (EMS), for its swine farms, as well as its Genetic Transfer Center (“CTG”).

To fully comply with PS-1, however, PRONACA will develop a specific EMS for its Processing Plants, both for swine (“PPC”) and poultry (“PPA”) whose integrity will be evaluated in accordance with the IFC implementation Manual and Tools.¹ The results of this evaluation will allow strengthening or updating the components of the corresponding EMS according to the applicable environmental, social, health, and safety requirements set forth in the environmental (Environmental Management Act and the Organic Code of the Environment) and labor (Labor Code) legislation of the Republic of Ecuador.

4.1.b Policy

PRONACA has a Comprehensive Policy stating that it cares for the environment, exercising responsible use of resources, preventing pollution and prioritizing the acquisition of energy-efficient products, services and designs; it claims to maintain good relations with neighboring communities, prevents occupational risks that affect the safety and health of its employees, contractors, suppliers and visitors, and provides adequate working conditions; and it protects the physical integrity of the company's people, operations, and assets.

Similarly, PRONACA invests in resources to implement this policy, which is mandatory for all people in its facilities and processes, regardless of their employment relationship, as is compliance with the laws in force in Ecuador. Such policy has been disclosed and disseminated to all company collaborators, either through its Sustainability Reports or through the company Collaborators’ Portal.

4.1.c Identification of Risks and Impacts

4.1.c.i Direct and indirect impacts and risks

PRONACA complies with the requirements of PS-1 in identifying and monitoring the direct and indirect E&S risks and impacts of its operations, through the execution of Environmental Compliance Audits (ECA) established by Ecuador's environmental legislation, in compliance with the obligations of the environmental license or permit, applicable environmental regulations, and the Environmental Management Plan (EMP) specific to each operating facility. In addition, for each modification or new Project operating facility, it will identify the E&S risks and impacts of its activities as part of the environmental impact assessment processes required to obtain the environmental permit, or based on environmental records within the Unified Environmental Information System (SUJA, for its acronym in Spanish) required by Ecuador's environmental legislation.

¹ Environmental and Social Management System, Implementation Manual - General, IFC, version 2.1, November 2015. Environmental and Social Management System Tools – General, IFC, version 1.2, November 2015.

Given that the Project execution and operation is dynamic, PRONACA will continuously update the environmental, social and OHS risk matrix for each phase of the Project (design, construction, O&M and close-out or abandonment) of all its operations in each existing or future Project operating facility, in order to obtain, follow up on, and control the operating permits or licenses.

4.1.c.ii Cumulative impacts and alternatives analysis

In order to comply with the requirements of the ND-1, PRONACA, as part of the process of identifying and evaluating environmental and social risks and impacts in order to obtain environmental licenses or permits, will conduct an alternatives analysis and a cumulative impact assessment (in addition to the methodological requirements under Ecuador's direct and indirect environmental impact assessment legislation) for each new Project operating facility.

4.1.d Management Programs

For its existing operations, each existing PRONACA operating facility has an Environmental Management Plan (EMP), approved by the Ministry of the Environment (MAE) of the Republic of Ecuador as per its Environmental Permit or Registration.

However, in keeping with Ecuador's environmental legislation, PRONACA will develop an EMP specific to the construction phase of each new operating facility—and, in general, for each new construction work (expansions, structure modifications, etc.)—which will include the following measures: (i) an Impact Management Program for the physical, biological, and visual environment, which will include mitigation measures for any earthmoving or earthworks impacts; hazardous and non-hazardous solid waste management; control of pollutant gas emissions by construction machinery and equipment; disturbance of the environment due to the increased generation of dust and noise; control of liquid effluents, both industrial and domestic; (ii) an Impact Management Program for the socioeconomic environment, which will include safety measures for the communities in the vicinity of the Project; E&S and OHS training for construction managers and workers; measures for inter-institutional coordination; and measures to ensure safe and hygienic-sanitary conditions for workers during construction.

Similarly, PRONACA will develop an EMP for the O&M of the new Project operating facilities using the above-mentioned corporate procedures, which will include: (i) an Environmental Monitoring and Follow-up Program; (ii) a Comprehensive Solid and Liquid Waste Management Program, which will emphasize measures to store and dispose of any waste that cannot be reduced, reused and recycled in an environmentally friendly manner, and also provide special management measures for hazardous waste, such as oils, grease, paints, solvents, medicines, disinfectants, or any other products requiring special handling used during the O&M activities of each new Project operating facility, based on local environmental and health standards; and (iii) an Occupational Risk Prevention Management Program.

4.1.e Organizational Capacity and Competency

PRONACA has an Environment and Communities Department that reports to the Vice President of Operations. This Environment and Communities Department has two management teams: (i) the Environmental Management, which in turn has Area Coordinators (Santo Domingo, Guayaquil, Sierra, and Bucay) who coordinate with the heads or coordinators of the Comprehensive Management Systems (CMS) of each operating facility (farm or processing plant), to attend to and monitor compliance with environmental aspects; and (ii) the Community Management, which in turn has its own coordinators, who

also coordinate with the heads or coordinators of the CMS and the medical staff of each operating facility on issues of social responsibility and liaison with the key communities and stakeholders.

With regard to the OHS, PRONACA has a cross-cutting organizational structure consisting of an OHS Manager, who reports to the Vice President of Organizational Development and Human Talent, and CMS Heads or Coordinators, Inspectors, Monitors, and Good Animal Husbandry Practices Coordinators, distributed according to the requirements and activities of each of the Project's operating facilities (farms, processing plants, distribution centers, transfer centers, food plants, etc.). They oversee the OHS and well-being for all collaborators, together with the Medical Services staff, who are equally distributed according to the requirements and activities of each Project operating facility.

4.1.f Emergency Preparedness and Response

Each existing Project operating facility has an Emergency Plan—approved by the Emeritus Firefighters Corps in each locality—intended to address and mitigate the consequences of natural hazards and anthropogenic risks that may arise; to adopt more appropriate protective measures; to identify the human and material resources required for its implementation; and to define the coordination scheme for the persons, agencies, and services that must be involved in an emergency. These plans provide for the formation of firefighting, first response, evacuation, and first aid brigades, periodicity of drills, safety signage, and evacuation routes. PRONACA also has a Brigades Training Program and encourages the regular execution of evacuation drills.

However, in keeping with national OSH regulations and PS-1, PRONACA will develop a specific Emergency and Contingency Plan for each new Project operating facility, which will define the guidelines for action in response to different scenarios and incidents identified for technological and anthropogenic events (e.g. spills, fires and explosions, spills of hazardous materials, LPG leaks, etc.), as well as natural events (e.g., landslides or subsidence, hurricanes or tropical storms, floods, or earthquakes) and social incidents (e.g., civil unrest, terrorist threats, or vandalism).

4.1.g Monitoring and Review

PRONACA is responsible for ensuring the implementation of the mitigation measures described in the EMPs and the Monitoring and Follow-up Plans for each new work and for the existing Project operating facilities. In this regard, in compliance with the environmental legislation in force, PRONACA will submit its Environmental Compliance Reports (ECR), in the case of operating facilities that have an Environmental Register, or an Environmental Compliance Audit (ECA) report for those facilities with an Environmental Permit.

PRONACA has a compliance matrix of all legal and contractual obligations of each existing operating facility, including: (i) the competent authority that grants the authorization or issues the permit or license; and (ii) the issue and validity dates. It has also developed a Procedure for Corporate Environmental Management Monitoring Visits intended to define the guidelines, responsibilities, and methodology to be followed in order to identify, access, update, communicate, evaluate, and follow up on compliance with legal requirements related to its business activity, as well as to identify opportunities for improvement in the environmental performance of each operating facility.

For strict compliance with PS-1, PRONACA will prepare, either through an internal audit or through an independent E&S expert endorsed by the National Environmental Authority (external audit), a consolidated annual report on the compliance status with all environmental, social and OHS policies and

measures applicable to the Project operating facilities that will include (i) the progress and performance of the CMS actions with regard to the defined key performance indicators (KPIs), and (ii) the compliance status with the IDB Invest Environmental and Social Sustainability Policy. Based on the results of these internal or external audits, PRONACA will define specific measures to reduce impacts and improve efficiency and will document and report on its progress and new procedures, as well as on other certifications, as appropriate.

4.1.h Stakeholder Engagement

PRONACA puts into practice corporate communication that allows open and ongoing dialog with its different stakeholders. The communication channels used include directories, internal communications portal, internal magazine (“Pronoticias”), external magazine (“Su Tienda”), physical and digital billboards, e-mail, website, social media, conferences, lectures, fairs, seminars, call center, press releases, Sustainability Report, and visits to its operating facilities.

4.1.i External Communication and Grievance Mechanisms

PRONACA offers to the general public several communication channels, from a free telephone line aimed at customer and consumer service, as well as its social media, web page, WhatsApp, and email. It also has the “*Hablemos Comunidad*” (Let’s Talk Community) system, where it receives and handles grievances by the communities and other stakeholders about actions, impacts and/or results related to an operation, allowing for timely resolution by preventing problems from escalating into social conflicts.

However, in order to fully comply with PS-1, PRONACA will establish a Corporate Grievance Procedure, documenting communications raised by communities and other stakeholders, detailing: (i) how and through what means the grievance is received; (ii) how and who is responsible for assessing and classifying these grievances; (iii) how the response to the grievance is communicated or given and how it is followed up until closed; and (iv) any adjustments or improvements to the CMS in terms of information communication and disclosure.

Within this Procedure, PRONACA will also establish that access to other applicable administrative or judicial remedies shall not be impeded, depending on the seriousness of the fault, and shall implement a Training Program on the use of the external grievance mechanism, for its implementation and disclosure to all its personnel, including contractors and subcontractors, and other stakeholders.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human Resources Policies and Procedures

PRONACA has Internal Labor Regulations (ILR) approved by the Ministry of Labor, which contain provisions relating to: the employment relationship and the recruitment of personnel; the working day; leaves of absence and vacations; remuneration and payment periods; training; remote working; workplace harassment; the duties and prohibitions of workers; the duties and prohibitions of the company; sanctions and their procedures; among others.

The ILR sets forth the principles of non-discrimination, equal opportunity, fair treatment, a contract with suitable working conditions and terms of employment, notice of dismissal and severance pay.

In addition, PRONACA has: (i) labor manuals and administrative procedures that define wages through a fair and equitable analysis of social and economic reality, regardless of gender, which seeks to attract and retain talent; and (ii) a Code of Ethics that defines the rules of conduct expected of all its collaborators.

All these aspects related to work and working conditions are managed by the Human Talent Division, with the support of managers, departmental heads and deputy heads of human talent, plus the OHS Management staff and Comprehensive Management System (CMS) personnel, for the issues each is responsible for.

4.2.a.ii Working Conditions and Terms of Employment

PRONACA fulfills the provisions of PS-2, the Labor Code,² and the Occupational Health and Safety Regulations through its ILR and administrative Procedure for Personnel Recruitment and Selection,³ which dictate the rules and conditions for staff selection and recruitment; working days, hours, and breaks; paid annual leave; paid and unpaid leaves of absence; flexible work schemes to promote collaboration and productivity; wages and benefits; employer and employee rights and obligations; behavior and disciplinary measures; asset security; risk prevention; and workers with disabilities, among others.

4.2.a.iii Workers' Organizations

Ecuador is a signatory to a number of international conventions and treaties of the International Labor Organization (ILO) relating to workers' rights, including Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize and Convention No. 98 concerning the Right to Organize and Collective Bargaining. In this sense, PRONACA allows the free association of its employees.

4.2.a.iv Non-discrimination and Equal Opportunity

ILO international conventions and treaties ratified by Ecuador and relating to the rights of workers Convention No. 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, Convention No. 111 concerning Discrimination in Respect of Employment and Occupation and Convention No. 159 concerning Vocational Rehabilitation and Employment of Disabled Persons. PRONACA complies with these principles and strengthens them through its training program, providing comprehensive references to the parameters set out in the Declaration of Human Rights in 2015, in particular: (i) civil and political rights, such as the right to personal integrity, equality, liberty, honor, privacy, and information, among others; and (ii) rights relating to employment or labor rights.

4.2.a.v Retrenchment

In its ILR, PRONACA has set forth the conditions for termination of the employment relationship, in accordance with the provisions of the Labor Code of Ecuador.

4.2.a.vi Grievance Mechanism

PRONACA has a tool for listening and responding to the needs and concerns of its collaborators called “*Te Queremos Escuchar*” (We Want to Listen to You) (T.Q.E.), where confidentiality and timely response to concerns are evaluated to strengthen confidence in the use of that communication channel. There is also a procedure that demonstrates the flow of service from the receipt of the concern, to the closing of the problem on the platform and presents the escalation of the incident, according to the gravity or

² Code No. 17, as amended on September 12, 2014.

³ Executive Order No. 2393, as reformed on February 21, 2003.

complexity required for response. In this case, the 2nd escalation involving Human Talent Management (HT) and Labor Relations (LR) is activated, together with an Ethics Committee composed of the HT Management, the Legal Management, the Area or Business Manager and the Communications Director (depending on whether the case could have an impact on the company's image).

Finally, PRONACA monitors performance indicators associated with: (i) the operating facilities with the highest incidence of reports; (ii) types of incidents reported; (iii) response times; (iv) most frequent incidents and at which operating facility; among others.

4.2.b Protecting the Workforce

Ecuador is a signatory to several ILO international conventions and treaties relating to workers' rights, including Convention No. 138 concerning Minimum Age for Admission to Employment, Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, Convention No. 29 concerning Forced or Compulsory Labor, and Convention No. 105 concerning the Abolition of Forced Labor. In this regard, and in compliance with the Labor Code, the Employee Health and Safety Regulations, and the Childhood and Adolescence Code⁴ of the Republic of Ecuador, PRONACA's ILR regulates working relations, setting forth the minimum rights and obligations of employers and employees and promoting equality and equity in the enjoyment of human, civil, political, economic, social, and cultural rights between women and men.

Additionally, PRONACA is part of the Business Network for an Ecuador Free of Child Labor.

4.2.c Occupational Health and Safety

In addition to the Health and Safety Policy, PRONACA has an Occupational Health and Safety (OHS) Regulation, approved by the Ministry of Labor in compliance with the Labor Code of Ecuador, which: (i) defines procedures relating to the prevention of occupational accidents and diseases for all workers, (ii) urges the use of all tools to prevent occupational risks the company; (iii) aims to control risks at the source; (iv) prioritizes collective over individual protection; (v) promotes, organizes, and facilitates the operation of the health and safety unit, the medical service, and the health and safety committee; (vi) promotes professional development through ongoing training programs on health and safety issues; and (vii) provides for continuous improvement based on records obtained from the CMS and their review by the Corporate OHS team.

As part of the CMS, PRONACA has also developed a hazard identification and risk assessment matrix (IPER) to determine the controls for each position at all its operating facilities, and it has a series of procedures, instructions, and protocols for the OHS area aimed at analyzing the risks of its operations, especially to avoid health risks due to exposure to biological agents. Finally, the CMS presents the OHS Training Program and the schedule of drills.

Finally, as part of the enforcement of the Labor Code, all occupational accidents are reported to the Occupational Risk Area of the Ecuadorian Institute of Social Security (IESS) and the Ministry of Labor (MT), through their web portals or in the annual report.

⁴ Law No. 2002-100, published in the Official Register on July 3, 2003.

4.2.d Workers Engaged by Third Parties

PRONACA's ILR sets out the rules and conditions relating to the working conditions of its employees and those engaged by third parties (contractors and subcontractors), in accordance with the Labor Code and ILO international conventions.

4.2.e Supply Chain

To avoid any risk of child labor or forced labor in the main supply chain, PRONACA requires all its qualified providers to sign a declaration of principles regarding child labor. This declaration involves a commitment to comply with the regulations pertaining to the employment of girls and boys under the age of 16, seeking to eradicate these practices in Ecuador. It also has a process for raising awareness among suppliers regarding their responsibility in fulfilling their social role with their workers by respecting the working days and conditions.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

PRONACA, as part of its commitments under the Cleaner Production Agreement (APL),⁵ has implemented measures to optimize the use of electrical energy and its fuel through: (i) reducing energy consumption through the purchase and use or replacement of high-efficiency equipment and the use of natural light; (ii) reducing diesel consumption through improvements to on-farm thermoelectric power plants; (iii) reducing LP gas consumption through the replacement and automation of the climate control system in the sheds and the elimination of flashover activities through best operating practices. As a result, in 2017, it reduced 5,763 t CO₂ eq through the APL activities carried out at the different facilities.

However, during the inspection visit to the WWTSs of the Project's operating facilities, measures to eliminate biogas generated in wastewater treatment, mainly methane (CH₄), were observed, thus contributing to preventing the polluting emission of greenhouse gases (GHG), which potentially contribute to climate change.

PRONACA annually measures its corporate carbon footprint (CF) and implements Cleaner Production projects in its operating facilities that allow for the reduction of CO₂ eq emissions, including: (i) optimizing the use of and replacing fuels in fixed combustion sources; (ii) replacing lights and equipment for ones with lower energy consumption. The company will continue to measure the CF of existing and new projects that will be implemented in the future and will manage feasible actions to develop projects that minimize impacts on the environment.

4.3.a.ii Energy Consumption

PRONACA obtains water from surface sources (12%), groundwater (85%), and municipal sewerage systems (3%). This resource is used in production, cleaning, manufacturing, hygiene, and as a raw material. During 2018, the ratio of 3 m³ per ton of production was maintained, the same as in 2017. Consequently, in order to use water responsibly, PRONACA is working to increase the reuse of treated water in auxiliary

⁵ The commitments focus on energy efficiency and productive projects, while developing a set of solutions that cover the maximum utilization of productive capacity, the use of efficient production technologies, and a boost in the deployment of responsible resource use and exploitation campaigns.

processes that are not related to food production (e.g. irrigation, washing facilities, etc.), managing to reuse 241,328 m³ of water (5.2% more than in 2017).

4.3.b Pollution Prevention

4.3.b.i Wastes

In compliance with the Environmental Quality and Effluent Discharge Standard (Book VI, Annex 1), liquid effluents produced by PRONACA's operating facilities pass through a WWTP before being discharged to the receiving bodies defined by the Authority in each location. In general, the WWTP of pig farms consists of: a Mixtanq or homogenization tank, a receiving tank, a solids separator, a biodigester and its biogas treatment skid, post-digestion ponds, aeration ponds, a settlement pond, an accumulation or irrigation pond, and a solids stabilizer. The final treated effluent, since it still has high levels of nutrients, mainly nitrogen, can be used for fertigation of pastures, in accordance with the provisions of the regulations on wastewater discharge. These modern WWTPs have an efficiency of over 90% in removing pollutants from wastewater. PRONACA has specific procedures for their correct operation. The poultry and pig processing plants have modern wastewater treatment systems (activated sludge) and their treated water is discharged into authorized water sources (rivers or streams), complying with the parameters established in the wastewater discharge regulations.

Despite the above, PRONACA will implement a mechanism to monitor and follow up on compliance with national standards for wastewater discharges from the WWTPs of each existing and future Project operating facility, as well as with IFC emissions and effluent guidelines,⁶ in accordance with the receiving body or the intended use of the effluent.

In addition, as part of the CMS, PRONACA has a Waste Management Plan and Instructions intended to establish guidelines for the comprehensive management of solid waste, ranging from waste minimization practices (3Rs), classification at source, and temporary storage to delivery to authorized managers, all in compliance with the Law on the Prevention and Control of Environmental Pollution and the Regulations for the Management of Solid Waste (Ministerial Agreement No. 14630). As an example of such management, material from animal breeding beds and those generated by the WWTP are reused in the development of fertilizer due to their high nutrient content, which contributes to improving soil quality.

PRONACA does not transport (domestic) hazardous and non-hazardous solid waste outside its facilities. This waste is managed by companies certified by the Ministry of the Environment of Ecuador (MAE, for its acronym in Spanish).

4.3.b.ii Hazardous Materials Management

In compliance with the provisions of the Environmental Register as Hazardous Waste Generator No. 06-13-DPASDT-033, PRONACA submits its Annual Statement on the Generation and Management of Hazardous Waste. It also maintains service contracts with management companies authorized by the MAE, which are responsible for the transportation, handling, and final disposal of these materials, as set out in Technical Standard NTE-INEN-2266, Transport, Storage and Handling of Materials. At the end of the cycle, these companies submit a single manifest or certificate of management or destruction of the material in question, which is integrated into the chain of custody.

⁶ General Guidelines on Environment, Health and Safety; Guide on Environment, Health and Safety for Water and Sanitation; Guide on Environment, Health and Safety for Livestock Production and Processing of (including Pigs and Poultry), IFC; April 2007.

PRONACA also has a Safety Procedure for Handling Chemicals and Hazardous Substances that establishes a protocol for providing employees with the necessary information on the use of chemicals through labeling, labels according to the Hazardous Materials Identification System (HMIS), safety data sheets (MDS) for each product, and training; and describes the conditions for storing, handling, transporting, and disposing of hazardous materials.

4.3.b.iii Pesticide Use and Management

PRONACA lists 24 most commonly used products; none of which are in the World Health Organization (WHO) recommended classification of pesticides by hazard class "Ia" (extremely hazardous) or "Ib" (highly hazardous). In addition, it has a Protocol against Diseases Arising from Exposure to Pesticides, where in addition to defining criteria for application and risk assessment, it sets out possible health effects.

However, PRONACA will use pesticides only when necessary to achieve health control in all existing and future Project operating facilities. In this case, PRONACA will formulate and implement an Integrated Pest Control (IPC) or Integrated Vector Control (IVC) strategy, in compliance with PS-3, for pest management activities at all project operating facilities, only after other pest control practices have failed or been ineffective. This IPC or IVC strategy will involve the coordinated use of environmental and pest information together with available pest control methods, including cultural practices, and biological, genetic and, as a last resort, chemical means to avoid unacceptable levels of pest damage, and will design its pesticide application regime with the objective of (i) preventing damage to natural enemies of the target pest, or minimizing such damage, where this is impossible to avoid, and (ii) preventing or minimizing risks related to the development of resistance in pests and vectors, where this is not possible.

4.4 Community Health, Safety and Security

4.4.a Community Health, Safety and Security

The new operating facilities (farms, distribution centers, etc.) will be designed and built by competent contractors with proven experience in the construction and operation of these types of projects, using international, industry-recommended good practices and complying with applicable national and international guidelines, standards, and construction and safety codes.

4.4.a.i Infrastructure and Equipment Design and Safety

Fire Protection Systems

The Life and Fire Systems (L&FS) of PRONACA's existing operating facilities comply with the technical standards of the Ecuadorian Standards Service (INEN) and with the provisions established in Ecuador's Fire Defense Law; as well as with the international standards of the National Fire Protection Association (NFPA).

However, for the new Project operating facilities, PRONACA will hire a qualified professional in the area of life and fire safety systems (L&FS) to certify that the designs of the L&FS systems of the new Project operating facilities will comply with INEN's national regulations and the Organic Law on Disabilities and its Regulations (Executive Decree No. 194 of 2017) on design for accessibility, the international standards of the National Fire Protection Association (NFPA), and the L&FS requirements of the IFC General Guidelines on Environment, Health, and Safety. This professional will also certify that the new buildings or facilities which are to start operations were built in accordance with L&FS-approved designs and that all

corresponding equipment was installed according to the design and was tested in accordance with international requirements.

Cooling Systems

The Processing Plants, both PPCs and PPAs, use refrigeration units that use ammonia (NH₃) as the refrigerating agent (refrigerant R717⁷) and the OHS personnel have the operation and maintenance procedures for this refrigeration equipment; they also know the health risks caused by exposure to ammonia and have their safety procedures for use and storage, and have maps of the distribution of the PPAs in case of emergency (e.g. ammonia masks and self-contained suits, etc.).

However, to achieve compliance with PS-2, these procedures must be aligned with applicable international standards, so the Company will implement a Comprehensive Ammonia Management Safety Plan for its processing plants that will verify that ammonia handling and management complies with Ecuador's OHS regulations, the World Bank Group's General Guidelines on the Environment, Health, and the General Guidelines of the International Institute for Ammonia Refrigeration (IIAR). This Safety Plan should include training, scheduled drills, and a proactive and regular communication plan for all collaborators and contractors, in coordination with Ecuador's emergency response authorities (Fire Department, Red Cross, Ministry of Health, National Secretariat for Risk Management, etc.) and with the involvement of communities with a high probability of being affected.

4.4.b Security Personnel

PRONACA has its own security and biosafety personnel (in the case of farms) who perform the function of entry verification and control, rounds and surveillance, records, key control, and incident observation and reporting. Under no circumstance are these personnel allowed to carry weapons.

It also uses external security personnel to safeguard the Project's operating facilities. However, it was not possible to obtain the necessary information during the ESDD visit to determine whether the use of security personnel aligns with PS-4. Therefore, PRONACA will provide a copy of the contract entered into by it and the security company or companies, in order to verify, among other aspects, that it includes clauses that allow the Company to (i) conduct reasonable investigations to ensure that security personnel do not have a criminal record and have not been involved in cases of abuse; (ii) verify details of necessary training on the use of force and handling of firearms; (iii) verify restrictions or the procedures used in relation to firearms; and (iv) identify details of the environmental and social awareness training, including the subject of human rights.

4.5 Land Acquisition and Involuntary Resettlement

The process of land acquisition for the new Project operating facilities or for expansions or improvements of facilities already in operation must be governed by strict compliance with the nation's local trade laws and the satisfactory agreements negotiated by both parties (buyer and seller).

In this regard, PRONACA will prepare and adopt a Corporate Land Selection and Acquisition Manual with specific procedures to comply with the provisions of PS-5. If any of the new operating facilities should require the economic or physical displacement of people, PRONACA will prepare a Resettlement Action Plan, which it will submit to IDB Invest for its approval and subsequent implementation.

⁷ Anhydrous ammonia is used incessantly in the refrigeration industry because of its high energy conversion efficiency and low cost.

4.6 Biodiversity Conservation and Management of Natural Resources

As a priority option, PRONACA should seek to avoid impacts on biodiversity and ecosystem services⁸ during the selection of new land for the construction of new Project operating facilities for agricultural or livestock activities or commercial activities by giving preference to previously intervened sites not located in habitats of critical or significant importance for biodiversity and that do not affect the land's ecosystem services.

For the location of the Project's operating facilities, PRONACA obtains the intersection certificate granted by the Ministry of the Environment, which establishes that the properties are not located within protected areas, national parks, or sensitive ecosystems. In addition, it updates the permits and reports that determine the compatibility of its productive activities with the land use established by the land use planning and population growth of the corresponding Municipalities.

4.6.a Supply Chain

The provision of products and services in all PRONACA operations is supported by a strong value chain of 3,444 national, foreign, and agricultural and livestock suppliers. In 2018, 100% of the reported suppliers were qualified by the company Coface; approximately 37% were selected and subsequently subjected to an internal qualification defined in its General Purchasing Policy, where suppliers are additionally qualified by financial parameters, product and/or service quality, supplier reliability, delivery logistics, level of service offered, and social responsibility. This practice allows it to ensure compliance with its regulations throughout its production chain.

However, in order to fully comply with PS-6 and contribute to ensuring environmental management and social responsibility throughout its value chain, PRONACA will incorporate the following into its internal Supplier Qualification program: i) a socio-environmental evaluation survey of its suppliers; and ii) the implementation of the Responsible Sourcing Code, which describes the requirements and standards that will apply throughout the supply chain and considers the industry and regulatory standards, based on PRONACA's principles and in keeping with its corporate philosophy and its ethical, social, environmental, and privacy standards, which define its culture.

Finally, to support its suppliers, PRONACA conducts in-person business training and through digital platforms, as required, in conjunction with public institutions, to improve their business capacity and thus foster economic growth in the country, mainly through support to national micro, small and medium enterprises (MSMEs).

4.7 Indigenous Peoples

The selection of land for the new Project operating facilities will not adversely affect indigenous peoples. However, if this is not possible, PRONACA will address the issue with a Procedure for the Treatment of Indigenous Peoples that will be part of the Corporate Land Selection and Acquisition Manual to avoid such impacts or to manage them in accordance with the provisions of PS-7.

⁸ Ecosystem services are:(i) provisioning services, which are the products that people obtain from ecosystems; (ii) regulatory services, which are the benefits that people obtain from regulating ecosystem processes; (iii) cultural services, which are the non-material benefits that people obtain from ecosystems; and (iv) support services, which are the natural processes that maintain other services.

4.8 Cultural Heritage

The typical sites selected by PRONACA for its future projects are previously impacted areas. However, the Company will ensure that no new construction will be carried out in areas of known cultural heritage or under legal protection. To this end, when construction involves earthworks or earthmoving, a certificate of absence of archaeological remains or equivalent issued by the National Institute of Cultural Heritage (INPC) and the Directorate of Cultural Heritage Risks of Ecuador will be obtained.

For works requiring land preparation (earthworks, leveling, earthmoving, etc.), in addition to complying with the all laws on cultural heritage, PRONACA will prepare a Chance Find Procedure⁹ and implement and execute an archaeological monitoring plan, both of which aim to comply with the provisions of PS-8.

5. Local Access of Project Documentation

Additional PRONACA sustainability information can be accessed at the following link: <https://www.PRONACA.com/memoria-de-sostenibilidad/>.

6. Contact Information

For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary tab**), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.

7. Environmental and Social Action Plan

The Project's Environmental and Social Action Plan (ESAP) is summarized in [Annex 2](#).

⁹ A Chance Find Procedure is a project-specific procedure that describes the measures to be taken in the event of finding previously undiscovered cultural heritage.

Annex 1: Animal Production and Processing

Pig and Poultry Production

In accordance with Ecuador's environmental regulations, both pig and poultry farms require a valid environmental permit granted by the environmental authority, the Ministry of the Environment, and a registration and operating permit issued by the health authorities, the Ecuadorian Agricultural Quality Assurance Agency (AGROCALIDAD), which is part of the Ministry of Agriculture and Livestock, for their construction and operation..

During the tour of both types of farms, it was generally observed that there was compliance and intention to improve compliance (through investment in physical improvements on farms and the Animal Welfare procedure, the Comprehensive Management System - CMS), with the general principles of animal welfare in the Livestock Production Systems of the World Organization for Animal Health (OIE), among them: (i) the physical environment, including the substrate (walking surface, resting place, etc.) , is appropriate to minimize the risk of injury and the transmission of disease or parasites to the animals, and this physical environment allows for comfortable rest, safe and comfortable movement, including normal changes in posture, and the opportunity for all kinds of natural behavior; (ii) the social grouping of the animals, which allows positive social behavior and minimizes injury, distress and chronic fear; (iii) for this, where animals are housed/placed in kennels/housing, the quality of the air, temperature and humidity supports the good health of the animals and the avoidance of aversion (iv) the animals have access to sufficient food and water, appropriate to their age and needs, to maintain normal health and productivity and to prevent prolonged hunger, thirst, malnutrition or dehydration (v) good management practices exist for the prevention and control of disease and parasites, and animals with serious health problems are isolated and treated promptly or humanely killed if treatment is not feasible or recovery is unlikely; and finally, (vi) the management of these animals promotes a positive relationship between humans and animals and does not cause injury, panic, lasting fear, or avoidable stress.

The source of electrical energy for farms comes from the national distribution network, acquired from a trader, and the facilities (substation, alternators, power lines, etc.) are fulfill all electrical regulations.

As far as solid waste from pig farms is concerned, there is adequate management of pig slurry (excrements of the pigs, originated by the process of food intake, which results in feces and urine), carcasses and animal waste (such as manure and litter from poultry farms) and food, and the different types of containers used during the operation of these farms (e.g. containers of medicine, pesticides, cleaning products, etc.). In addition, for the recycling of the litter coming from the farms, especially the pig farms that use the deep bedding system, a thermal disinfection procedure is applied so that it complies with the local sanitary regulations and it is removed from the sheds according to the Manure Collection and Removal Procedure CMS, for its transportation to fertilizer plants or sale to third parties. Finally, for mortality management, after a necropsy is performed according to the national sanitary regulations of AGROCALIDAD, these are treated according to the Instructions for Compost Design and Management of the CMS.

The farms obtain the water resource from the subsoil by extracting it for consumption through wells duly licensed wells. These wells undergo profile and pumping tests, as well as regular water quality tests (NTE INEN 1-108:2011).

Regarding wastewater, it is known that poultry farms are a dry process; however, it was observed that there are still swine farms that use the traditional system, where the process is semi-dry with a floor with

perforated slabs for the deposit of excrements and urine; however, these excrements and urine accumulate and at the end of each cycle, requiring washing. Regardless of the farm, it is the process of cleaning the excrements and urine tanks, as well as the process of washing and disinfecting all the sheds that generate this wastewater. This wastewater is sent to a Wastewater Treatment Plant (WWTP), where it receives biological treatment to reduce organic matter and nutrients to the levels permitted by Ecuadorian regulations.¹⁰ In general, the WWTP consists of: a Mixtanq or homogenization tank, a receiving tank, a solids separator, a biodigester and its biogas treatment skid, post-digestion ponds, aeration ponds, a settlement pond, an accumulation or irrigation pond, and a solids stabilizer. The final treated effluent, since it still has high levels of nutrients, mainly nitrogen, can be used for fertigation of pastures, in accordance with the provisions of the regulations on wastewater discharge. Likewise, the solids generated by the WWTP after their dehydration and stabilization are sent to the temporary storage area, where they are ready for composting, according to regulations. Finally, during the inspection tour of the farms, good management of runoff water was observed, which did not come into contact with the cages or inside the sheds, thus avoiding dragging sediments, nutrients, etc., that could pollute the soil or surface water sources.

Air emissions such as ammonia and other odors from manure and dust management, food handling, and waste management activities are controlled by the air-conditioning processes of the sheds and food supply processes, and by the location of the farms far from sensitive receptors (neighbors), in compliance with the recommendations of the AGROCALIDAD health regulation.

As for the use, handling and storage of hazardous products, such as pesticides and herbicides, cleaning and disinfection agents, fuels and even medicines, PRONACA has specific procedures in keeping with national health regulations, and it conducts training of authorized personnel, either by previously trained personnel (instructors) or by qualified supplier personnel, to ensure their application. Likewise, each farm must have the technical data sheets of each hazardous product that is handled or stored and requires a permit for the operation of petroleum products storage areas (shaft: LP gas, used for the heating and air conditioning of sheds).

Finally, regarding occupational health and safety, during the farm inspection visit the use of personal protective equipment (PPE) appropriate for each activity and procedure was observed, as was the implementation of biosafety measures in keeping AGROCALIDAD health legislation. These measures included: (i) registration of visits; (ii) registration and inspection of the entry of vehicles; and (iii) for all personnel entering the facilities: compulsory bathing, stripping of personal items, use of clothing and footwear provided by the production unit (previously washed), cleaning of footwear, prohibition of contact with other pigs from other farms, medical certificates and health card (only for workers).

Swine and Poultry Processing

Unlike swine farms, the construction and operation of pig processing plants (PPC) and poultry processing plants (PPA) require a valid environmental permit issued by the Ministry of the Environment; as well as health records or operating permits issued by the Ministry of Health and AGROCALIDAD. Similarly, there are specific requirements for technical process controls, such as: (i) good manufacturing practices (GMP); (ii) standardized sanitation operating procedures (SSOPs); and (iii) hazard analysis and critical control point (HACCP), which are implemented by PRONACA.

¹⁰ Annex 1, replaced by Article 1 of Ministerial Agreement No. 97, published in Official Register Supplement 387 of 4 November 2015 and

Any PPC or PPA requires proper management of its solid organic waste and by-products generated in slaughter, fattening, and quartering activities; i.e. (i) there is adequate separation of organic waste from poultry or pigs throughout the process; (ii) for recoverable organic waste, its separation and transport is carried out to yield or harvesting plants (located within the same field), for reprocessing mainly as a by-product for animal feed processing. There is also an Inorganic Waste Management Program (mainly containers of various kinds, such as plastics, glass, aluminum, cardboard, wood, paper, etc.), which promotes classification at the source, reuse, and recycling. Finally, this category of waste includes solid and semi-solid organic waste from the WWTP, which after a process of pressing/dehydration is transformed through composting and then used as fertilizer or manure (after its risk characterization).

Their wastewater is collected and taken to the WWTP where it is treated until it is discharged into the receiving body (for example, for the PPC and PPA in Valle Hermoso, the WWTP discharges into the Blanco River), in compliance with national regulations.

As regards water consumption, although it is known that this consumption can be high due to the characteristics of pig and poultry processing, water consumption reduction/optimization measures are used, such as (i) mechanical or gravity transport of products and by-products (e.g. gravity blood flow, transport of poultry feathers, etc.); (ii) dry or semi-wet cleaning of processing areas, using scrapers, brooms or other specially designed implements before cleaning with water; and (iii) reuse of treated water for garden maintenance, washing buildings and exteriors. Every water source has its Authorization for Water Use and Development issued by the Water Regulation and Control Agency (ARCA), part of the Water Secretariat (SENAGUA).

Odors and air emissions are generally controlled by cleaning the areas where pigs and poultry are handled, both live and during the slaughter process, which have regulated temperature conditions (refrigerated, closed and operated at negative air pressure) and unnecessary prolonged storage of carcasses, waste or by-products is avoided. The boilers are also maintained and kept in good operating conditions, even with the use of fossil fuels (LP gas and diesel), thus avoiding excessive emissions of combustion gases.

With regard to the issue of occupational health and safety, as on the farms, in PPCs and PPAs the appropriate use of suitable PPE for each activity is observed (among others, face masks approved for protection against viruses, eye protection, rubber gloves and disposable protective clothing that cover the entire body; frequent hand washing with soap and alcohol; use of antiviral drugs; etc.), as well as the implementation of biosecurity measures, in compliance with national health legislation. Likewise, each PPC and PPA must file the diagnosis of the technical-legal compliance in OHS management with the Ministry of Labor and have an OHS Management Program. In addition, PRONACA has standard operating procedures for handling chemicals and for inspecting PPE, which sets forth the guidelines and defines the PPE for handling, storage, and shipping/distribution of chemicals used within the PPCs and PPAs, as well as how such products are registered and identified (e.g. technical sheets, MSDS, etc.).

Finally, to avoid any impact on the health and safety of the communities or people working in the vicinity of the PPCs and PPAs, such processing is carried out in accordance with the practices established by AGROCALIDAD, institutionalizing SSOPs throughout the supply/production chain, including (among others): (i) sanitation; (ii) pest control; (iii) toxic chemical control; (iv) allergen control; (v) pathogenic risk control; (vi) customer grievance mechanisms; (vii) traceability; etc.

Annex 2: Environmental and Social Action Plan (ESAP)

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Management System	<ol style="list-style-type: none"> 1. Develop and evaluate an Environmental Management System (EMS) specific to its processing plants, both for pig production (PPC) and poultry production (PPA), based on the IFC Implementation Manual and Tools. 2. Update the EMS for each Processing Plant so that it includes: (i) policy; (ii) procedures to identify, evaluate, and manage possible E&S, OHS, and occupational risks and impacts associated with each Project activity, and for workers engaged by third parties (contractors and subcontractors); (iii) internal procedures for compliance with the Environmental Management Plan (EMP); (iv) organizational capacity and competency, including the definition of roles and allocation of responsibilities for the implementation of this EMS; (v) emergency preparedness and response protocols; (vi) key stakeholder engagement methods or planning; (vii) external communications and grievance mechanism; (viii) protocols for the disclosure and dissemination of information, decision making and training to communities; (ix) protocols for the evaluation and continuous improvement of the EMS; and (xi) regular audits and inspections of applicable E&S and OHS requirements under Ecuador’s Environmental and OHS laws. 	<ol style="list-style-type: none"> 1. EMS Assessment Report. 2. Copy of the updated EMS for each Processing Plant. 	<ol style="list-style-type: none"> 1. 90 days after signing the loan agreement. 2. 240 days after the first disbursement.
1.2	Alternatives analysis and cumulative impact	<ol style="list-style-type: none"> 1. Perform an alternatives analysis and cumulative impact assessment for each new Project’s operating facility. 	<ol style="list-style-type: none"> 1. Copy of the alternatives analysis and cumulative impact assessment for each new Project's operating facility. 	<ol style="list-style-type: none"> 1. 15 days prior to the start of construction of each new Project's operating facility.

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
1.3	Environmental Management Program (EMP)	<p>1. Develop an EMP specific to the construction phase of each new operating facility or construction work, to include the following: (i) an Impact Management Program for the physical, biological, and visual environment, which will include mitigation measures for any earthmoving or earthworks impacts; hazardous and non-hazardous solid waste management; control of pollutant gas emissions by construction machinery and equipment; disturbance of the environment due to the increased generation of dust and noise; control of liquid effluents, both industrial and domestic; (ii) an Impact Management Program for the socioeconomic environment, which will include safety measures for the communities in the vicinity of the Project; E&S and OHS training for construction managers and workers; measures for inter-institutional coordination; and measures to ensure safe and hygienic-sanitary conditions for workers during construction.</p>	<p>1. Copy of the EMP specific to the construction phase of each new Project's operating facility or construction work.</p>	<p>1. 15 days prior to the start of construction of each new Project's operating facility or construction work.</p>
		<p>2. Develop an EMP for the operation and maintenance (O&M) phase of the new operating facilities, to include: (i) an Environmental Monitoring and Vigilance Program, (ii) a Comprehensive Solid and Liquid Waste Management Program, which emphasizes environmentally friendly measures to store and dispose of any waste that cannot be reduced, reused or recycled, and also provides special measures for hazardous waste management, such as oils, greases, paints, solvents, medicines, disinfectants, or any other product that requires special management used during O&M activities of each new Project's operating facility under national environmental and health regulations; and (iii) an Occupational Risk Prevention Management Program.</p>	<p>2. Copy of the EMP for the O&M specific to each new Project's operating facility.</p>	<p>2. 15 days prior to the operation of each new Project's operating facility.</p>
1.4	Emergency Response Plan	<p>1. Develop an Emergency and Contingency Plan specific to each new Project's operating facility, which defines the guidelines</p>	<p>1. Copy of the Emergency and</p>	<p>1. 15 days prior to the operation of</p>

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
		for action in the face of different scenarios and accidents identified, of technological and anthropic origin (e.g. spills, fires and explosions, spills of hazardous materials, LPG leaks, etc.), as well as natural incidents (e.g., landslides or subsidence, hurricanes or tropical storms, floods, or earthquakes) and social events (e.g., civil unrest, terrorist threats, or vandalism).	Contingency Plan specific to each new Project's operating facility.	each new Project's operating facility.
1.5	Project's regulatory compliance	1. Prepare, through an internal audit or through an independent E&S expert endorsed by the National Environmental Authority (external audit), a consolidated annual report on the compliance status with all environmental, social and OHS policies and measures applicable to the Project's operating facilities, to include the progress and performance of the CMS actions with regard to the defined KPIs; as well as the compliance status with the IDB Invest Environmental and Social Sustainability Policy and the IFC Performance Standards.	1. Annual environmental and social compliance report for each Project's operating facility.	1. Annually over the life of the loan.
1.6	External Grievance Mechanism	1. Establish a Corporate Grievance Procedure, documenting communications raised by communities and other stakeholders, detailing: (i) how and through what means the grievance is received; (ii) how and who is responsible for assessing and classifying these grievances; (iii) how the response to the grievance is communicated or given and how it is followed up until closed; and (iv) any adjustments or improvements to the CMS in terms of information communication and disclosure. In addition, include a Training and Dissemination Program to be implemented for all staff and other stakeholders.	1. Copy of the Corporate Grievance Procedure, along with its Training and Dissemination Program.	1. 90 days after signing the loan agreement.
		2. Submit a report of the grievances processed through the mechanism.	2. Report of the grievances processed through the external mechanism.	2. With each E&S Compliance Report.

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
		3. Develop a Training Program on the use of the external Grievance Mechanism to be implemented and disseminated to all PRONACA employees, to those engaged by its contractors and subcontractors, and to other stakeholders.	3. Copy of the Training Program on the use of external grievance mechanism.	3. 90 days after signing the loan agreement.
PS 3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse Gases (GHG)	1. Report the GHG emissions inventory of all its operations at each existing and future Project's operating facility, including emissions generated by the transportation of its animals and supplies.	1. Copy of the Report the GHG emissions inventory.	1. With each E&S Compliance Report.
3.2	Effluent monitoring system	1. Develop and implement a mechanism to monitor and follow up on compliance with national standards for wastewater discharges from the WWTPs of each existing and future Project's operating facility, as well as with IFC emissions and effluent guidelines, in accordance with the receiving body or the intended use of the effluent.	1. Copy of the mechanism to monitor and follow up on compliance with national standards for wastewater discharges from the WWTPs of each existing and future Project's operating facility.	1. 90 days after signing the loan agreement.
		2. Submit a report on compliance with national standards and IFC emissions and effluent guidelines for the WWT of each existing and future Project's operating facility, in accordance with the receiving body or intended use of the effluent.	2. Compliance reports on wastewater discharges from the WWTPs from each existing and future Project's operating facility.	2. With each E&S Compliance Report.
3.3	Pesticide Use and Management	1. Formulate and implement an integrated pest control (IPC) and/or integrated vector control (IVC) approach for pest management activities at all Project's operating facilities. This IPC and IVC approach will involve the coordinated use of environmental and pest information together with available pest control methods, including cultural practices, and biological, genetic and, as a last resort, chemical means	1. Copy of the IPC and IVC approach for Project's operating facilities.	1. 90 days after signing the loan agreement.

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
		to avoid unacceptable levels of pest damage, and will design its application regime to (i) prevent damage to natural enemies of the target pest, or minimizing such damage, where this is impossible to avoid, and (ii) prevent or minimize risks related to the development of resistance in pests and vectors, where this is not possible.		
PS 4: Community Health and Safety				
4.1	Life and Fire Safety (L&FS) System	<ol style="list-style-type: none"> <li data-bbox="491 516 1283 802">1. Present certification by a qualified professional acceptable to IDB Invest that the design and construction of life and fire safety (L&FS) systems of the new operating facilities comply with the national regulations of the INEN and the Organic Law on Disabilities and its Regulations, the international codes of the NFPA, and the L&FS requirements of the IFC General Guidelines on Environment, Health and Safety. <li data-bbox="491 802 1283 1159">2. Provide certification by a qualified professional acceptable to IDB invest that verifies that the new Project's operating facilities: (i) have been built according to the approved L&FS design and (ii) that all L&FS devices were installed according to design and tested according to international requirements. 	<ol style="list-style-type: none"> <li data-bbox="1283 516 1621 802">1. Copy of the certification of the L&FS design of each new Project's operating facility, issued by the Fire Department of each locality. <li data-bbox="1283 802 1621 1159">2. Copy of the L&FS Construction and Operation Certification from each new Project's operating facility, issued by the Fire Department of each locality and by the Insurance Company. 	<ol style="list-style-type: none"> <li data-bbox="1621 516 1904 802">1. 15 days prior to the start of construction of each new Project's operating facility. <li data-bbox="1621 802 1904 1159">2. 15 days prior to the operation of each new Project's operating facility.
4.2	Cooling Systems	1. Develop and implement a Comprehensive Ammonia Management Safety Plan for its processing plants that will verify that ammonia handling and management complies with Ecuador's OHS regulations, the World Bank Group's General Guidelines on the Environment, Health, and Safety, and the General Guidelines of the International Institute for Ammonia Refrigeration (IIAR), to include training, scheduled drills, and a	1. Copy of the Comprehensive Ammonia Management Safety Plan for the Project's processing plants.	1. 240 days after the first disbursement.

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
		proactive and regular communication plan for all collaborators and contractors, in coordination with Ecuador's emergency response authorities (Fire Department, Red Cross, Ministry of Health, National Secretariat for Risk Management, etc.) and with the involvement of communities with a high probability of being affected.		
4.3	External security policy and protocols	1. Provide a copy of the contract entered into by each new or existing Project's operating facility and the company managing its physical integrity, in order to verify that provisions have been included, or, failing that, to include provisions that allow PRONACA to: (i) conduct reasonable investigations to ensure that security personnel do not have a criminal record and have not been involved in cases of abuse; (ii) verify details of necessary training on the use of force; (iii) verify restrictions on the use of firearms; and (iv) identify details of the environmental and social awareness training, including the subject of respect for human rights.	1. Copy of the contract or annex to the contract between each existing or new Project's operating facility and the physical security management company.	1. 90 days after signing the loan agreement for existing operating facilities and 30 days prior to operation in each new Project's operating facility.
PS 5: Land Acquisition and Involuntary Resettlement				
5.1	Land Acquisition	1. Prepare and adopt a Corporate Land Selection and Acquisition Manual with specific procedures to comply with the provisions of PS-5.	1. Copy of the Corporate Land Selection and Acquisition Manual.	1. 90 days after signing the loan agreement.
		2. Adopt the Corporate Land Selection and Acquisition Manual.	2. Evidence of having adopted the Manual.	2. With each E&S Compliance Report.
		3. For all new operating facilities requiring economic or physical displacement of people, submit a Resettlement Action Plan that complies with PS-5 to IDB invest for its approval.	3. Resettlement Action Plan.	3. 15 days prior to the start of the construction works.
		4. For all new operating facilities requiring economic or physical displacement of people, implement the corresponding Resettlement Action Plan.	4. Evidence of having implemented the	4. With each E&S Compliance Report.

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
			Resettlement Action Plan.	
PS 6: Biodiversity Conservation and Sustainable Management of Natural Resources				
6.1	Supply Chain	1. Update the Internal Supplier Qualification Program by incorporating: (i) a socio-environmental assessment survey of its suppliers; and (ii) the implementation of a Responsible Supply Code that describes the requirements and standards to be applied throughout the supply chain and that considers regulatory and industry standards, based on PRONACA's principles.	1. Copy of the updated Internal Supplier Qualification Program.	1. 240 days after signing the loan agreement.
PS 7: Indigenous Peoples				
7.1	Indigenous Peoples	1. As part of the Corporate Land Selection and Acquisition Manual, prepare a procedure for the treatment of indigenous peoples, in accordance with the provisions of PS-7, to prevent or manage impacts on indigenous peoples.	1. Copy of the procedure for the treatment of indigenous peoples.	1. 90 days after signing the loan agreement.
PS 8: Cultural Heritage				
8.1	Cultural Heritage	1. Obtain a certificate of absence of archaeological remains or similar document issued by the Local Authority, for all new Project's operating facilities located outside the protected cultural sites of which knowledge is available and involving earthworks or earthmoving.	1. Copies of the certificate of absence of archaeological remains or similar document for each new Project's operating facility.	1. 15 days prior to the start of construction of each new Project's operating facility.
		2. Prepare Chance Find Procedure in keeping with the provisions of PS-8, applicable to all new Project's operating facilities requiring land preparation in known areas of cultural heritage protection.	2. Copy of the Chance Find Procedure for each new Project's operating facility.	2. 15 days prior to the start of construction of each new Project's operating facility.
		3. Prepare an Archaeological Monitoring Plan, as provided for in PS-8, applicable to all new Project's operating facilities that	3. Copy of the Archaeological Monitoring Plan for	3. 15 days prior to the start of construction of

No.	Reference	Measure	Final Product / Deliverable	Expected completion date
		require land preparation in known areas of cultural heritage protection.	each new Project's operating facility.	each new Project's operating facility.
		4. Implement an Archaeological Monitoring Plan for all works requiring land preparation in known areas of cultural heritage protection.	4. Monitoring Reports.	4. With each E&S Compliance Report.