

## Environmental and Social Review Summary (ESRS) Molinos Agro WK - Argentina

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### 1. General Information of the Project and Overview of Scope of IDB Invest's Environmental and Social Review

The proposed transaction to Molinos Agro S.A. (the "Company" or "MOA"), one of the main soybean processors in Argentina, consists of a senior loan for up to US\$ 250 million, with a revolving capital structure every 210 days, designed to ensure its liquidity in the short and medium term, financing its working capital program. The purpose of the transaction will be to pre-finance exports of products and commodities sold by the Company. The development objectives of the financing include: (i) increasing value-added production in the agricultural sector and (ii) promoting exports and purchases from the domestic supply chain.

This is the IDB Group's first operation with MOA. This summary is based on the information provided by the company during the supervision stage and on the environmental and social due diligence visit carried out from March 20 to 23, 2023. The visit included the San Lorenzo plant and port (Rosario); the Pinedo stockpiling center in the Province of Chaco and the Bandera stockpiling center in the Province of Santiago del Estero, in addition to visits to suppliers. During those visits, meetings were held with the commercial team, staff members in all the locations visited were interviewed, environmental information from different reports, audits, and environmental documentation, as well as internal documents on the Company's policies and procedures were reviewed. Soybean and corn producers were also visited, holding meetings with directors of the establishment, and making field trips.

### 2. Environmental and Social Categorization and Rationale

In accordance with the IDB Invest Environmental and Social Sustainability Policy, the Project has been classified as Category B because it may generate, among others, the following impacts and risks that are estimated to be of medium intensity. The main E&S aspects associated with the project include: (i) traceability of the supply chain; (ii) functionality of the management and monitoring systems; (iii) management of labor and working conditions; (iv) impact on the biological environment and biodiversity; (v) water management and wastewater control; (vi) handling of waste and dangerous products (hexane); (vii) energy consumption and emissions; (viii) soil degradation; (ix) occupational health and safety; (x) preparation and response to emergency situations; (xi) road safety; (xii) community health and safety and community relations.

The Performance Standards (PS) triggered by the Project are: PS 1: Assessment and Management of Environmental and Social Risks and Impacts; PS 2: Labor and Working Conditions; PS 3: Resource Efficiency and Pollution Prevention; PS 4: Community Health, Safety, and Security; PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

### **3. Environmental and Social Context**

#### **3.1 General Characteristics of the Project's Site**

MOA, a company listed on the Buenos Aires stock exchange since 2017, was created in July 2016 as a result of the corporate reorganization of Molinos Río de la Plata S.A. (founded in 1902). Until then, MOA represented the Bulk Division within the general structure of Molinos Río de la Plata S.A. Subsequently, as a result of the abovementioned corporate reorganization, the Bulk Division span off from Molinos Río de la Plata S.A. and continued operating as Molinos Agro, sharing the initial shareholding as a result of the spin-off from the company in which the business was carried out.

MOA is one of the ten largest exporters in Argentina. Its two main activities are: (i) Crushing oilseeds and exporting their derivative products (soybean flour, oil and lecithin, soybean hull pellets, sunflower oil and pellets, biodiesel, crude glycerin and refined glycerin), and (ii) exporting cereal (corn and wheat).

The Company has 5 stockpiling centers: Bandera (Santiago del Estero), Pinedo (Chaco), La Cautiva (Córdoba), Pergamino (Buenos Aires) and Lincoln (Buenos Aires); the San Lorenzo mill (Santa Fe), the second mill with more capacity in the world; San Benito port, on the Paraná river, which has been operating for 17 years and is used to dispatch 5% of the total amount of soybean flour consumed in the world, and finally the commercial and administrative offices (Victoria, Buenos Aires).

The Company is one of the main suppliers of the animal feeding industry, including both, pet food and poultry, swine, and dairy production.

#### **3.2 Contextual risks**

In the surroundings of the MOA plant, in the town of San Lorenzo, there are communities with varied levels of shortages and vulnerabilities. This would lead, upon the occurrence of unfavorable events, to citizen demonstrations that are disruptive to the business activity. In addition, even though the issue of violence that is observed in the metropolitan area of Rosario does not reach the same level in the city of San Lorenzo, a possible growth in crime cannot be ruled out.

The risk of an increase in extreme climate events (excessive rainfall, drought, and heat waves) related to climate change represents a risk for the agricultural production that supplies MOA, causing shortages of raw materials and possible economic difficulties for the entire supply chain.

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

### **4.1 Assessment and Management of Environmental and Social Risks**

#### **4.1.a Environmental and Social Management System**

MOA has an Integrated Management System Manual that defines the scope and basic guidelines of the Environmental and Social Management System (ESMS), based on ISO 14001:2015, and it is applied at the plant and port. The company transfers the good practices and commitments of the SGAS to the stockpiles. MOA will update its ESMS at a corporate level to include social aspects.

They also have an Internal Control System that supports the different areas, implementing controls that allow more efficient processes and procedures to be carried out, minimizing the potential impact that risks could cause in the achievement of the company's objectives.

#### **4.1.b Policy**

MOA has an **Integrated Quality, Safety, and Environmental Policy** that, apart from seeking the compliance with its own standards, legislation, and regulations, is aimed at ensuring quality and safety from the reception of raw materials until their dispatch, guaranteeing product and process suitability. The Company will update the policy to include the immediate community's welfare (neighbors, collaborators, suppliers, and other stakeholders) among the values to be protected.

It also has a **Risk Policy** that includes preparing an annual plan, monitoring critical areas, and performing an overall walkthrough of the main processes every three years.

It also developed a **Code of Conduct for Suppliers**, setting the minimum standards to be followed by suppliers and their employees to guarantee that their agents and subcontractors adhere to the commitment. Suppliers should disseminate and instill the principles of this Code among their managers, employees, agents, and suppliers.

#### **4.1.c Identification of Risks and Impacts**

MOA has developed a methodology and matrix to identify and assess environmental risks and impacts. All own processes and those of suppliers, contractors, stakeholders, past, present, and planned activities, as well as those arising from normal, exceptional, and emergency conditions are considered. Risks are assessed according to the probability of occurrence and seriousness, and the latter is based on impact magnitude, extension, and reversibility. The aspects deemed as material determine an operational control and follow-up. For the plant, this risk and impact analysis is updated every two years based on the guidelines established by the Ministry of Environment of the province of Santa Fe or because of changes in operating conditions or processes. MOA will update the Procedure for the Identification and Assessment of Environmental Aspects and Impacts to consider social risks and impacts in all its locations.

An Environmental Impact Study (EIA) is required to put each stockpiling into operation, which includes the identification of risks and impacts.

#### 4.1.c.i Direct and indirect impacts and risks

The cycles of traded agricultural products are directly affected at domestic and international levels by climate change, which is very gradually expressed through in the variability between years of global warming.

Production failures or record harvests impair the global trade balance, thus generating physical, commercial, and regulatory risks and opportunities. Consequently, any climate change affecting the primary activity will be reflected both in short-term commercial measures and in medium- and long-term strategic measures.

#### 4.1.c.ii Analysis of alternatives

Considering that this is a transaction to finance working capital, with no investment in fixed assets, the analysis of alternatives does not apply.

#### 4.1.c.iii Cumulative impact analysis

The cumulative impacts of soybean and oilseed plantations in northern Argentine provinces have been material, in terms of environmental degradation, biodiversity impact, and social and economic impact. Some of them include deforestation, land degradation, water pollution, greenhouse gas emissions and climate change.

The intensive use of agrochemicals, combined with soybean monoculture and the planting of other crops, may have significant long-term impacts on soil fertility and on the farmers' capacity to continue producing crops. The use of agrochemicals may cause water pollution, especially in rivers and other water bodies near agricultural areas.

MOA works in mitigating these risks in its supply chain through a series of tools described in section 4.6.a.

#### 4.1.c.iv Gender risks

Women in the soybean and oilseed sector tend to be concentrated in less safe jobs with lower salaries, such as manual labor, while men occupy safer jobs with higher salaries, such as managerial roles. Women working in this sector may suffer discrimination and harassment at the workplace, which may create a hostile working environment and limit their professional development opportunities. Similarly, they may have limited access to resources, such as credit, land, and technology, which may limit their productivity and income. They may also face health and safety risks, such as the exposure to pesticides and other chemical products, as well as physical stress from manual labor.

Women in rural areas may oversee unpaid care, such as childcare and household chores, which may limit their capacity to get paid jobs in the soybean and oilseed sector.

#### 4.1.c.v Gender programs

A Diversity, Equality and Inclusion Program has been recently created in MOA to seek the development and implementation of gender programs at the Company. The Company will sign the declaration of support for the Women Empowerment Principles (WEP) and will complete the WEP gender equality measuring tool.

#### 4.1.c.vi Climate change exposure

The general physical risk of project sites is considered medium. The main concerns are related to hydrometeorological hazards, such as the moderate exposure to water shortage and the moderate-to-high exposure to river floods. There is moderate exposure to heat waves. The increase in temperature, combined with the change in rainfall, may also cause a higher risk of pests, which may impair soybean production.

Climate risk is considered material for this client. Specifically, since the last few years have been particularly difficult for the Argentine agricultural sector after the severe drought in 2018, which reduced soybean production by almost 30%, and in 2020, when production fell slightly over 10% also due to drought in key times for yields. The client also exports to over 50 countries from its port in San Lorenzo, which could be affected by river flooding.

#### 4.1.d Management programs

MOA has established management programs that describe measures to deal with the environmental risks and impacts identified in its operations. Different operating procedures have been implemented at corporate level, as well as other specific procedures at certain premises. Some of them are related to occupational health and safety (OHS), emergency preparedness and response, waste management, etc. MOA will develop and implement procedures to manage all the environmental risks identified and the procedures to manage social risks.

#### 4.1.e Organizational Capacity and Competency

At the corporate level, there is a Corporate Affairs and Sustainability Manager reporting directly to the General Manager. Recently a Sustainability Committee was created, formed by staff from different Company locations, reporting periodically to the General Manager and the Executive Committee on critical progress, as well as a Diversity, Equality, and Inclusion Committee.

At the plant, the E&S team reports to the plant manager and consists of the Health, Safety and Environment (HS&E) Manager leading the ESMS application, audits, and compliance with legislation. It has the support of six analysts, one of them in charge of stockpiling centers.

At the stockpiling centers there is a Stockpiling Head and one person in charge of each center to manage E&S issues and seek compliance with the Integrated Quality, Safety, and Environmental Policy.

#### **4.1.f Emergency Preparedness and Response**

MOA has an Emergency Plan at the San Lorenzo plant that refers to spills, fire, explosions, natural events, vandalism, and radiological emergencies. It includes the staff required for each type of emergency, with their specific functions, the emergency plan stages (detection, analysis and communication, evacuation, and actions), the post-emergency communication actions and corrective actions in the event of an emergency. The Company will develop and implement an Emergency Preparedness and Response Plan for each location, in line with PS 1, and will train its staff for its proper implementation.

#### **4.1.g Monitoring and Review**

Internal and external audits are carried out to ensure the compliance with commercial and tax responsibilities and regulations. MOA has developed a performance assessment that motivates each team to prepare action plans to improve performance, set goals that are consistent with the Company and make decisions on career development and promotions, among other matters. Its stages include self-assessment, evaluation, calibration and feedback; it also sets metrics and parameters and considers short- and long-term quantitative and behavioral objectives.

#### **4.1.h Stakeholder Engagement**

MOA has mapped its stakeholders, keeps a fluid dialogue with each one of them to be aware of their needs and expectations and integrates them actively in management development. They update the relations with stakeholders from time to time, to become aware of the degree of interaction and the most appropriate communication channels.

##### **4.1.h.i Disclosure of Information**

In the event of any new projects affecting the community, MOA will present a note to the relevant government. The community is notified through local media, apart from periodic meetings with stakeholders, as described in section 4.1.i. Depending on the significance and the impact, MOA may also communicate significant events to the market by notifying the CNV (Argentine Securities Commission).

##### **4.1.h.ii Informed consultation & participation**

The permanent dialogue with suppliers allows the Company to receive first-hand comments, suggestions and needs, to provide the proper answer. Meetings, plant visits and field journeys are organized both in commercial locations and in the area of influence of stockpiling centers.

#### **4.1.i External Communication and Grievance Mechanisms**

##### **4.1.i.i External communication**

MOA has a permanent and two-way dialogue with the neighbors' associations of each neighborhood surrounding the San Lorenzo plant, with which they exchange ideas, needs and proposals. They also speak and work jointly with municipal authorities, the municipal chambers of commerce and industry and media, to obtain a comprehensive view of the local situation. The Procedure to manage communications with neighbors (PR-789) determines the method to receive, record, communicate and process internally the communications received from San Lorenzo plant's neighbors.

Dialogue roundtables help assess the interaction between the Company and the community, considering matters, such as environmental pollution, impact mitigation and short-, medium- and long-term plans.

##### **4.1.i.ii Community grievance mechanism**

MOA offers its website, electronic mail, and toll-free hotline as channels for anonymous and confidential reports to be made by collaborators, suppliers and clients who wish to report acts that are irregular or inconsistent with its policies, internal regulations, or the Code of Conduct. These communication channels are managed by an independent third party who receives the reports on a strictly confidential basis, preserving the identity of the complainant if thus requested, guaranteeing that the complaints are received and analyzed right away.

The Ethics Committee, formed by the Internal Audit Management and the Human Capital and Corporate Affairs Management, is in charge of analyzing and resolving each report received. Furthermore, the reports are submitted to the Audit Committee for its consideration.

##### **4.1.i.iii Provisions for addressing vulnerable groups' grievances**

At the San Lorenzo plant, the system used to receive grievances is the switchboard. Then they are reported to internal heads to be analyzed and to provide a response to grievances. The Sustainability Manager is informed in all cases. If necessary, dialogue, work and action roundtables are organized with the community. At the stockpiling centers, grievances are received directly at the telephone line of the Stockpiling Head and then informed to HS&E to process the grievance and provide a response.

##### **4.1.i.iv Ongoing Reporting to Affected Communities**

The mechanism for reporting to affected communities is based on the dialogue with neighbors' associations and local authorities. MOA holds weekly meetings with the neighbors' associations of the following neighborhoods: 2 de Abril, Bouchard and Rivadavia, from the municipality of San Lorenzo, to respond to inquiries and make them part of management development. Likewise, it also hold periodic meetings with business chambers, municipal authorities, and other stakeholders.

## **4.2 Labor and Working Conditions**

At the end of 2022, MOA had 630 collaborators distributed in five regions: La Cautiva, Bandera, Pergamino, Victoria and San Lorenzo. A total 86% of the workforce are men, while the remaining 14% are women. The Company guarantees proper working conditions, decent and quality employment protecting human integrity. The Company is an important employer for the communities in which it operates. When looking for new collaborators, employment priority is given to the people living in surrounding neighborhoods. MOA promotes internal professional mobility, expanding the limits to the rest of the Pérez Company Group companies.

Twice a year, MOA performs an Employee Experience Survey for all collaborators in order to determine team atmosphere, understand their needs and be aware of their commitment to plan improvements.

### **4.2.a Working Conditions and Management of Worker Relationships**

#### **4.2.a.i Human Resources Policies and Procedures**

MOA has implemented a Code of Conduct that considers mechanisms to identify potential conflicts of interest and mitigate them in order to avoid any behavior that may impair or jeopardize the Company. It also contains statements, commitments, and agreements in relation to collaborators, shareholders, the business environment, suppliers, competitors, the community, and the environment. It includes clauses for the protection of human rights, which promote fair working conditions, nondiscrimination, decent and respectful treatment towards collaborators or contractors, the prevention of all types of child labor, the compliance with legislation on health and safety at the workplace, the respect for the workers' right to associate freely and the respect for the environment. All those, forming part of the Company are required to adopt the Code of Conduct. When joining the Company, collaborators sign their adherence to the Code and every year, they sign a statement of compliance. MOA also requests the acceptance of the Code of Conduct as part of the documentation to contract suppliers, through the website [www.moaoperaciones.com.ar](http://www.moaoperaciones.com.ar)

The Compensation Policy sets forth remuneration levels that are internally equitable and externally competitive. They also have policies on anticorruption, gifts and hospitality, use of privileged and confidential information, transactions with related parties, as well as the Procurement Framework and the Supplier Code of Conduct.

#### **4.2.a.ii Working Conditions and Terms of Employment**

The Company offers employment benefits to all its employees, such as extended leaves for maternity, paternity, illness, and disability; scholarships at school, university and graduate levels; payment of a percentage of childcare fees until children reach 5 years of age; lunch; parking; healthcare plans; discounts in food boxes; school objects for children aged 5 to 14; sports classes at Sede Victoria; celebrations for collaborators' children.



#### 4.2.a.iii Workers' Organizations

MOA is committed to respecting the workers' rights to associate freely, unionize, request representation, and participate in workers' committees according to current local legislation and transmit their concerns on working conditions with no fear of retaliation, intimidation or harassment.

#### 4.2.a.iv Non-discrimination and Equal Opportunity

MOA is committed to treating employees and contractors with dignity and respect, as well as to prohibit abusive, threatening, violent or exploitative behavior through any form of harassment, ill-treatment, or verbal, psychological, discriminatory or sexual abuse. The Company has developed policies and actions to ensure that all its collaborators are treated in a fair manner and to favor equitable professional opportunities, with no distinctions or conditions. In 2022, an Inclusive Leadership Workshop consisting of four meetings was offered to executives, working in depth the different aspects of diversity and inclusion at the workplace.

#### 4.2.a.v Retrenchment

There will be no retrenchment as a result of this financing.

#### 4.2.a.vi Grievance Mechanism

Internal grievances are managed as described on item 4.1.i.

### **4.2.b Protecting the Workforce**

#### 4.2.b.i Child and forced labor

The Company's Code of Conduct reflects the commitment to refrain from using child or forced labor. The age of the employees is checked before they join the Company. In addition, all the Company's direct and indirect workers perform their tasks on a voluntary basis, under no threats or punishments, and they are compensated for their work as required by law.

### **4.2.c Occupational Health and Safety**

Occupational Health and Safety management, documented in the OHS Procedures of the Integrated Management System, refers mainly to the reduction of exposure to labor risks. The core is the HS&E Committee, made up of managers and heads defining the strategies and monitoring the system in monthly meetings. On the other hand, team integration provides synergy to improve HS&E conditions. Collaborators participate in the development, implementation and assessment of the safety and health management system and in the management of "Risk notices", indicating the risk that should be analyzed in their opinion, to implement improvements after consensus is reached among the different areas. The Mixed Committee, made up of Company staff and union representatives, holds monthly meetings to work on health and safety aspects with collaborators.

The Management System comprises the prevention and emergency plan, the management of contractors, accidents and incidents, risk analysis, tools implementation, efficacy monitoring and review, always seeking continuous improvement. Critical risk management includes hot work, work at a height and in confined spaces, lockout and tagout, electrical risks and occupational risk assessment. Critical risk audits are performed at all plant sectors, using SAP risk notification systems, specific training courses to work safety, general training and planned inspections.

Heads and supervisors from the different areas have monitored the remediation tasks performed as a result of risk notifications and planned inspections, the control of work permits in the field and verification lists, as well as the fulfillment of procedures in executing tasks. Labor health conditions are also monitored.

There is an analyst at the HS&E Department that serves as a go-to person for each plant sector to interact with heads, supervisors, and analysts in making decisions to reduce or eliminate the risks of occupational accidents or diseases.

The Company offers technical, language, quality, leadership, management, and HS&E training courses to its collaborators based on a 70/20/10 model, where 70% is done on the job, 20% by learning from other people's feedback, and 10% through formal training.

In the event of an accident or incident, an interdisciplinary work group is created to investigate the reasons and propose the necessary improvements for correction.

#### **4.2.d Provisions for People with Disabilities**

At present MOA has no written policy regarding people with disabilities. A Diversity, Equality, and Inclusion (DEI) Committee was created, reporting to the General Manager and the Executive Committee, to design a policy in this regard.

MOA offices in Victoria (Buenos Aires) and at the San Lorenzo plant are prepared for the access and mobility of people with disabilities.

#### **4.2.e Workers Engaged by Third Parties**

MOA has internal staff, hired staff and temporary staff (replacements). Hired and temporary staff members are required to adopt the same safety measures as internal staff, and they receive HS&E training including the Company's induction. The Management System has a Manual for Contractor Companies (MA-19) that sets forth those conditions. The Code of Ethics applies to all staff, regardless of their relationship with the Company. There are local regulations defining temporary staff as own staff.

MOA will be in charge of the order at the contractors' and suppliers' premises inside the San Lorenzo plant, ensuring order, cleaning and safety. For this purpose, it will (i) verify and correct the order and cleanliness of warehouses storing hazardous materials, gas cylinders, and the appropriate waste disposal; (ii) verify and correct electric installations, including electric boards and power lines, ensuring that they meet good safety practices and standards; (iii) verify water, gas or any other

supply pipelines according to good industry practices; (iv) guarantee, by virtue of contractual clauses, that all contractors and suppliers having available spaces for storage or work inside the plant, adopt the order and cleaning standards established by the Company.

#### **4.2.f Supply Chain**

MOA has a network for the supply of raw materials, consisting of 3,155<sup>1</sup> suppliers in different parts of Argentina. These suppliers offer grain (producers, stockpilers, brokers, commodity exchanges, etc.), soybean oil, freight, services and supplies from plants and the administration area, legal systems and services, etc.

The Supplier Code of Conduct requires suppliers: (i) to avoid all forms of child labor, in strict compliance with applicable international, domestic and local regulations, and to commit to demanding their suppliers and/or contractors to observe the measures to prevent and eradicate child labor; (ii) to refrain from using or benefiting, under any circumstance, from forced or involuntary labor or violate the rights and obligations under Law No. 26,364 (Human Trafficking Prevention and Punishment and Assistance to Victims), as amended and supplemented, and the regulations enacted to prevent and punish human trafficking, and (iii) to provide a safe and healthy workplace for their employees and contractors, which implies taking reasonable measures to prevent accidents and minimize exposure to health risks.

### **4.3 Resource Efficiency and Pollution Prevention**

#### **4.3.a Resource Efficiency**

MOA promotes an organization based on the continuous improvement of processes to enhance efficiency and productivity. This led them to adopt new technologies and innovation in recent years to recover organic material to reintroduce it to the milling process and reduce the plant material discarded as waste by sending it for composting; adapt and maintain the effluents treatment plant and invest in safety and the environment.

To emphasize circularity, MOA incorporated equipment to recover solid organic waste from the production of soybean flour and then reintroduce it into soybean pellets for animal feeding, thus recovering value and reducing waste.

##### **4.3.a.i Greenhouse Gases**

MOA generates its own energy to operate the plant and port in full capacity. Every year it produces 145,000 MWH of electric power, with 46% less GHG generated than the Argentine parent company. In 2021-2022, 47,505 tons of CO<sub>2</sub> were avoided to be emitted due to 11% of self-generated energy and a 23% reduction in the total consumption of electric power. Self-generated electric power prevents plant stoppages due to supply cuts, which imply production losses and inefficiencies.

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<sup>1</sup> Suppliers operating during 2021/2022.

Apart from generating its own electric power from alternative energies and evaluating renewable energy implementation projects on a continuous basis to reduce emissions, MOA enhances the transport by promoting the use of scalable trucks and bi-trains enabling more efficiency and loading more cargo, dispatches and receives cargo in railroad operations, enhances processes on an ongoing basis and acquires new technologies to reduce particulate emissions into the atmosphere.

As part of the Argentine Carbon-Neutral Program, MOA is performing joint tasks on carbon footprint quantification methodologies and measurement, improvement, and neutrality practices.

The Oilseeds Roundtable, of which the Company is a member, concluded the field work to obtain a carbon calculator measuring the footprint in all the value chain stages of the main products: soybean, soybean flour, soybean oil and biodiesel.

#### 4.3.a.ii Water Consumption

The water used in the production process and the non-drinking water used at the plant is taken from the Paraná river and needs to be treated prior to its use. This water has high salinity at present and requires the use of large quantities of chemical products. MOA is investing in a reverse osmosis plant to reduce and improve the treatment of chemicals.

The water used in stockpiling centers is taken from wells and is assessed in accordance with the Argentine Food Code<sup>2</sup>.

MOA will update the permit to extract water from the Paraná river to control water intake according to the current needs of the plant and port.

#### 4.3.b Pollution prevention

MOA has an effluent treatment plant that houses a physical, chemical, and biological treatment system guaranteeing the proper treatment of all industrial discharges, in accordance with the limits allowed by current provincial regulations. In stockpiling centers, effluents are discharged into the public sewer network. MOA will make periodic measurements and comply with quality parameters in relation to effluent discharges under the IFC's Environmental, Health, and Safety Guidelines for Food and Beverage Processing.

The Company measures environmental noise and noise at work in all its locations, in compliance with domestic regulations.<sup>3</sup> MOA will measure day and night environmental noise and noise at work periodically, in compliance with the WBG's General Guidelines.

MOA will develop and implement frequent cleaning programs in all its premises, including the removal of dust from ceilings, walls, and waterwheels, as well as the removal of birds or other dead animals. It will also develop a program to reduce grain or flour spillage attracting birds, rodents, insects, or other potential disease vectors (such as spills from trucks or storage sites).

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<sup>2</sup> Resolution No. 034/19.

<sup>3</sup> IRAM 4062/84 standard.

At the loading dock, MOA uses telescopic davits that reduce dust emission by unloading inside the vessel hold. They also incorporated a sprinkler system to control fugitive dust through wetting. MOA will design a plan to reduce dust levels at the facilities in general by measuring particulate matter at the workplace, as well as in key places at the premises.

MOA promotes the use of product transportation methods that reduce environmental pollution. They reduce the use of conventional trucks and replace them with bi-trains and scalable trucks that can carry from 30% to 60% more raw materials than a conventional truck, thus reducing the cost of fuel per transported ton and greenhouse gas emissions and increasing productivity. MOA received 57.8% more raw material in scalable trucks and an additional 150% by train as compared to the previous period. Similarly, railroad cargo carriage continues to represent a minimum percentage of total cargo carriage.

#### 4.3.b.i Waste

The Company has developed an **Industrial Waste Management Procedure** (PR-1096) setting the operating criteria for the segregation and internal storage of industrial waste resulting from the activities performed at all locations, including hazardous waste.

The silobags discarded by stockpiling centers are donated to the municipalities of La Cautiva, Bandera, General Pinedo and Río del Valle, and the funds arising from recycling are used by the community through charitable entities at each location.

#### 4.3.b.ii Hazardous Materials Management

At all its locations, MOA will ensure the availability of complete kits for potential spills, remove waste and unused tools/materials periodically, identify authorized solid waste operating companies near each operating site for the correct disposal of hazardous waste and train all its operating staff to guarantee the proper management of all waste.

#### 4.3.b.iii Management and Use of Pesticides

MOA uses pest control for rodents. This service is outsourced from a certified company. MOA must verify that the contracted companies do not use any pesticides containing active ingredients classified as 1a or 1b by the World Health Organization.

### 4.4 Community Health, Safety and Security

#### 4.4.a Community Health, Safety and Security

MOA has different engagement programs focused on fundamental rights, such as health, education, welfare, and infrastructure development. Some of these programs include: (i) #sembramosfuturo program, consisting of 7 workshop modules to prepare advanced students from technical schools in the provinces of Santa Fe and Santiago del Estero for employability; (ii) Cadena Productiva

program to invite primary-school students and their teachers to guided visits at the plant; (iii) Fundación Leer, which provides material to encourage reading in primary-school students from 4<sup>th</sup> and 5<sup>th</sup> grades; (iv) Protein Plus campaign to donate soybean to provide vegetable protein to food-deprived people.

#### 4.4.a.i Infrastructure and Equipment Design and Safety

To ensure transport safety, MOA's selection process to hire trucks and trains includes a series of requirements, such as good traffic safety practices and the approval of vehicle verification tests by units, including polluting gas emissions.

#### 4.4.a.ii Hazardous Materials Management and Safety

Hexane is used to extract oil in milling. This is a flammable hydrocarbon used in closed inert gas circuits. In compliance with domestic fuel and hydrocarbon transport regulations, MOA signs a purchase and transport contract with product suppliers to ensure proper handling and prevent staff and community risks. The Management System contains procedures for the safe unloading of hexane and other hazardous products, such as sulfuric acid, caustic soda, sodium hypochlorite or aluminum sulfate.

#### 4.4.a.iii Community Exposure to Disease

MOA implements a COVID protocol that describes the actions to be performed in relation to the virus inside the premises. The Company will update this protocol in accordance with the Guidance for the Agriculture Sector on COVID-19: Risks and Response Framework.

#### 4.4.a.iv Emergency Preparedness and Response

The emergency preparedness and response plans developed as required on item 4.1.f for each location will consider the assistance to and cooperation with the communities, local government agencies and other relevant stakeholders in making the arrangements to respond to emergency situations in an effective manner. MOA will document its activities, resources and responsibilities when preparing for and responding to emergencies and will contribute appropriate information to the communities, competent government agencies and other relevant stakeholders, as applicable.

### 4.4.b Security Personnel

The Company's workforce and property protection service is provided by unarmed security personnel from an outsourced company. MOA signs an agreement with these companies to determine the actions to be taken by security personnel. MOA will develop and implement security procedures in accordance with IFC PS4.

#### **4.5 Land Acquisition and Involuntary Resettlement**

This item does not apply, as this loan will not be used to acquire land.

#### **4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

##### **4.6.a Supply Chain**

The Company acquires raw materials from agricultural producers, stockpilers and cooperatives, both directly and through third parties.

MOA has developed a **Declaration of Conformity with Sustainability Criteria for Biomass Production**, which must be filled at the time of linking a new supplier to the Company's chain. Apart from requiring the location coordinates of the premises, this declaration verifies whether land has not been deforested after January 1, 2008, and whether it does not form part of areas with high biodiversity value, national parks, ecological reserves, or any other area preventing the cultivation of the products received. To trade raw materials and identify the origin of their supply, MOA analyzes the satellite images contracted from the company TSA Group International and, in other cases, it uses the ucrop.it platform, which uses blockchain, to identify not only deforestation and impacts on biodiversity but also child and forced labor.

Grain purchase contracts include a clause on good agricultural practices that the supplier must commit to observe and demand observance of recommendations under GMP+B2 standards, which include quality, safety, and health performance requirements. The situation of grain suppliers before the different Agricultural System enforcement agencies is verified.

MOA has obtained the Round Table for Sustainable Soy (RTRS) and International Sustainability and Carbon Certifications (ISCC) at the San Lorenzo plant, according to the Renewable Energy Directive (RED) of the European Union, which promotes the use of energies from renewable sources to produce biodiesel for international markets. It also has the Biomass Biofuels Sustainability Voluntary Scheme (2BSVs), which certifies that the field in which soybean is produced has not been deforested and is not part of any protected area or national/provincial park. It discourages production in areas of biodiversity importance. As of 2021, 2,711 establishments of its suppliers were certified as apt to cultivate and grind soybean, obtain oil, and use it to produce biodiesel for export to the European Union.

It also participates as full member of the ViSeC (Sectorial Vision for the Argentine Greater Chaco Region) multisector platform, which deals in a comprehensive manner with the issues of deforestation in the region of Argentina with more impact on biodiversity. ViSeC works to unite the different stakeholders of the soybean value chain to promote the reduction of negative environmental impact, focusing on native woodland deforestation and other forms of land use changes. It also proposes the observance and adaptation of practices to the European standards regulating the requirements applicable to imported raw materials in 2025.

MOA will agree with IDB Invest on a traceability procedure for the primary suppliers of its supply chain in four provinces of the Argentine northern region (Salta, Tucumán, Santiago del Estero and

Chaco), which face more risks of material transformation of natural or critical habitats, in compliance with PS6.

#### **4.7 Indigenous Peoples**

This item does not apply, as there are no indigenous peoples involved.

#### **4.8 Cultural Heritage**

This item does not apply, as no cultural heritage will be affected.

### **5. Local Access of Project Documentation**

The documentation related to the project may be accessed to using the following link:

<https://www.molinosagro.com.ar/>