

Environmental and Social Review Summary (ESRS) Project #14169-01 Agripac V

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

Agripac is a company from Ecuador founded in 1972 which produces, distributes, and markets agricultural and industrial inputs. It owns the largest agroindustrial product distribution network in the country. It is a former IDB Invest client, and this would be the fifth operation with the client. The first one was approved in 2012, the second in 2015, the third in 2018, and the fourth in 2021.

The proposed financing in favor of Agripac S.A. (the “Borrower”) consists of a revolving line of credit without imports finance security with a 39-month availability period with a disbursement maximum term of up to 390 days to set the disbursement term in line with Agripac’s cash conversion cycle. The line shall have two tranches: (i) a committed tranche of up to US\$15 million; (ii) an uncommitted tranche of up to US\$10 million. The transaction aims at supporting the Company in the access to a greater working capital financing thanks to the extension of payment terms due to the price increase in agricultural raw materials and fertilizers, and due to logistics problems related to the pandemic and the international context.

IDB Invest carried out the virtual due diligence of the Project and reviewed environmental information from various reports, audits, environmental files, and internal documents on Agripac’s policies and procedures.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation as per IDB Invest’s Environmental and Social Sustainability Policy, since it will likely generate, among others, the following impacts and risks which are estimated to be moderate and mitigable: (i) functionality of the E&S management and monitoring systems, (ii) fire safety, (iii) monitoring and management of agrochemicals, (vi) emissions control and monitoring, and (v) sustainability of the supply chain.

The Performance Standards (PS) triggered by the Project are (i) PS 1: Assessment and Management of Environmental and Social Risks and Impacts; (ii) PS 2: Labor and Working Conditions; (iii) PS 3: Resource Efficiency and Pollution Prevention; (iv) PS 4: Community Health, Safety, and Security. Should these PSs be applicable, Agripac will immediately advise IDB Invest accordingly.

3. Environmental and Social Context

3.1 Project Area Overview

Agripac owns five production plants: Balanfarina (processing of balanced food) located in km 4.5 via Durán-in Guayas; Agrigrain (corn and soy storage, and rice and soy processing) in km 6.5 via Quevedo, El Empalme, Los Ríos; Celtec (fractioning and storage of agrochemicals and fertilizers) in km 15 ½ via to Daule, Guayaquil, Guayas; Laquinsa (formulation of agrochemicals and industrial chemical products) in

Km 5.5 Vía Durán-Tambo, Durán, Guayas; and Planta Emsemillas (conditioning, packaging and storage of certified seeds and fractioning of fertilizers used in aquaculture and cat sand) in Km 4.5 Vía Durán – Tambo, Durán, Guayas. Also, the Company owns 13 storage centers and 201 points of sale all around the national territory. Additionally, they offer air pesticide spraying services through a company named Aeroagripac.

3.2 Contextual Risks

The Company's locations are found on a coastline area with moderate exposure to earthquakes. Information on climate change is dealt with in detail in Climate change exposure.

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

4.1 Assessment and Management of Environmental and Social Risks

4.1.1 E&S Management System

Agripac S.A. Group has implemented an Environmental and Social Management System (ESMS) at the corporate level that comprises the five plants (Celtec, Laquinsa, Balanfarina, Agrigrain, and Emsemillas), and the headquarters. The Group holds the triple certification, ISO 14001:2015, ISO 9001:2015, and ISO45001:2018 as from 2010. In 2014, Balanfarina also obtained the GLOBALG.A.P. certification in good agricultural practices for the balanced food production line for shrimps which guarantees the quality of food along the value chain, besides environmental protection, worker's health and wellbeing, animal wellbeing and integrated management of crops and pests. In 2017, the Ministry of Agriculture, Aquaculture and Fishing together with Agrocalidad granted the same plant the Good Manufacturing Practices certification which certifies raw material and the way in which the facility operates, as well as the quality in the control of implemented processes.

In 2019, Agripac won first place in the *Environmental Respect Awards*, an event organized by the multinational COTERVA which awarded companies with the best environmental performance in the Andean region were.

4.1.2 Policy

Agripac's Management is very active in managing environmental and social aspects. The Company is committed to disseminating and maintain the Environmental Corporate Policy and supervising the ESMS performance to ensure it operates appropriately and efficiently. The policy is systematically revised, and it is communicated both internally and externally. Moreover, it implements Agripac's Corn Plan Origination Policy for its local product suppliers. Agripac shall extend the scope of application of this Origination Policy to all primary suppliers, adopting verification systems and practices to strengthen the traceability of its supply chain in all group companies in line with PS2 and PS6.

4.1.3 Identification of Risks and Impacts

To identify risks and Impacts, Agripac has set up procedures to manage the risks associated with internal operations, contractors, subcontractors, third parties, and primary suppliers, to tackle the importance of risks and impacts in the communities. The risk assessment is revised when there are changes in the processes, activities, or technological modifications in the operations, as well as when there are

expansions, or in case of any change in the dynamics of surrounding communities, all corporate levels and external stakeholders are considered.

4.1.3.1 Gender Risks

The Company is in line with the Constitution of the Republic of Ecuador which prohibits discrimination and with the Protocol for prevention and assistance in case of discrimination, harassment in the workplace, and/or any form of violence against women in the workplace issued by the Ministry of Labor. The Company also offers benefits to pregnant and nursing women as required by the labor regulations including labor break time and reassignments, if necessary. The Company created a Policy for the prevention of discrimination, sexual harassment, and gender violence reaching collaborators, as well as contractors and visitors. The internal Grievance Mechanism has been developed to foster a good organizational climate and to carry out the necessary improvements and corrections, including discrimination, sexual harassment, and gender violence issues. The policy and the procedure were also disseminated in relation to collaborators. This was done with the support of the personnel from the Ministry of Public Health to socialize the prevention in terms of discrimination, harassment, and violence in the workplace.

As part of the participation and consultation procedure, female participation has been taken into account, although stakeholders dictate their representatives and interlocutors according to their own parameters. No female associations have been identified within the area of direct or indirect influence. The sanitary facilities in the company's premises are separated by gender and the transportation service is offered by the company to its employees offering appropriate conditions both for men and women.

The Company signed the endorsement to the Women Empowerment Principles and filled out the WEP tool used to measure gender equality identifying some improvement opportunities they are implementing based on a corporate plan.

Due to the relationship with IDB Invest, Agripac will receive advisory services and incentives based on performance, which shall be financed by IDB Invest as administrator of the Women Entrepreneurship Finance Initiative (We-Fi) to motivate Agripac to enlarge its SME customer base run or owned by women ("Women SME").

4.1.3.2 Climate change exposure

In the areas where the plants are located, there is exposure to an increase in the sea level (moderate-high in a limited area) and to changes in rainfall towards the end of the century because of climate change. Moreover, the plants currently have moderate exposure to river flooding, which increase to a high level as climate change progresses. Lastly, although nowadays there is little exposure to heat waves, in a scenario with significant emissions and the resulting climate change (RCP 8.5), there might be high exposure to heat waves as the century goes by.

Agripac has been measuring the carbon footprint within its production processes, in order to mitigate the greenhouse gases (GHG) and, consequently, to reduce the risks produced by the climate change, increasing the ecosystem resistance to tolerate and take advantage of the future conditions.

Additionally, in their capacity of agricultural products managers, Agripac relies on technical professionals to offer technical assistance to their customers. They constantly offer on-site discussions with demonstration plots on a certain product, in which they show its proper use in order to improve the

quality of the soil, the water, and the crops, thus ensuring environmental care and, as a consequence, supporting climate change mitigation.

4.1.4 Management Programs

Management programs include measures to manage environmental and social (E&S) risks and impacts, there are measurable goals and objectives at the company level and review and periodic update processes; Agripac also has in place ESMS management procedures that ensure the participation of the community, including an external grievance mechanism; additionally, there are management procedures for E&S, occupational health, and safety (OHS) and labor aspects in the supply chain.

4.1.5 Organizational Competencies and Capabilities

In 2021 they created the Corporate Social Responsibility Division in charge of giving the necessary follow-up to the development of plans and improvements in connection with the prevention of environmental and social impacts at corporate level.

Agripac has organizational competencies and capabilities, staff to manage E&S aspects with defined roles in all their plants and at corporate level. Also, they have staff in charge of the ESMS implementation and management.

Agripac relies on their employees to manage E&S aspects in the acquisition of agricultural products in the supply chain as per what is stated in the ESMS Origination Policy.

4.1.6 Emergency Preparedness and Response

All facilities owned by Agripac have developed and implemented emergency preparedness and response plans, in accordance with local OHS legal standards and ISO 45001:2018 requirements. Emergency preparedness and response planning are done in coordination with the local competent authorities, among which we can highlight the participation of the Fire Department, and the Mutual Help Committees *ResponsibleCare* reaching to industries both in the areas of direct and indirect influence. Agripac's ESMS includes formats in which both the external and internal responses are explained in detail and assessed regarding time and efficiency parameters. Emergency preparedness and response plan have been developed for natural disasters considering the effects of climate change and disasters originated by natural threats, such as earthquakes, tsunamis, volcanic activity, floods, and landslides that the project might face in the upcoming years.

4.1.7 Monitoring and Evaluation

Agripac monitors and reports the E&S performance of the operations to the top management using key performance indicators (KPI).

4.1.8 Stakeholder Engagement

Agripac has mapped several stakeholders and has defined communication channels, frequency, and topics to be addressed with each one. The Company actively participates in mutual help committees with the interested parties from the area of direct influence, disclosing environmental, health, and safety in compliance with the codes and commitments with the *ResponsibleCare* program.

The Company assists several foundations, especially the Juconi Foundation which works with children living under vulnerable conditions of risk and violence, so that they may have a better future within their own families.

The Corporate Social Responsibility Division shall follow up the development of all plans, improvements, and commitments set upon with all the interested parties as regards the prevention of environmental and social impacts at the corporate level.

4.1.9 External Communications and Grievance Mechanisms

Agripac has in place an external communication mechanism as part of its Communication, Participation and Consultation Procedure, using the best communication channels available and a grievance mechanism. The management system procedure implemented includes the dissemination of the grievance mechanism, the way in which people can submit their claims publicly or anonymously to Agripac, and how the responses will be issued. They have involved key stakeholders from the community to receive and manage claims and communicated the mechanism to suppliers and contractors. Aeroagripac included customer involvement management in its air pesticide spraying procedure, protecting the communities living in the areas that will be sprinkled and ensuring they are timely informed.

4.1.9.1 Ongoing Reporting to Affected Communities

Every two years, Agripac prepares an environmental and social sustainability report based on the standards of the Global Reporting Initiative (GRI).

4.2 Labor and Working Conditions

4.2.1 Working Conditions and Management of Worker Relationships

At present, Agripac has 1464 collaborators around the national territory of which 664 are administrative staff (230 women and 434 men), 39 executives (9 women and 30 men), and 761 operation workers (8 women and 753 men).

4.2.2 Human Resources Policies and Procedures

As to human resources management, Agripac has in place a compensation policy according to the Sector Codes established by the Social Service Institute of Ecuador (IESS, for its acronym in Spanish), Internal Regulations of the Company, Recruiting, Selection and Performance Assessment Procedure, Training and Competency Procedure, Absenteeism Procedure and Policy, and an Induction and Initial Training Procedure on jobs and work areas.

4.2.3 Working Conditions and Terms of Employment

Agripac complies with Ecuadorian labor regulations and offers its workers additional benefits (health and food grants, entertainment activities, conferences, feast celebrations, saving and credit plans, vaccination campaigns, and medical dispensaries in the plants).

4.2.4 Worker Organizations

In Agripac there are no employee or worker union associations, and its employees have not subscribed to collective bargaining agreements. The Ministry of Labor, through the Worker Organizations Division,

promotes, assesses, and controls the processes for the registration and operation of labor organizations, whether associations, worker unions, or company committees. Workers and employers alike have the right to establish and form the associations or worker unions they might deem appropriate, or company committees, to affiliate with them or to withdraw from them, observing the law and the regulations set up in the corresponding associations.

4.2.5 Non-discrimination and Equal Opportunity

Respect and equal treatment are part of Agripac's working philosophy, and they show it by holding fair labor conditions and growth options, independently of gender and physical conditions. Their workforce is made up of collaborators aged 19-73, which make it possible to have a diversity of knowledge and criteria. Some of Agripac's collaborators have been for more than 10 years with the company.

All contractor companies go over a bidding process which aims at selecting the best contractor based on factors such as quality, experience, and security. In these processes, they also assess the availability of Risk Prevention Certifications for dangerous jobs, including work at heights, hot work, work in confined spaces or with energized equipment. The work contractor shall comply with all the obligations deriving from the nature of the contract, and with all the effective legal or regulatory standards and provisions.

4.2.6 Grievance Mechanism

Agripac has in place an Internal Grievance Mechanism for Agripac's workers stipulating the steps to be followed at each division. It contemplates strict confidentiality and a direct communication channel with Human Resources (HR), who have the final word in dispute resolution; all these claims and grievances are recorded by each HR coordinator in each site so that they can give them an adequate follow-up. Additionally, there are grievance boxes. Any worker can also visit HR to settle these situations in person. This procedure has been published on the Intranet which can be accessed by all coordinators on each site.

4.2.7 Protecting the Workforce

The Company's workers are affiliated with the Social Service Institute of Ecuador. All facilities in Agripac have a Firefighting and Prevention System validated by each local fire department, and ongoing drills and training for brigade members are carried out.

To enlarge Balanfarina, technical personnel certified in NFPA standards were hired for the design of the Firefighting and Prevention System and for ensuring compliance with the Fire Prevention Act of Ecuador. The system includes automatic detection and fire alarms, CO₂ extinguishers, dry chemical powder, as appropriate, and a water supply system. All these implementations have been approved by the Fire Department of the Duran Municipality, the ultimate authority for firefighting and prevention.

4.2.8 Child Labor and Forced Labor

Agripac's corporate policy does not allow hiring minors and rejects forced labor.

4.2.9 Occupational Health and Safety

Agripac has in place Internal Health and Security Rules approved by the Labor Relations Ministry, comprising several rules and training for the personnel in order to prevent occupational risks. It also includes emergency drills, the setup of brigades for emergency services, internal signaling, and strict compliance with workers, visitors, and suppliers' movement standards. Workers are provided with personal protection equipment (PPE) which use is compulsory, including contractors. Agripac assesses the health of every worker joining the company and carries out annual occupational assessments including

general and specific exams depending on the worker's exposure and the matrix for identifying hazards and evaluating risks; annual occupational monitoring is done by companies certified by the Accreditation Service from Ecuador (SAE, for its acronym in Spanish).

In 2021, Agripac devoted 6 831.50 hours of training to security, health, and environmental issues. In 2022 they have already devoted 1 848.50 hours to training.

Labor noise levels in Balanfarina in some monitored points exceed the allowed limits established in the Labor Health and Safety Rules and Environment Improvement of 85dB. Nonetheless, in all points the Company is providing PPE based on the results of monitoring, training on ear protection (correct use and benefits), health surveillance through audiometric tests and annual occupational exams, and preventive equipment and machine maintenance. To reduce or mitigate the noise level in the sectors of the plant where the number of decibels is higher than the allowed limit according to the Ecuadorian regulation, Balanfarina has assessed the noise exposure level of workers during their labor activities (dosimetry). As a result, Agripac contacted companies specialized in acoustic engineering, to start a solution design and implementation study focused on guaranteeing ear healthy and comfortable spaces.

At Laquinsa the labor noise level is not more than the allowed limits.

Environmental noise level measurements done in Balanfarina, Laquinsa and Celtec comply with the maximum allowed limit of 70dB for industries set forth by 2015 Ecuadorian Environmental Noise Level Standard for Fixed and Mobile Sources which is the same as that required by the WBG General Standards. The monitoring is carried out according to the Environmental Management Plan of the environmental licenses from each site by a company endorsed by the Ecuadorian Accreditation Service (SAE, for its acronym in Spanish) and following internationally recognized methodologies.

At Celtec, to ensure the correct operation of powder extraction systems, the airflow is periodically monitored in installed equipment, and collection frequencies are established and incorporated in the Maintenance Plan carried out every three months in low season and every month in peak season (during 3 months), the effectiveness of these changes has been validated through environmental and occupational health monitoring (PM10 / PM2.5) done on operators and in the area of direct influence which results are found within the parameters established in the WBG General Guidelines. Laquinsa finds itself within the established parameters.

Agripac S.A. has a Health Surveillance Plan in each of its production units and in the head office, including details on all the procedures to be applied according to the risks exposed to in each of them. Medical reports are annually reported to IDB Invest.

At Agripac there have been no fatal accidents and low accident rates show the implementation of good OHS practices.

4.2.10 Provisions for People with Disabilities

Workers with special abilities work permanently at the company, being involved in activities that are appropriate to their knowledge, physical condition, and individual skills, looking to sustain the equality and diversity principles. Currently, 39 workers at Agripac have special abilities, for whom infrastructure adjustments have been executed at the head office, Balanfarina, Celtec and Laquinsa. Agripac shall consider the incorporation of universal design principles¹, in the design, construction and operation (including emergency and evacuation plans) whether it is a new construction or the restructuring,

¹Defined as the design of products, environments, programs and services so that they can be used by all people, as far as possible, without the need of an adjustment or a special design.

expansion or modernization of existing plants, to maximize its use by all potential users, including people with disabilities, in all their premises.

Also, in the Emergency Plan there is a section in which they set recommendations for evacuating people with disabilities, including evacuating people with disabilities, movement techniques, visual disability, and hearing problems.

4.2.11 Workers Engaged by Third Parties

Agripac S.A. has in place Instructions on the Selection and Assessment of Service Suppliers to ensure suppliers providing services to Agripac comply with all the requirements set up by the Company and their performance is tracked.

Agripac does not hire informal staff and it makes sure all the working teams have at least the following: the personnel are affiliated to the Social Service Institute of Ecuador, COVID vaccination certificate or last COVID test, and they have approved Occupational, Health and Safety Rules. Also, within the health and safety management system, before work starts an introduction to the ESMS is given, together with the contractor the labor safety analysis is elaborated in which activities to be done are explained in detail step by step to identify the hazards causing risks of accidents related to each of the work stages and the development of controls or solutions that eliminate or reduce risks. For tasks involving dangerous work, to guarantee they are safely executed, the corresponding permits for dangerous works are obtained, such as work at heights, hot work, work in confined spaces, disconnection of energized equipment and equipment with dangerous chemical substances.

At present the company has 12 people subcontracted by the food supplier and 115 collaborators in physical security, who are reached by the scope of the grievance mechanisms.

4.2.12 Supply Chain

Agripac's logistic chain is made up of several local and international suppliers who provide raw material and packaging material, 452 suppliers from which 35% are national and 65% are international suppliers. In 2020 Agripac implemented its Corn Plan Origination Policy in which the Supplier's Code of Conduct is detailed, which does not tolerate child or forced labor and states that every supplier must provide PPE to its collaborators, no indigenous lands shall be used, and environmental regulations shall be complied with so that no natural or critical habitats are affected. The Supplier's Code of Conduct is signed by each Corn Plan's supplier, and it also requires geographical coordinates for land location, which are entered into the Global Forest Watch PRO (GFW PRO) georeferentiation system to set the localization of crops and to discard those in environmentally or culturally important areas.

4.3 Resource Efficiency and Pollution Prevention

4.3.1 Resource Efficiency

4.3.1.1 Greenhouse Gases

The electric power source for all the plants is through the public power grid. During 2021, power consumption for all the plants was: Laquinsa 246.75 MWh, Celtec 170.99 MWh, Balanfarina 19 188.69 MWh, Emsemillas 2 167.48 MWh and Agrigrain 103.91 MWh. The greenhouse gases (GHG) measurement is under development through the "Agri footprint" project consisting of measuring the carbon footprint in all the production units; this project is planned to be completed by October 2022, and it includes fixed and mobile sources; the project is carried out according to the parameters established by the GHG

PROTOCOL and ISO 14064:2018 Standard in terms of emissions corresponding to Scope 1 (Direct sources), Scope 2 (Indirect sources), and Scope 3 (Indirect emissions: Category of waste generated in our operations, chosen for availability and data certainty), and it considers the creation of an easy-to-use tool for measuring the footprint which shall also be used by internal SHEQ staff in each of the plants.

4.3.1.2 Water and Power Consumption

Laquinsa uses water from the public grid for domestic use and collects rainwater used as a solvent in their processes. For water intake, Celtec uses the public grid for domestic use. At Balanfarina, water used for generating steam and domestic use arrives at the plant in tankers. At Emsemillas, water used arrives in tankers for domestic use. Agrigrain is the only plant using underground water for domestic use and has a well which water exploitation has been authorized by the Guayas River Delimitation Under-Department. Annual consumption of water for the same year was: Laquinsa 6 254.66 m³, Celtec 2 388 m³, Balanfarina 30 807 m³, Emsemillas 2 355.98 m³, and Agrigrain 264 m³.

Evidently, between 2020 and 2021, water and power consumption at Agrigrain have been reducing due to moving operations from this plant to Emsemillas. There is evidence of a reduction in water consumption at Laquinsa and Celtec resulting from a decrease in raw material water consumption, as well as the exploitation of washing waters from cleaning processes at dedicated tanks. At Balanfarina, there is an increase in water and power consumption due to expansion activities of new production lines, the creation of new areas, and the increase in plant personnel. In all production units an increase in power consumption can be seen which is deemed to be low taking into account the increase in the production volume; this results from the implementation of LED lighting in all areas, solar lights in parking areas and outdoor common corridors, and engine replacement for others that comply with power efficiency parameters.

4.3.2 Pollution Prevention

Industrial effluents generated at the plants mainly result from cleaning containers, floors, and equipment. These effluents are collected by a firm accredited and certified by the Environment, Water and Ecologic Transition Ministry (MAATEE, for its acronym in Spanish) which is also in charge of its final disposal. The sanitary effluents from all the plants are sent to septic tanks which are periodically maintained; according to the volume these effluents are collected by authorized managers in case there is no municipal sewage system in the area corresponding to each production unit.

Agripac periodically monitors air emissions, the quality of the air, noise and lighting in the several plants. Particulate material measured at Balanfarina, Laquinsa, and Agrigrain comply with the levels required by the WBG General Guidelines. Due to pesticides' formulation, the volatile organic compounds (VOC) must be measured at Laquinsa and Celtec, and results show that to date companies comply with national regulations and international standards from the Occupational Safety and Health Administration (OSHA) and the American Conference of Governmental Industrial Hygienists (ACGIH). The new balanced food extrusion lines for pets and aquaculture have different systems to control emissions to the air and particulate material, among which there are sleeve traps in raw material reception bins, prior to distribution or bin filling, and in every conveyor or elevator. Next to each elevator there is always a powder collection system, also before expelling the air into the environment, dryers have an air filter system which connects to cyclones allowing to collect all the particulate material that might come from that source.

4.3.2.1 Waste

Nonhazardous, non-recyclable and recyclable solid waste management is done in all production units where there are containers available in the different areas with color codes in accordance with effective local regulations, as well as temporary stockpiling centers where later they will be collected by managers

authorized by the Environment, Water and Ecologic Transition Ministry. These recyclable material managers are assessed in regard to internal procedures of the integrated management system which define its environmental and safety legal compliance evaluation; within the assessed information in the selection processes, we can find: effective environmental permit, the Fire Department and personnel affiliation to the social security. Second-party audits are executed in order to show their legal compliance. Some of the training programs and environmental management plans are regular discussions with all collaborators as regards correct waste management.

Solid non-recyclable wastes are withdrawn from the premises by the municipal collection service available in each area which are later disposed of in the local sanitary landfills which are ruled by the competent national authorities.

4.3.2.2 Hazardous Materials Management

Wastes classified as hazardous (such as containers with agrochemical products waste) are packaged, weighed, labeled, and temporarily stored at the solid or liquid hazardous waste warehouses based on internal procedures which, in turn, are aligned with effective legal standards. All hazardous wastes, whether liquid or solid, are delivered to authorized managers for their correct final disposal; these managers carry out selection processes in which the corresponding environmental and safety legal compliance is assessed.

At Celtec and Laquinsa, solvent formulae are used, most of them biodegradable although some are toxic organic products such as toluene. Thus, Agripac has in place a procedure for the environmental and biological control of exposure to solvents implemented at the plants where this kind of product is managed.

As to controlling the use of R-22 refrigerating gases or chlorofluoromethane, Agripac is presently swapping the refrigeration systems still in use according to an exchange schedule set for all production units, distribution centers, and warehouses at the national level, and also practices are performed on the correct maintenance thereof, ensuring there are no leaks of this refrigerating gas into the atmosphere, and that they are appropriately managed by the maintenance service contractor. Agripac will keep on gradually eliminating the use of ozone-depleting refrigerants subject to international gradual elimination according to the Montreal Protocol list.

4.3.2.3 Management and Use of Pesticides

Agripac's practices follow pesticide guides issued by the World Health Organization (WHO) and they comply with the Andean Standard and the Andean Manual for the Registration and Control of Pesticides for Agricultural Use, as well as with the International Code of Conduct for the Distribution and Use of Pesticides by the Agriculture and Food Organization (CICOU/FAO).

Convinced as it is of its influence on the market and the positive impact it can cause on the environment and people, on February 28, 2019, Agripac S.A. created the Commercial and Technical Policy aimed at eliminating the use, distribution and sale of pesticides listed as extremely hazardous (1A) and highly hazardous (1B) in a period of no more than 3 years; Agripac also committed not to add new products to the current sales portfolio, apart from the ones already sold by them, corresponding to Classes Ia and Ib. Some products have already been discontinued, several meetings with technical and commercial experts have been held to define substitutes which are currently in a trial period to ensure they comply with the required parameters; complete elimination is estimated for 2022.

Agripac also continues promoting among its customers the use of Integrated Pest/Disease Management Programs (IPDM) by means of its field days and technical discussions held by the commercial sector.

4.4 Community Health and Safety

4.4.1 Infrastructure and Equipment Design and Safety

Taking into account the risk of possible accidents during the design, construction and operation of structural components, Agripac has in place regularizations and permits applicable in each place, which must be requested to the competent authorities before the onset of construction activities.

All the plants including the head office, distribution centers and points of sale in Agripac have operation permits from the local Fire Department, applicable permits for land use, waste loading and unloading, use of public roads, use of signs and construction, depending on the location, ensuring good practices for workers, customers, and neighboring communities.

All structural elements are designed and built by technical professionals. For the implementation of the Firefighting and Prevention System, work is done at corporate level with technicians certified on NFPA standards applicable to each relevant risk scenario; in this way compliance with provisions stated in the Fire Prevention Act from Ecuador is ensured. Each of these implemented systems, whether detection, alarm, hydraulic system and all firefighting equipment, respond to a preventive maintenance plan which is carried out based on frequencies stated at each production unit and at the head office.

At Agripac, there is a Project and Engineering Management made up of 9 technicians and which working team is in charge of deciding the strategy and execution of Projects in the Company's production plants through the application of standards guaranteeing business continuation and growth. There is also a Project Manager in charge of planning, executing, and monitoring the construction of warehouses and storage areas within the growth plan of the Company including logistics matters, as well as of all refurbishing, expansions, infrastructure corrective maintenance, new sale point installations at national level, executing their tasks with a high level of performance and efficiency.

4.4.2 Hazardous Materials Management and Safety

Agripac has in place procedures for hazardous substance transport management and the effective environmental license, and it has developed activities as part of its ESMS linked to safety for drivers and traffic in agreement with the principles described in the General Environmental, Health, and Safety (EHS) Guidelines. Some of them are vehicle delivery and reception records, signing a vehicle use and maintenance contract in which the employee's obligations with the vehicle are detailed as well as all the applicable safety conditions (attending conferences and trainings, taking an effective license, among others), preventive and corrective maintenance programs, satellite monitoring system in case of loss or theft, an also the speed control, annual conferences on defensive driving, and ongoing reminders through electronic mail to drivers who are getting excess speed indicators.

4.4.3 Community Exposure to Disease

To manage the pandemic correctly, Agripac S.A. developed the Corporate Biosecurity Protocol which aims at establishing biosecurity measures for workers, visitors, suppliers, contractors, and customers on the premises, and also the measures that shall be implemented away from the work sites for the protection of workers and their close family, in order to reduce the risk of getting or being exposed to COVID-19 during the sanitary emergency.

4.4.4 Emergency Preparedness and Response

The Firefighting and Prevention System, and also the emergency plans from Agripac's production units have mapped and identified plant risks to the community and from the community to the plants; they include details on safe distances between the industrial plants and the areas of influence and the associated risks; on the same line, Celtec and Laquinsa comply with the codes of conduct of *ResponsibleCare* thus participating in Mutual Help Committees together with neighboring industries to respond in case of emergencies.

4.4.5 Security Personnel

Agripac hires a security service company accredited and qualified by the national competent authority in each of its production and service units, which has been assessed based on the Personnel Selection and Hiring Procedure. This security company has Functional Guides applicable to each work site, stating the standards of behavior for security agents while in their guard shifts. Also within the activities carried out to select security agents, this company executes a detailed review of CVs, going over criminal records and police records, occupational exams among which there are psychological tests, the home address and the living environment of these people, all this supported by introduction and training programs on the correct use of force, and on the proper use of firearms, proper equipment, such as protective equipment, weapons, information management software and digital communication mechanisms.

4.5 Land Acquisition and Involuntary Resettlement

Agripac owns the plots of land where its premises are, and they are located in industrial sectors. In 2019, Agripac acquired an industrial plant for processing certified seeds (currently, Emsemillas), which already had an administrative environmental permit in force. To acquire this new plant, Agripac, with the help of technicians specialized in the environment, could verify there were no environmental liabilities, consequently, once the relevant environmental permits were obtained in the name of Agripac S.A., the works began. This acquisition did not imply resettlements or economic displacements.

4.6 Biodiversity Conservation and Natural Habitats

All Agripac's plants have effective environmental licenses and certificates showing that they do not occupy the National Protected Areas System, protected forests, or forest heritage of the State. None of them discharges onto superficial waters.

For this purpose, Agripac is analyzing E&S aspects in its supply chain as stated in section 4.2.12. Supply Chain

5. Local Access of Project Documentation

<https://agripac.com.ec/home/>