

Environmental and Social Review Summary (ESRS) Unibán - Colombia

Original language of the document: Spanish
Review date: November 22, 2021

1. Scope of the Environmental and Social Review

C.I Unión de Bananeros de Urabá ("Unibán" or the "Company") was founded in 1966 as a business association formed by banana farmers; over time, the Company developed a diversification strategy adding to its business model a series of activities around the production and sale of bananas. Among its activities, we find the provision of products and services to its banana suppliers and to third parties, from inputs for agricultural production to logistical services. Today, Unibán is an operational holding and guarantor of the transaction that consolidates different companies out of which the most relevant for this transaction are: (i) Tropical Marketing Associated ("TMA"), importer and market developing company, which will be the borrower, and (ii) Agrícola Sara Palma ("ASP"), banana farmer, which will be the guarantor. The peculiarity of these and other Unibán companies is that they operate as a single operating unit and that is the approach used for this review.

The objective of this transaction is to strengthen the working capital terms in order to develop markets in Europe. Support would thus support the growth of exports of banana and other fruits to Europe from Colombian small- and medium-sized enterprises (SME). The scope of the IDB Invest's Environmental and Social Review included: i) analyzing the Company's information and documents; ii) joint documentation review sessions; and iii) interviews with those in charge of environmental, social, health and security management, as well as production, logistics, human resources, physical security of the main business units and of Fundación Unibán. Due to the traveling limitations caused by the COVID-19 pandemic, this review was performed at the office, through virtual meetings, and as pandemic travel conditions improve, BID Invest will carry out the related field visit as part of the transaction's monitoring.

2. Environmental and Social Categorization, and Rationale

As per IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified as a Category B project since: i) most of the impacts are localized and restricted to the Project site; ii) agricultural and logistics operations did not generate any physical or economic displacement or intersect protected natural areas; iii) waste dumping and generation are managed through specialized companies which have the respective permits to carry out this activity; iv) occupational health and safety (OHS) risks are controlled by management plans; and v) the Company has strengthened the implementation of management measures to respond to any climate or biological

variables that might affect their production. The main environmental and social issues associated with the transaction are: i) functionality of the E&S management and monitoring systems, ii) use of agrochemicals, iii) increase in greenhouse gas emissions at Unibán and its supply chain, iv) management of the TR4 Foc pathogen and the potential impact it might have on banana farming; v) conservation of biodiversity, and vi) management of adequate working conditions. In response to the above, the Performance Standards (“PS”) triggered by the transaction are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety, and Security; and v) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

3. Environmental and Social Context

3.1 Project Area Overview

Unibán's operations take place in Urabá, Santa Marta and Cartagena, and they are vertically integrated, from agricultural production, including agricultural and packaging practices, to product delivery and sale of products to the final customer. Unibán also offers services to its banana suppliers and to third parties through agricultural input stores, plant health services, cardboard box sale, piling and plastic products, both for the fields and for banana sale. Another business unit at Unibán is sale and logistics, engage in the export and local sale of banana and other fruits, including: port activities, shipyards, pallet sterilization, and banana and plantain-based snacks production and sale. Banana production is mainly concentrated in the area of Urabá Antioqueño, and to a lesser extent in Santa Marta, with more than 20,176 ha devoted to banana production, out of which 15,334 has are directly controlled by Unibán (17%) or its shareholders (59%), while the rest -4,842 has- is controlled indirectly through third parties (24%).

The social branch of the Company's sustainability strategy is led by Unibán Foundation (“UF”), established 34 years ago. UF implements programs aimed at contributing to the sustainable development and to the improvement of the quality of life of the communities living in the areas of influence in which the Company is present. UF operates in several regions in Colombia: Urabá antioqueño (Mutatá, Chigorodó, Carepa, Apartado, Turbo), Chocó (Río sucio and Carmen del Darién, Bajirá), and Magdalena (banana farmina area, Aracataca, Ciénaga and Santa Marta). The beneficiaries of the programs implemented by UF are: banana plantation workers, small banana and plantain farmers, and the community.

The region of Urabá Antioqueño is characterized as a humid tropical forest; it is important due to its biogeographic position and its ecosystem diversity, with environmental water regulation, food safety, and carbon dioxide fixation services. A major portion of the Magdalena river region is devoted to agriculture, where there are also dry tropical forest areas and semi-humid forest areas.

3.2 Contextual Risks

The region of Urabá (Antioquia and Chocó) is a border area with Panama and with the Departments

of Córdoba and Chocó with a way into the Atlantic Ocean and the Gulf of Urabá. These location characteristics make it a major traffic zone as well as an area of interest to control armed groups¹. Thus, it is also a strategic military territory because it serves as a refuge zone and as a corridor for arms, chemical supplies, illicit drugs and people trafficking to Central America and Panama.

Infringements and conducts impinging on human rights have been reported in this area by the Office of the Ombudsman. For example, for the processes associated to the restitution of lands in this region there have been: (i) forced displacement, (ii) homicides, (iii) impingement on the rights of boys, girls, young people, and adolescents, (iv) threats, (vi) forced disappearance, (vii) mobility restrictions, among others. These serious impingements on human rights also encompass the context of restitution of ethnic-territorial rights in the sub-region of Urabá Antioqueño, both in rural and urban areas. Those at a special level of risk are leaders, ethnic authorities, human right advocates dealing with restitution processes of ethnic and territorial rights².

At present, although the intensity of the conflict has diminished, there are still confrontations among illegal armed groups, which practice a number of actions threatening the civil population. In October 2021, the Office of the Ombudsman strengthened the monitoring carried out by means of its Early Alert System ("SAT" for its acronym in Spanish) for the region of Urabá-Darién after the law enforcement forces caught the top leader of the armed group called "Gulf Clan" that month. During the current year, the Office of the Ombudsman has issued 12 early alerts in which the Gulf Clan has been identified as an illegal armed group and source of risk for several communities³.

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

4.1 Assessment and Management of E&S Risks and Impacts

4.1.a Environmental and Social Management System

Unibán's operations have several certifications⁴ and permits⁵ requiring a systematized management of programs and plans in order to guarantee the continuity thereof and which are critical for the market in which the Company operates. Thus, the consolidated Management System focuses on managing all the requirements of the different certifications and environmental management plans, and it is also on track for incorporating social and sustainability programs (managed by UF). For issues on Occupational Health and Safety ("OHS"), there is also in place a management system, in line with OSHA 18000, including audits, annual trainings, management plans, which operates through work procedures and includes a reporting system.

¹ "Indicators of the human rights situation in the Region of Urabá Antioqueño." Available in the following [link](#).

² Office of the Ombudsman, Colombia, available in the following [link](#).

³ Office of the Ombudsman, Colombia, available in the following [link](#).

⁴ Certifications: BASC, BPM-HACCP-SGS, DIMAR/Harbor Master, Fair Trade, Global Gap, GRAST – Orgánica, ICONTEC – IMIS, IFS Food Standard, INVIMA (National Institute for the Vigilance of Drugs and Foods), NON GMO Project, PBIP, R.S.P.O Certification – Roundtable on Sustainable Palm Oil, Rainforest, Security in the supply chain (according to Walmart's standards), SMETA, USDA Organic.

⁵ Permits: ANI (port homologation), CORPOURABA (felling and environmental management), DIAN (Customs deposit, pier authorization, customs deposits, and foreign commerce ports), DIMAR/ Turbo Port Master (shipyard legal dispositions, naval exploitation license), ICA (registry as a fruit exporting company), Ministry of Justice (civil responsibility policy), Ministry of Energy and Mines (Operation Permit in SICOM), Ministry of Transport (Shipyard compliance with legal regulations, river operation permit), SAMA (felling permits).

4.1.b Policy

Unibán has an Environmental Management Policy in place, approved in July 2020, which is comprehensively applied to all Company operations and companies. The Policy affects Unibán's action based on three pillars: (I) rational use of natural resources in the value chain, (ii) pollution prevention, and (iii) adaptation to and mitigation of climate change. After the approval of the Policy, a strategic communication plan was designed to disseminate it. This strategy included e-mails, meetings with leaders, corporate and contractor inductions, physical and digital notice boards during 2020. In 2021, Unibán carried out a survey to assess the workers' knowledge of the Policy and to evaluate if a refresher course was required.

4.1.c Identification of Risks and Impacts

Unibán has developed an Identification Procedure for the identification of environmental aspects and impacts , which includes under its scope the application of preventive and/or corrective measures applicable to all the processes and areas under Unibán's control. In relation to the procedure, Unibán developed an "Environmental Aspects and Impact Identification Matrix," which was last reviewed in September 2020. At present, Unibán is under a process of methodological adjustment for the identification of environmental aspects and impacts, with the aim of updating the matrix based on the good practices in this sector.

Unibán implemented an automated system which centralizes reporting commitments required by the authorities based on the permits, licenses, and certifications the Company has. This system notifies Unibán users about the compliance by external agents, and it is called System of Legal Compliance ("SCL" for its acronym in Spanish). For its drafting, each process leader in Unibán was in charge of identifying the commitments originated by the permits, licenses or certifications related to their activities. The SCL includes a group of reports (246 in total) with defined periodicities; each report referred to in SCL includes a summary on how to prepare a document for the authority and the source of information to be used.

4.1.c.i Gender Risks

The Company, through UF, has set the goal to obtain the *Equipares* labor equity certification⁶ in May 2022. This certification is issued by the Ministry of Labor and the Presidential Advisory Group for the Equity of Women in Colombia, with the technical support of the United Nations Development Programme ("UNDP"). Unibán has planned to expand the scope of this initiative once UF obtains this certification. Unibán will sign its endorsement to the Women Empowerment Principles ("WEP") and fill out the WEP tool⁷ used to measure gender equality and then send the results to IDB Invest.

Gender approach and male issues with communities are long-range and cultural transformation programs for UF. As a consequence, the work with the communities and small plantain farmers

⁶ <https://www.co.undp.org/content/colombia/es/home/projects/sello-de-equidad-laboral-equipares.html>

⁷ <https://weps-gapanalysis.org/>

carried out by UF promotes women empowerment programs and prevention of family violence, addressing the pillars of rights and resolution of conflicts. An increase in family violence was identified during the COVID-19 pandemic and the resulting lockdowns; consequently, this program was not closed, but instead adjustments were made to be implemented with workers from the farming establishments aiming at raising awareness.

4.1.c.ii Exposure to Climate Change

The Project area is expected to be affected by climate change and other natural hazards. There is a moderate to high exposure to acute hazards, including earthquakes, landslides and river floods. There is also a moderate exposure to changes in precipitation patterns under four different climate models. Part of the area is also exposed to droughts. In a more optimistic climate scenario (RCP⁸ 4.5), there is moderate exposure to heat waves, while the exposure is high in a business-as-usual climate scenario (RCP 8.5).

To reduce its impingement on climate change, Unibán has the largest meteorological station network in Colombia for a sector (13 stations). They cover 18,000 has, with approximately a station every 1,400 has versus the international standard of one every 4,000 has. Such network provides real-time data which goes directly to a Geographic Information System (“GIS”). Unibán supply chain farmers receive a weekly report with a summary of the information generated by this meteorological network. This information is powerful to plan its operations, such as fertilization, identifying when it is more efficient. This project gained momentum thanks to the arrival of Fusarium Tropical Race 4 (“Fusarium TR4”), enlarging its stations network from 8 to 13, with the objective of better controlling surface water.

Floods are a problem in Urabá, but not in Santa Marta. The measures implemented by Unibán are associated to the cleaning of drainages. Thus, two years ago, Unibán made a considerable investment in dredges that have cleaned all the pipelines and rivers of the production fields, and are now mainly focused on their maintenance. Likewise, Unibán can control the water flow through water pumps strategically located in the farms, which helps minimize the risk of potential floods in the productive areas in times of unusual rain. The main climate problem for Unibán this year has been the hours of daylight and the high cloudiness, which cannot be avoided, but can be remedied by the nutritional management of plants; these measures are developed as part of one of the courses included in the training program addressed to small farmers called “Biostimulation and climate change.”

4.1.d Management Programs

Unibán’s industrial operations do not require an Environmental Impact Assessment (“EIA”) or to obtain environmental licenses, but the preparation and compliance with an Environmental Management Plan (“EMP”) which must be filed with the territorial environmental authority, the Corporation for Sustainable Development of the Urabá (“CORPOURABA”). The following are part of

⁸ The Representative Concentration Pathways are a standard set of modeled possible future scenarios. Positive scenarios consider an early substantial reduction in GHG emissions.

the management programs implemented by Unibán: (I) integrated solid waste management program for the different units, (ii) fauna and flora conservation and protection procedure, (iii) wastewater and sludge management procedure, (iv) General Manual for the operation of water treatment and recirculation plants, (v) environmental aspects and impact identification procedure, (vi) legal requirement identification procedure, (vii) performance indicators, (viii) general procedure for addressing requests, grievances, claims or suggestions (“RGCS”). Supplementarily, the OHSMS includes an environmental monitoring of the risk factors present in the working environment. This monitoring is prepared upon the request of the Labor Risk Administration (“LAR”), and it is applied to health, physical (noise and light) and chemical (particulate matter) risk factors.

In the production fields, ASP operations comply with the guidelines established by CORPOURABA through the “Environmental Guide for the Banana Sector.” The Guide is developed for each establishment addressing how the following should be done: (i) integrated solid waste management measures, (ii) water saving and water efficiency, (iii) decrease in the use of pesticides, (iv) rational use of fertilizers, and (v) flora and fauna conservation.

On the other hand, Unibán is in the process of drafting its sustainability strategy, in which one of the strategic pillars is environmental management, in particular, regarding the following topics: (i) climate change, (ii) water resources, (iii) forests and biodiversity, (iv) clean production, (v) circular economy, (vi) assessment of environmental management suppliers, and (vii) external environmental programs. Likewise, the Integral Management team at Unibán has been running an update of the methodology for identifying environmental impacts and aspects; thus the scope of current programs is expected to change and their range of action is expected to be expanded.

4.1.e Organizational Capacity and Competency

The Integral Management area at Unibán is the reference for managing environmental issues at the Company. The area is composed by a coordinator, three analysts, and an assistant reporting to the Institutional Affairs Office. Although each business unit has a person in charge of environmental and social issues, the Integral Management area consolidates the Company’s guidelines for the standardized environmental intervention in all Company business units and related companies. In addition, OHS issues are managed by the Organizational Development Office and social issues are managed by UF, which director reports directly to Unibán’s top management.

The environmental management also has the support of the compliance area, which team supports the different business areas in compliance processes (certifications, licenses, and permits). Besides, the Company is developing its “Sustainability Strategy”, using external advisory services, where they are reviewing how to establish Sustainability governance at Unibán.

4.1.f Emergency Preparedness and Response

For responding to emergencies, there is an emergency master plan in place specific for each working center, with the conditions, procedures and elements allowing workers and visitors to protect their lives. The Plan takes into account the actions that should be triggered in the event of disasters or collective threats that might put personal integrity and resources at risk. Emergency

brigades have brigade members in the different working centers (69 in total) and they are made up by the following units: (i) firefighting, (ii) rescue and evacuation, (iii) spills management, and (iv) pre-hospitalization care.

4.1.g Monitoring and Review

Unibán has an internal and external audit procedure which applies, from the standpoint of compliance, the scope of the requirements of all certificates owned by the Company. In addition, the integral management area at Unibán drafts reports subscribed by all the members of the EMP from the different offices and which are shared internally within the Company. Based on these reports, the annual report is succinctly consolidated and submitted to the Board of Directors.

The Company also has a “Procedure to identify and update legal requirements,” to ensure the legal environmental and social requirements are identified and updated. Additionally, both the Ministry of Health and the Ministry of Labor carry out random inspections and unannounced visits to the Company’s operations.

For field productive operations, the Colombian Institute of Agriculture (“ICA” for its acronym in Spanish) developed a regulatory framework for Fusarium TR4 which is mandatory subject to the potential closure of the establishment in the event of noncompliance. The entity issues certificates that are valid for 3 months in which they declare areas free of Fusarium TR4. To date no new areas with Fusarium TR4 have been detected in Colombia.

4.1.h Stakeholder Engagement

UF is the operating arm of Unibán which consolidates and executes the Company’s social actions. Its approach is to deliver programs for social transformation of neighboring environments with three lines of action: the environment, education and infrastructure. The Foundation holds high-impact community programs with sustainable social innovation for the lands where they operate: Urabá Antioqueño (Mutatá, Chigorodó, Carepa, Apartado, Turbo), Chocó (Río sucio and Carmen del Darién, Bajirá), and Magdalena (banana farming area, Aracataca, Ciénaga and Santa Marta).

In its education intervention line UF receives the support of the Instituto Técnico Unibán (Training Center on banana and plantain), the Instituto Unibán and the school of community leadership. Through the first one, it offers technical courses of study focused on training in banana, plantain and agricultural tasks; development of soft skills for employers and employees of the sector in the Magdalena area, and training of farmers on crop spraying and quality. On the other hand, Instituto Unibán (located in Urabá) is the best school away from the metropolitan area of Medellín where 36% of its students hold a grant, and they also give subsidies for their workers’ children.

As part of the Fairtrade certification, Unibán has an alliance with the Municipality of Apartadó, whereby the farming establishments holding a Green Seal contribute with resources which are distributed by the Center for child development, assisting 150 children in their early childhood. Likewise, through Unibán agricultural product stores and the UF credit programs, small plantain farmers have access to financing for improving the productivity of agricultural products. This

program is strengthened by special assistance programs, rural schools, training on good environmental practices, life quality improvement, and prevention of domestic violence.

In 2021, UF carried out a rapid participatory mapping and diagnosis of the Community Action Boards with which it works in Urabá with the purpose of focusing the work with them, identifying organizational, training and management needs. Additionally, it gathered information from 2,400 small plantain farmers in Urabá and Choco, to identify their needs and focus future actions.

4.1.i External Communication and Grievance Mechanisms

4.1.i.i External Communication

This year the sustainability report started to be prepared following Global Reporting Initiative (“GRI”) criteria for UF, and Unibán operations are expected to be incorporated in 2022. One of the goals of preparing sustainability reports is to unify the criteria for the follow-up and assessment of the Company’s sustainability management.

Unibán is actively present in different dialogue and coordination spaces on environmental issues, especially those related to water. For example, they belong to the environmental board including a “Dredging Committee” with the Banana Farmers Association of Colombia (known by its Spanish acronym “AUGURA”), the Macura Roundtable on underground water, with the involvement of the private sector, the farming establishments, indigenous communities and traders like themselves, and in the Basin Management Ordering Program (“POMCA” for its acronym in Spanish). Likewise, Unibán participates as an active member in “Nueva Colonia Integral Plan: Equity and Legality” (“PINCEL”⁹ for its acronym in Spanish) through the University Company State Society Committee (“CUEES” for its acronym in Spanish) in which Unibán’s Institutional Affairs Director is the chairperson and the integral management coordinator leads a taskforce. In this space the work is done with the communities from the area of influence.

4.1.i.ii Grievance Mechanism for Affected Communities

Unibán has in place a procedure for addressing requests, grievances, claims or suggestions, strengthened with the Company’s Human Rights Declaration. The procedure addresses requests, grievances, claims or suggestions from customers (farming establishments and third parties), communities and authorities. The existing channels for submitting these requests, grievances, claims or suggestions are the web page (through the “Contact Us” link), in person, and through the transparency line (administered by an external operator reporting to the compliance area). The procedure for addressing requests, grievances, claims or suggestions is being systematized, under the leadership of the Integral Management area, using a digital tool to centralize, standardize and

⁹ PINCEL is an initiative arising from an agreement between Universidad Pontificia Bolivariana, Puerto Antioquia Urabá, and which has been driven by Turbo Ciudad Puerto and the CUEES to contribute knowledge and experience in the coordination and creation of a path showing both public and private entities how to engage to work for the integral development of Nueva Colonia and Riogrande.

automate the management of requests, grievances, claims or suggestions of all the Company. The automation aims at: (i) providing a better service thanks to process automation, (ii) enabling follow-up, (iii) improving the corporate image, (iv) reducing the work time devoted to managing requests, grievances, claims or suggestions, (v) improving customer satisfaction, (vi) enhancing communication channels with the customers, (vii) improving the retention time and life cycle of requests, grievances, claims or suggestions, and (viii) increasing the profitability of the business after analyzing the cases.

In 2021, the Integral Management area conducted a meeting with leaders from the different areas of the Company in order to prepare the scripts to answer any requests, grievances, claims or suggestions from the stakeholders, to update the general procedure and the instructions for submitting requests, grievances, claims or suggestions, to create the general management working profile for requests, grievances, claims or suggestions, and to follow up the system methodology. The following items are being considered for the documentary structure of requests, grievances, claims or suggestions: flow charts, procedures, RGCS format, classification matrix (a tool that allows assessing the risk level of an RGCS based on criteria to classify it, and to define the type of intervention necessary at the organizational level), root cause analysis technique. At present, the instructions for addressing RGCS are in draft version, and they are expected to include a methodology to measure the users' level of satisfaction. The dissemination and socialization process are already planned, being the publication of these resources in Unibán's web page a milestone.

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

Unibán has Internal Work Regulations ("IWR") in place, which include all the labor relationship conditions, employability, working schedules, working conditions, and disciplinary process in effect. The Company's Human Rights Declaration supplements the IWR, emphasizing the prohibition of using child labor and the elimination of all forms of forced labor or work done under coercion. The IWR is exhibited at least in two high-mobility places or those in which workers are present such as offices, social areas, and worker break areas. For recruiting processes, Unibán applies a "Talent attraction procedure" which describes all the steps to be implemented and the associated records.

4.2.a.ii Working Conditions and Terms of Employment

Unibán's headcount is 812 (671 men and 141 women), those from contractor companies amount to 1,773 (242 women) and those hired by third parties are 317 (cleaning 64, security 191, transport 45 and IT 17). Hiring contracts for employees are mainly indefinite contracts. Nevertheless, in order to respond to production peak periods, disability permits and the pandemic, Unibán carries out recruiting processes for a definite term.

The Company offers food and transportation services, it also covers social benefits for its staff, and it entered into Collective Bargaining Agreement with its workers collaborators. The working schedules depend on the area in which the employee works, shifts are organized in the factories, and compensation is paid for overtime worked based on Colombian regulations. For employees working under the sun, such as in port and farming establishment activities, drinking water is guaranteed for them and first-aid kits include saline solutions to be used in the event of dehydration. In addition, Sura LAR provides advisory support and assistance to the Company in matters such as measurements of the working environment, radiation measurements, particulate matter, noise, and lighting.

4.2.a.iii Worker Organizations

Unibán's Human Rights Declaration recognizes that the Company respects the right of association, and it effectively recognizes the right to collective bargaining. Workers are aware of their rights, and they voluntarily use the spaces set for participation. Industrial operation workers are not enrolled in any trade unions, only the farmer workers.

In the 26 banana farms, there are trade unions with which monthly meetings are held and good relationships are maintained. For example, in Finca El Roble (the largest one) there are four trade unions (SINALTRAIFRO, SINATRA, UTOVASCOL, SINTRAINAGRO), and all the workers in the farming establishment are enrolled in a trade union. The negotiation process with the most representative unions is carried out jointly with the help of AUGURA, and it is a Company's practice that the agreements reached will also benefit the smaller unions.

4.2.a.iv Non-discrimination and Equal Opportunity

The intention of UF is to promote the inclusion of women as beneficiaries of credit services, who currently account for 30% of such beneficiaries.

In the area of influence of banana farming, there is a lack of labor, so the Company, in collaboration with other banana companies, will work together on training schemes, and they have invested in the creation of a Training Center in Apartadó. With the support of the Training Center, new employable human capital has been trained in the sector through assistance processes for strengthening competencies, training, and re-training. At the Training Center, the intention has also been for women to have a greater presence, especially in the selecting and sealing tasks. Unibán promotes that, during the first few months of being incorporated into the sector, new staff receives assistance and is paid as trainee.

The Human Resources area implements the "Talent attraction procedure" for recruiting processes, there is a base of gender-neutral searches, and information signs are displayed. All the provisions in current regulations regarding pregnant women are complied with (paid maternity leave, relocation to tasks in which they are less exposed to risks, breastfeeding time).

4.2.a.v Retrenchment

No retrenchment is expected based on Unibán's current operations, both in the industrial zone and the farming establishments; on the contrary, the Company is in an ongoing recruiting and strengthening of training processes in order to encourage the incorporation of young people to the sector's workforce.

4.2.a.vi Grievance mechanism

Unibán's IWR states that claims by workers shall be submitted to the immediate boss and that the workers can be assisted by the labor union to which they belong at the moment of filing the claims. Besides being directly addressed, the RGCS are channeled through the Labor Coexistence Committee ("LCC") and the Ethics Line (conflicts of interest or sexual harassment). Both are announced in the corporate communication channels, as well as on canteen screens.

The LCC, which is democratically elected, holds periodic meetings with workers where they talk about how to submit RGCS, and they get feedback on resolution processes. In addition, Unibán has an Ethical Affairs Committee, appointed by the Company's Director and legal representative, that addresses all issues received through the Ethical Line.

4.2.b Protecting the Workforce

The Human Rights Declaration of Unibán emphasizes the fact that the Company is against child labor and it supports the elimination of all forms of forced labor or work done under coercion.

4.2.c Occupational Health and Safety

The Company has in place an Occupational Health and Safety Management System ("OHSMS") protecting the physical integrity, health, wellbeing and work environment of workers. The OHSMS also includes risk analysis per trade, and it structures its epidemiological surveillance subprograms on auditory conservation; chemical, ergonomic, mechanic, and locative range programs, and occupational accidents.

The main incidence of work-related injuries in workers is related to musculoskeletal diagnoses, traumas, upper respiratory issues, infectious and parasitic diseases; there are no labor diseases. The OHS team offers trainings on occupational health and safety, on the use of Personal Protective Equipment ("PPE") and on the manipulation of agrochemicals. As regards OHS management at the farming establishments, ASP has a centralized Health and Safety Committee and a Coexistence Committee, but each establishment (26 in all) has its own Safety and Health Committee ("COPASST" for its acronym in Spanish) and its own emergency brigade. The OHS personnel is assigned a group of farming establishments and they follow up on the implementation of the OHSMS at each of them.

The Company carries out medical examinations upon hiring, periodically and upon retiring, also including chemical risk issues due to crop spraying jobs. All the workers handling pesticides at

Unibán (fumigators, people who prepare the mixtures, PPE washers) undergo a medical and lab examination (including a cholinesterase blood test). When the doctor detects any alteration, supplementary diagnoses are made, and the person is no longer exposed to the chemical substance in question. When bags containing chlorpyrifos were used (organophosphate insecticide) more frequent medical examinations were done, every 3 months at the beginning, then 6 months, but when its use was interrupted permanently in 2020, these blood examinations were re-programmed to an annual frequency. All accidents are reported to the LAR, which oversees the follow-ups and of paying benefits. Besides the LAR, Unibán receives the support of the SENA through supplementary training programs on competence standards and high-risk jobs.

4.2.d Provisions for Individuals with Disabilities

Unibán has a Program for people with medical disabilities of a musculoskeletal kind through which it offers them reinforced work stability. In this program there are 32 people involved in the manufacturing process of mops, ladders and hammocks, which are produced to be used internally by the Company. This program aims at caring for individuals beyond what is required by the Ministry of Labor.

4.2.e Workers Engaged by Third Parties

There are 34 companies operating at Unibán; there must always be somebody from Unibán in the working centers where they operate to supervise the work. Before starting to work at Unibán, every supplier must have a contract and all the necessary policies and certifications in full force and effect. To such end, the Company has an “Occupational Health and Safety Manual for Suppliers, Personnel under a Service Contract with Third Parties and Visitors” specifying the OHS topics, environmental issues, policies, contracts to be complied with by contractors in order to protect individuals since the moment they enter Unibán’s premises. The Company has promoted dissemination spaces for the contents of the manual among contract leaders in order to ensure they are familiarized with it, and they make sure it is complied with.

4.2.f Supply Chain

Through its procurement procedures, Unibán ensures all Colombian legal regulations on environmental, social and OHS issues are complied with. In addition, it has a “Business partner selection procedure” that aims at analyzing suppliers from the safety and background perspective, before they are registered as suppliers for the Company. In OHS there is a “Strategic partner program” which operates with all the OHS people located at third-party companies. Monthly meetings are held in which their compliance segment is analyzed in preparation of their annual supervisions to their OHSMS. There is also a program to encourage the good performance of contractors, with results at 86% of them.

Once the commercial relationship is established, the Unibán’s Logistics area makes inspection visits to suppliers and when non-compliance is identified, an action plan is agreed upon. These inspection visits are prioritized for medium and small suppliers, as they have less consolidated management systems, and they need greater assistance for their development. Unibán works very closely with all its value chain, offering its members technical assistance services to improve their productivity,

quality control, assistance for certification, technological solutions related to their business traceability and management, as well as the supply of inputs for producing and selling bananas (fertilizers, cardboard boxes, plastic products).

For assisting small Banana Farmers, there are 21 inspectors and 3 agricultural engineers. Unibán supports them in the formalization process at the ICA, the Company trains them on agricultural, quality, safety, harvesting, post-harvesting, and packaging good practices, according to customer specifications and requirements. They are given an annual handling book with information on crop handling and the records on the application of fertilizers, agrochemicals, cut bunches, shortages, etc., and they are also given support and taught how to ship it. The plantain productive area also has a “Certified Integral Quality Program” whereby regular audits of plantain farmers are carried out on several lines of work such as quality, the environment, safety, personnel, and it includes a bonus for the farmers who get the highest qualifications.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

Unibán subscribed the “*Colombia carbono neutral*” program of the Ministry of the Environment. Defining the scope for their carbon footprint and drafting the Carbon Footprint Management Program have been identified as their integral management goals. In this process, efficiency initiatives were identified, being one of them changing the boiler at the box factory, giving rise to 30% fuel savings.

Due to the short term of the loan, the exposure of this operation to the transition risk is deemed low. Nonetheless, probably the transaction contributes to an increase in Unibán’s emissions and its supply chain in relation to a) agricultural production (including the use of fertilizers), b) transport and shipping, and c) ripening, distribution and sale centers. Consequently, the emissions can be mitigated taking measures, including efficiency, related to these issues.

4.3.a.ii Water Consumption

Unibán and ASP form part of the group of companies in Colombia that participated in the Water Footprint Measuring project. This project is included in the Global Water Program promoted by the United Nations and which in Colombia is fostered by the Swiss Embassy (“COSUDE”), the Colombia National Businesspersons Association (“ANDI” for its acronym in Spanish), and in the technical aspect by the National Center for a Cleaner Production and Environmental Technologies (“CNPMLTA” for its acronym in Spanish), among others. During 2020, Unibán participated with UF in four dissemination events at national and international levels. Internally, spaces were generated with key areas to share the data.

Unibán has three underground water wells, one for the industrial zone, one for the snack plant,

and the third one for the headquarters. All of them have effective licenses, they have macrogauges installed, and the volume used is reported to CORPOURABA. The water concession forces them by law to use water efficiently and, thus, they must document the efficient use and the reduction in the use of the resource. To such end, the Company has a water saving procedure. Unibán has implemented improvements in the processes, such as at the box factory, by using a condensing boiler thus reducing water demand returned to the system by 80%.

Unibán prepares annual reports consolidating the results of the physical and chemical tests done to wastewater from the Wastewater Treatment Plants ("PTAR" for its acronym in Spanish), and monthly reports on drinking water from the Drinking Water Treatment Plants ("PTAP" for its acronym in Spanish) to the different areas highlighting the sanitary feasibility of the water. As for raw water, they have studies done by deep wells aimed at obtaining information on the quality of the resource and monthly consumption.

There are no water-related claim reports by the communities; Unibán manages reductions to not impact the neighbors. In addition, when the Company needs new wells, it receives the assistance of CORPOURABA to identify the best point to drill and identify nearby wells not affecting third-party water. CORPOURABA leads the implementation of the Aquifer Management Plan and, based on the hydrogeologic survey run by them, they grant the related permits so there are no conflicts.

The Company participates at the *Macura* Roundtable where different users of the water resource participate, and it forms part of an initiative with AUGURA to develop an application for establishing the water footprint in sustainable banana production. This exercise will allow them to obtain data to understand the measuring process and plan its implementation.

4.3.b Pollution Prevention

Fusarium TR4 fungus was first detected in Colombia in the Guajira region in late 2019. Consequently, a Unified Managing Post was created involving the Government, trade unions, companies, farming establishments, and farmers in order to define control and management measures. Besides, some certifications such as the Global GAP required Colombia to comply with the Fusarium TR4 module, which became mandatory for exports.

Presently, the pest is controlled in Colombian territory, but a product able to fight this disease has not been developed yet, nor a resistant plant material, so preventive measures focus on several working fronts¹⁰. The Center for the Investigation of Banana ("CENIBANANO" for its acronym in Spanish), a member entity of AUGURA, has been working on the development of varieties resistant to Fusarium TR4 that could be commercially accepted.

Unibán made investments and implemented practices to avoid the dissemination of Fusarium TR4, including building 26 controlled access points (disinfection cabins) that enable previous controls and validation of both the employees and visitors entering the farming establishments, changing shoes

¹⁰ <https://www.agronegocios.co/analisis/emerson-aguirre-3057285/que-ha-pasado-en-colombia-con-el-hongo-fusarium-raza-4- 3057215>

and disinfecting them, and also their uniforms. In addition, adjustments have been made to the premises at the plantations such as gates, level crossing, visitor welcoming areas away from the crops, shoe and vehicle cleaning and disinfection areas. Training programs have been carried out with the community, especially the ICA and AUGURA have trained over 46,000 individuals in Urabá on surveillance, symptom recognition, and biosecurity measures to combat Fusarium TR4. Also, biosecurity rings have been installed where agricultural vehicles entering the zone are registered.

4.3.b.i Wastes

Unibán has in place an Integral Solid Waste Management Plan (“PMIRS” for its acronym in Spanish) and instructions for Adequate Waste Management in Stockpiling Centers. The PMRIS is led by the Integral Management area. Waste collection within the Company varies based on the type of waste and it is handled by authorized suppliers. Transportation away from Unibán's premises is governed by Decree 1609 of 2002 for hazardous waste, thus verifying the compliance with the standard's requirements by the contractor.

Since 2019, improvements have been made to the systems and treatments for wastewater and drinking water have been implemented. Treatment plants are directly managed by Unibán's team and as from December 2021 there is a PTAP supplying the industrial zone, a PTAR for the cardboard factory and a PTAR at the shipyard which is now in the starting phase and at 90% of progress. Also, in 2021 a diagnosis of the PTAR system efficiency was initiated at the snack plant as a basis for defining the following improvements in this plant.

The application of the PMIRS at the farming establishments is done by training all the personnel and by setting up cabins for waste handling. Field workers take waste to the stockpiling center, where there are specific places for biweekly classification and collection. In addition, as to bilge water management in own and rented boats (tugboats), crew members take it to the land, and Unibán has oil and gas separators, and the waste is handled as hazardous waste (contemplated by the PMIRS). Lastly, initiatives for reducing or reusing waste at Unibán are related to the processes of innovation in producing cardboard boxes, donating cardboard leftovers to UF to be sold and thus obtain resources, reusing vegetable oil for generating biofuel, implementing post consumption plans for electronic and electric devices, lights, fluorescents, rims, and batteries; there are also recycling programs for harvest and wooden wastes.

4.3.b.ii Hazardous Materials Management

Hazardous waste, such as agrochemical containers or used oil, are disposed by specialized and certified companies. A stockpiling center was implemented to temporary storing hazardous waste and from there, authorized managers collect waste to transport it for its treatment and final disposal. At the farming establishments, agrochemical containers are stocked in a cabin set up for that purpose. Special care is given to this waste before its disposal, a triple wash is done and containers are punched so they cannot be reused, then they are stored locked away together with the insecticide-treated bags, to finally deliver them to Campo Limpio¹¹(containers) or Uragreen

¹¹ <https://campolimpio.org/>

(bags) for their final disposal.

4.3.b.iii Management and Use of Pesticides

Unibán has an epidemiological surveillance program for exposure to and poisoning with chemical products, through which the intention is to avoid poisoning by pesticides in the exposed population and through the environment. These are the main lines of action provided for in the program: (i) identifying the different toxic substances used at the Company, (ii) defining control measures in case of poisoning with pesticides, (iii) setting up criteria for medical and lab examinations at hiring, periodically and at retiring, for workers exposed to pesticides, and (iv) training staff exposed to pesticides.

Small plantain farmers are told not to apply forbidden products. This includes the correct use of bags containing insecticides used to cover the fruit. From 2020 onwards, the use of Chlorpyrifos (Lorsban) used for banana bags was forbidden around the world, so Unibán and its suppliers changed to use Biflex (active ingredient Bifenthrin) bags. Customers carry out analyses to detect residual particles in the fruit and, if unauthorized molecules are found, the farming establishment is not allowed to export its produce until it proves there is no more contamination.

Unibán serves around 65% of the banana region of Urabá with phytosanitary control made from the air, to control pests like sigatoka, for which the Company works with Calima, an aeronautical service provider¹². In aerial sprays, a buffer zone and the re-entrance times (4 hours) are observed. Aerial sprays are adequately controlled, notifying field personnel of spray operations a day in advance to ratify it will be executed and to verify there are no individuals in the farming establishments. If anybody is seen in the field, the operation is stopped.

In addition to chemical products, Unibán validates biological products from different Bacillus strains to citric extracts, tea extracts, cinnamon extracts, etc. to minimize the chemical load without impacting on the control of the fungus causing black sigatoka.

The advantage of the plantain crop is that less pesticides are used than for the banana crop, thus, only 700 has out of 9,000 has of plantain production receive aerial sprays. Plantain farmers are trained, and they receive permanent assistance on how to prepare the mixture, the application and the use of the necessary PPE. In the case of bananas, there is a very compact area and additional protection measures are taken when there are rivers, roads, and communities, setting up protection areas for them and in such a way that the drift does not affect them. One of the measures implemented is to have living barriers to optimize retired areas. These retired areas are treated with land sprays using backpack spray pumps. There are two teams engaged in this task in compliance with the law regarding workers' benefits and health protection.

All agrochemical products for banana farming are registered with and authorized by the ICA. Besides, the lists of the chemical products used are submitted to the Rainforest Alliance as

¹² <https://calima.com.co/>

controlled copies. Finally, mixtures are prepared in closed circuits, under high safety conditions, considering tests and medical examinations of personnel.

4.4 Community Health and Safety

4.4.a Community Health and Safety

Pesticide air sprays must be notified to neighbors at least 24 hours in advance by exhibiting labels and pictograms to warn them that individuals or animals should not be present in the area at the time of the application. Therefore, meetings are held with the authorities to notify them on the air sprays, and a schedule is prepared so as not to impact on the communities. In addition, Unibán has in place an “Emergency Response Plan” incorporating support alliances with “Mutual Help Plans” from the neighboring municipalities.

Air sprays are based on a Protocol which considers there should be no individuals within the farming establishment or the packaging premises at the moment of spraying and that there must be a re-entrance period. Pilots receive documented and certified training on communication and minimizing drift. At the time of pesticide spraying, the following plans should be in operation: industrial security, contingency and disasters, occupational health, environmental management, and not overflying or swerving over cities or populated centers. Besides, the maximum flying height is 13.5 m for spraying agrochemicals over plantations without obstacles and this is done every six to ten days.

4.4.b Security Personnel

The logistics chain at Unibán is exposed to contextual risks due to narcotics trafficking activities, so anti-narcotics police is always present in the area giving permanent support to look after the export logistics chain. There are 220 private security guards working in shifts authorized by law; they receive annual training (according to the program approved by the Superintendence) and those carrying weapons are granted a use authorization, which they get after passing psychological and psychotechnical tests.

Security personnel at the farming establishments do not carry weapons as it has been proven that they make them more vulnerable in the contextual high-risk scenario in the area; thus, they only carry communication equipment.

Armed groups are also found in Urabá Antioqueño. In the light of this situation, the OHS team has been working on a public risk matrix considering the goals set by Unibán in its “Security and Protection Management Policy.” Due to the presence of narcotics trafficking and to the contextual high risks, there is high rotation of guards; nonetheless, the Company thoroughly follow up on the personnel to ensure the most skilled individuals are hired. The surveillance company, Miro, has an Ethics Code, guards are trained on Human Rights, and their Management Board has adhered to Human Rights as a guideline for social compliance.

Law enforcement authorities audit Unibán, they provide support for the logistics operation, but at the same time they audit that the export process is well done, and they are mainly present in the interior of the ports (specialized police and Navy Coast Guard). These officers mainly interact with guards and logistics workers, not with the community. The same happens with coast guards, who may interact with local fishermen, but not with other members of the community.

4.5 Land Acquisition and Involuntary Resettlement

This transaction does not entail any land acquisition. The lands presently owned by the Company were bought a few years ago from individuals and corporations through legal direct acquisitions without generating displacement or resettlements.

4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

4.6.a General Requirements

The region of Urabá is characterized as a humid tropical forest. Unibán has a Flora and Fauna Protection and Conservation Procedure (PPCFF), designed to include a rapid ecological assessment, carried out while going from the Unibán headquarters to the La Reina farming establishment. This program includes instructions to catch and relocate fauna, to catch snakes and to record the fauna caught. In 2020, 33 specimens of different species were rescued and/or relocated at the different locations.

4.6.b Protection and Conservation of Biodiversity

Neither Unibán nor its suppliers operate in environmentally sensitive zones. The farming establishments include green strands, protected areas and remnant forests, where hunting is forbidden, flora and fauna are protected, and reforestation takes place with native plants. Each year, Unibán has reforestation and flora sowing goals programmed for the areas of the farming establishments adjacent to water bodies, communities and bordering areas between crops and infrastructure (required by Global GAP and Rainforest Alliance standards). Also, distance areas between plantations and water bodies are kept, reforested, and protected (10 m for pipelines, and 30 m for rivers) according to CORPOURABA's requirements. ASP has not planned any agricultural area expansion and its present or future activities are not intended to impact on natural environments. This is also aligned with the compliance with the Rainforest Alliance standards to maintain the certification of 18,244 has of banana farming establishments.

According to PPCFF, Unibán keeps fauna records, it counts specimens and those found injured are rescued and delivered to CORPOURABA, which gives them a temporary home for their subsequent release. Specimens found in good health condition, and which do not require the intervention of a specialized veterinarian are released by Unibán, in coordination with CORPOURABA. The training program for brigade members includes a course on snake handling.

Unibán promotes the protection of the operations water influence areas thanks to plant sowing,

with the support of UF and the Syngenta program by Ecoaguas. UF works in its training line with school garden centers and when seedlings are big, Unibán buys them and plants them in farming establishments certified by Fairtrade, strengthening their intervention in the protection of aquifers. During 2020, 8,328 trees were planted with more than 60 species including fruit trees and different biologically significant species such as mangrove, *guayacán*, Ceiba and rubber tree, among others. UF also participates in a project with the WWF which involves coffee farmers from the high and middle areas in the basin aimed at reforesting the basin and thus mitigating the effects of waste dumped and reaching the banana zone (lower area of the basin).

4.6.b.i Natural and Critical Habitat

The headquarters are associated to a wooded stronghold which serves as a biological corridor, allowing the fauna to cross by and being the home to monkeys, reptiles, amphibians and a variety of birds. This biological corridor, between the La Reina farming establishment and the headquarters, reaches the Las Américas farming establishment, where we find pineapple plantations, and which is associated to another wooded stronghold.

Among the species seen during the rapid ecological assessment, the cotton-top tamarin (*Saguinus oedipus*) was identified; this species has been listed by the International Union for Conservation of Nature ("IUCN") as a critically endangered species¹³. Due to this finding, the stronghold forest close to the headquarter premises of the La Reina farming establishment would be a critical habitat owing to the significant importance for the survival of critically endangered species, such as the cotton-top tamarin. Due to the above, Unibán will not carry out any activity associated to its operations in this area, and it will promote actions to drive and improve conservation goals and an efficient management of the area.

4.6.c Sustainable Management of Living Natural Resources

Unibán conducts soil conservation practices; and plantain farmers are encouraged to use and incorporate chopped shoots and plant waste to the surface of the soil in order to protect it from direct sunlight and rain, to improve its physical condition and to increase micro and macrofauna on the land.

4.6.d Supply Chain

The Company has several international certifications such as Global G.A.P. and Rainforest Alliance which allow it to access the most demanding markets in terms of quality and sustainability, like Europe and the United States, but which also represent traceability commitments in their supply chain.

For example, as to their critical suppliers, such as those supplying wooden piling products, the Company works on the traceability of the wood, verifying they have the letters of safe-passage ensuring the wood is legal, they hold an extraction certificate, they have records on the origin of the wood and the wood has undergone a thermal treatment so it doesn't carry any pest to other

¹³ <https://www.iucnredlist.org/species/19823/192551067>

countries.

4.7 Indigenous Peoples

This performance standard is not triggered by the transaction as no adverse effects are generated for indigenous peoples. Nonetheless, through the plantain farmer program, the Company has a commercial relationship with some community councils made up of afrodescendants or indigenous peoples who are part of their value chain, especially in the Chocó area (Carmen del Darién and Rio Sucio). The incorporation of these peoples to their supply chain represents a positive impact for these communities.

Unibán has had a culturally appropriate approach for the interactions with these peoples, especially in the formalization processes needed to obtain their ICA certificates so they can become export fruit suppliers. ASP works in synergy with UF in “rural schools” where these populations are also part of the target public. In addition to its commercial activities, FU has in place an Alliance with the Community Council in Puerto Girón (afrodescendant people) where it works with 120 families towards improving their quality of life, on their afrodescendant identity, for the strengthening of fishermen and women, and on preventing domestic violence.

4.8 Cultural Heritage

This performance standard is not triggered by the transaction as its scope does not contemplate creating new plantations or enlarging its agricultural frontier. However, Unibán will prepare a chance find procedure to be used in case of land movements in areas without active plantations.

5. Local Access of Project Documentation

The documentation related to Unibán is available at:

<https://www.uniban.com/index.php/es/>

<https://www.fundauniban.org.co/>