

Environmental and Social Review Summary (ESRS)

Reybanpac: Biosecurity in banana plantations and Fertisa: Port expansion in Ecuador

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

This transaction (the "Project") consists in a long-term loan to Rey Banano del Pacífico C.L., Reybanpac ("RBP"), main producer and second largest exporter of bananas in Ecuador, and Fertisa, Fertilizantes, Terminal I Servicios C.L. ("FER"), a multi-purpose port terminal that started operating in 1964 and has been central to the country's foreign trade (jointly the "Company" or the "Client"). The produce of the loan will be used to fund: (i) a biosecurity plan primarily aimed at preventing the disease caused by fungus *Fusarium oxysporum f. sp. cubense tropical* race 4 (Foc R4T); and (ii) a logistics plan to expand the capacity and efficiency of the port terminal.

The environmental and social due diligence included, among other aspects: (i) the review of information, such as environmental and social impact assessments (ESIAs), environmental permits obtained, documents of the environmental, social (E&S) and occupational health and safety (OHS) system, authorizations issued by the phytosanitary control entities (Agrocalidad), etc.; (ii) interviews and technical work meetings with the Company's management and operations personnel, the control authorities and contractors; (iii) a site visit to the banana and port businesses; and (iv) interviews with the Project stakeholders.

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation according to IDB Invest's Environmental and Social Sustainability Policy since the impacts and risks are deemed of medium-high intensity, but reversible and manageable through suitable management plans and programs, which the Client is already implementing. These are some of the potential risks that have been identified: (i) possible discharges onto and pollution of the surface and groundwater caused by the use of agrochemicals and fertilizers; (ii) possible depletion of water resources; (iii) greenhouse gas (GHG) emissions; (iv) odor creation; (v) soil degradation due to use of agrochemicals and mineral fertilizers; (vi) soil erosion; (vii) generation of vegetative, hazardous and special waste; (viii) effects on flora and fauna; (ix) possible effects on the health and safety of the community and the workers. The port terminal may generate the following risks and impacts: (i) air emissions, noise, vibrations and dust generated by the construction activities and the operation of trucks and heavy machinery; (ii) production of solid waste and wastewater; (iii) increasing risks for the health and safety of workers; and (iv) growing safety risks for the local community derived from the construction activities.

The Performance Standards (“PS”) triggered by the Project 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; and (iv) PS 4: Community Health, Safety and Security.

3. Environmental and Social Context

Reybanpac is banana producer with over 45 years of experience in the sector, and mainly aims at increasing its production of food to guarantee the country’s food safety. It currently has about 6,270 ha of banana (*sp. cavendish*)¹ in 43 plantations, distributed across 6 zones² located in the province of Los Ríos, Ecuador, the fourth most populated one (with 898,652 inhabitants).

Ecuador has about 162,236 ha covered in banana plantations, mainly concentrated in the provinces of El Oro, Guayas and Los Ríos. Producers (4,473) are classified by the number of hectares planted; there are 3,480 (78%) small producers (growing in plantations smaller than 30 ha), 800 (18%) small-sized producers (in plots of between 30 and 100 ha) and 193 (4%) large producers (in plots larger than 100 ha)³. Most small producers (about 42%) are settled in the province of El Oro, whereas most large producers are in Guayas and Los Ríos.

One of the most serious threats currently falling on these plantations worldwide is the spread of diseases caused by a race of fungus *Fusarium oxysporum* f. *spi cubense tropical* race 4⁴ (Foc R4T), which spreads through the soil and infected plant material, contaminated soil particles attached to animals or objects (such as farm tools, shoes, clothing and vehicles), or water (irrigation or drainage). This fungus is one of the most aggressive and destructive ones for agriculture in general, and the worst threat worldwide for the production of bananas⁵. Even though the disease has not yet been detected in Ecuador, it has already been found in some Latin American countries (Colombia, Peru and Venezuela). Countries like the Philippines (second largest exporter of banana worldwide), however, have lived with this fungus for over ten years now.

As far as social matters are concerned, the poverty rate (79%) in the province of Los Ríos has risen as a result of the COVID-19 pandemic⁶. There is a shortage of housing, and the access to adequate diet, education, health and basic services is limited or null in some cases; this may be worsened if the impact of the banana operations and the outsourced staff on the natural resources is not properly managed.

Additionally, the OHS risks are considerable, and child and forced labor impose a challenge on the sector. Both the Ministry of Agriculture and the Ministry of Foreign Trade have developed regulatory schemes to ensure equitable distribution of wealth and opportunities for small producers⁷.

¹ 1,332.79 ha of Cavendish Valery banana and 4,938.91 ha of Cavendish Williams banana.

² Camarones, Fumisa, San Camilo, San Juan, Valencia, Vergel.

³ <http://www.produccion.gob.ec/wp-content/uploads/2019/06/Informe-sector-bananero-esp%C3%B1ol-04dic17.pdf>

⁴ Foc R4T is a fungus found in the soil, which may severely affect the Ecuadorian banana industry. It cannot be eradicated and may remain inactive in the soil for decades without the host plant. The fungus blocks the plant’s vascular system, which prevents the absorption of water and nutrients, thus causing the plant to wither and die. <https://www.agrocalidad.gob.ec/wp-content/uploads/2020/05/r4t12.pdf>

⁵ <https://www.fao.org/tr4gn/conceptos-basicos/es/>

⁶ <https://www.lahora-com-ec.webpkgcache.com/doc/-/s/www.lahora.com.ec/los-rios/79-poblacion-los-rios-vive-pobreza/>

⁷ <https://www.produccion.gob.ec/wp-content/uploads/2019/06/Informe-sector-bananero-esp%C3%B1ol-04dic17.pdf>

3.1 General characteristics of the Project's site

The province of Los Ríos shows several orographic features. However, the most predominant one (in about 79% of the territory) is an alluvial floodplain; therefore, almost half of the settlements in the south of the province are flooded seasonally. In terms of economic activities, the province has an area that is highly intervened by agricultural activities, basically extensive plantations of banana, African palm, rubber, plantain, cocoa, coffee, teak, *pachaco*, *abaca*, orange, passion fruit, papaya, cassava, and some short-cycle crops such as rice and corn.

In the province of Los Ríos, according to the Ecuadorian National System of Protected Areas there are two areas of interest: (i) the “Daule Peripa”⁸, protective forest under the category of Forest and Protective Vegetation, which is intersected by one of the client’s plantations; and (ii) the Ramsar site “Abrás de Mantequilla,” which covers an area of 22,500 ha in the southwestern part of the province and is less than a kilometer away from RBP’s plantations⁹.

Fertisa’s port terminal is near the border with the Fauna Production Reserve Mangroves El Salado Mangroves (RPFMS, in Spanish), located in the province of Guayas, to the southwest of the city of Guayaquil. It is part of the inner portion of the estuary in the Gulf of Guayaquil, which makes up the largest estuarine system on the east Pacific coast of South America. The management plan for the reserve includes the following objectives: (i) preserve and sustainably handle the existing natural resources, with industrial and urban development coexisting with upkeeping the estuarine ecosystem for the benefit of vulnerable ancestral users and the population in general; and (ii) develop ecotourism in the city of Guayaquil.

3.2 Contextual risks

The crisis in the banana sector has been affecting the producing countries in Latin America since 2020. Ecuador is particularly sensitive to it, as 20% of its exports go to Russia and 13% to Ukraine¹⁰. The geopolitical conflict is still ongoing and has worsened the situation as the costs to purchase fertilizers from those countries have increased. This adds to the crisis generated by adverse weather conditions endured by the main producers¹¹.

Another challenge faced by Ecuador and affecting the production and logistics sectors is the rising acts of violence and the increase in cross-border organized crime, which has peaked in terms of insecurity and violence in the last four years. Murders in Ecuador skyrocketed by 574.30% between 2019 and 2023, with the homicide rate going up from slightly over 7 to over 47 per 100,000 inhabitants, based on information from the Ecuadorian Observatory of Organized Crime¹². The province of Los Ríos, followed by Guayas and Esmeraldas, recorded the highest rate of sudden deaths in 2023 due to the presence of criminal gangs vying for control over kidnappings and extortions. This has severely impacted the economic activities and led small- and medium-sized businesses to close down due to the extortions. According to the Police in Los Ríos, terror financing is mainly focused on kidnappings and extortions, especially towards plantations and banana

⁸ Protective forests and the State’s Natural Heritage. <http://areasprotegidas.ambiente.gob.ec/es/content/bosques-protectores>

⁹ Banalandia 1 and 2, and La Unión.

¹⁰ <https://www.dw.com/es/crisis-bananera-el-silencioso-efecto-de-la-guerra-en-ucrania/a-62083909>

¹¹ <https://www.fao.org/3/cc6952es/cc6952es.pdf>

¹² <https://oeco.padf.org/wp-content/uploads/2024/04/OECO.-BOLETIN-ANUAL-DE-HOMICIDIOS-2023.pdf>

producers¹³. The port has been greatly challenged to prevent illegal narcotics trafficking. Nevertheless, the National Customs Service could set up drug scanners in seven seaports in 2023 to stop the trade of forbidden goods¹⁴.

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

4.1 Assessment and management of environmental and social risks

In 2012 RBP launched an environmental standardization process with *ex post* environmental impact assessments (EIAs) for all its 43 banana plantations, as part of the process to obtain their environmental licenses. RBP holds 36 valid environmental licenses nowadays, which include all its own plantations, and one environmental record¹⁵.

Additionally, it has obtained the related water use permits from the Ministry of Environment, Water and Ecological Transition (MAATE, in Spanish). A total of 113 (10-year) concessions are undergoing the renewal process; 49 are active and 2 are close to start the renewal process.

The Client has implemented sound E&S practices and is certified under the following standards: Good Agricultural Practices (Global GAP)¹⁶; Rainforest Alliance¹⁷; Buenas Prácticas Agrícolas (best agricultural practices, BAP in Spanish) standard from the Phytosanitary and Zoosanitary Regulation and Control Agency (Agrocalidad); and SMETA¹⁸.

The port terminal has valid environmental permits and is certified under the International Ship and Port Facility Security (ISPS) Code, Business Alliance for Secure Commerce (BASC) and the ISO's standard for quality management systems (ISO 9001:2015).

4.1.a E&S Management System

Even though it has plans, procedures and manuals in place which are specific for its banana and port operations, the Client will update its E&S management systems (ESMSs) in line with IDB Invest's Environmental and Social Sustainability Policy, the International Finance Corporation's (IFC's) performance standards, the World Bank/IFC's environment, health and safety guidelines, including the general ones and the sector-specific ones on environment, health and safety as well as the national regulations in force, and will implement them across each organization, including contractors and suppliers (producers). The ESMS will include the following elements: (i) a policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; (vii)

¹³ <https://www.primicias.ec/noticias/seguridad/violencia-rios-guayas-esmeraldas-tasa-homicidio/>

¹⁴ <https://www.portuarioecuador.com/post/hitos-en-el-sector-portuario-de-ecuador-en-2023>

¹⁵ Environmental record: it describes, in general terms, the applicable legal framework, the main activities involved in projects, works or activities which, under the national environmental classification, are deemed as of low impact; it also describes its environment in physical, biotic, social and economic terms, and proposes measures in an environmental management plan to prevent, mitigate and minimize the possible environmental impacts.

¹⁶ In all 43 banana plantations. Under the following schemes: Integrated Farm Assurance (IFA); Risk Assessment on Social Practice (GRASP); Food Safety Modernization Act Produce Safety Rule Add-on; and TR4 Bio Security Add-on for Bananas. <https://database.globalgap.org/globalgap/search/SearchMain.faces;jsessionid=DD7435A6F0414E2705644D682D18355C>.

¹⁷ In 15 banana plantations.

¹⁸ SMETA is an audit procedure developed by Supplier Ethical Data Exchange (Sedex), a non-profit organization supporting companies committed to the ongoing improvement of the ethical performance of its supply chains.

monitoring and review; (viii) external communication and grievance mechanism; and (ix) reporting to affected communities.

4.1.b Policy

RBP has implemented an E&S, and labor policy, with provisions for: (i) end-to-end management of degradable and non-degradable waste; (ii) proper management and use of water resources and the soil; (iii) adequate management and use of agrochemicals; (iv) OHS issues; (v) fair treatment and good working conditions for the workers; and (vi) protection of the ecosystem, the flora and the fauna. Moreover, it has put into practice an ethical trade policy, which reflects its commitment to observing ethical standards (anti-bribery and anti-corruption) and details the applicable requirements in terms of quality, food safety, environmental responsibility, sustainability and social responsibility.

FER is also applying an integrated management system policy, which refers to the need to mitigate the risks involving industrial safety and occupational diseases and to prevent environmental pollution.

Nonetheless, RBP and FER will update their respective policies to include the community health, safety and security component applicable to all their operations, and to mention the following: (i) the Client's intention to stand by their commitments in order to manage external interactions by engaging the stakeholders; (ii) the development of a documented process to review its policies periodically; and (iii) the incorporation of a sustainable corporate supply policy. Once the policies are approved, they shall be distributed among all direct and indirect (contractors and suppliers) personnel, and the affected communities.

4.1.c Identification of risks and impacts

The Client has obtained the environmental permits needed to operate its banana plantations (which include the packing facilities); this required the assessment of the E&S impacts of its operations. It also has the permits to use the groundwater and surface water needed for crops irrigation and for the packing facilities.

RBP keeps an irrigation water risk assessment matrix for each process stage, which includes a risk severity analysis and the preventive and corrective measures required for each identified risk. However, the Client will develop and implement: (i) a procedure to identify and assess the environmental risks and impacts; (ii) a general environmental risk matrix for the banana plantations, including the packing facilities, and the port terminal; and (iii) the requirement to update the environmental risk matrix periodically, or in the event of changes to the infrastructure or operations, or contingencies (for instance, environmental accidents, social disturbances, etc.). It will also consider the climate change risks as well as the adaptation opportunities.

The Client will develop and implement a procedure to identify and assess the risks and impacts of its business on the communities, with at least the following considerations: (i) assessing the specific social risks of each plantation and the port terminal; (ii) mapping the stakeholders of the direct area of influence; (iii) mapping the operation's critical points (discharges, noise, odors, emissions, all as

established by the authority), and identifying the affected communities; and (iv) carrying out control and mitigation actions.

The Client keeps hazard identification and occupational risk assessment matrices to identify OHS risks for each job position. It will as well develop a hazard identification and risk assessment procedure for each job position, which will include, among other elements: (i) information about the scope, the objectives, the people responsible, the evaluation methodology, and (ii) considerations for its review and update; and will update the matrices as defined in such procedure.

FER's last compliance environmental audit, submitted in 2023, required updating its environmental management plan (EMP) as it only includes prevention and mitigation measures for the port activities but not for those of import, unload, packing, storage and distribution of fertilizers that had taken place until July 2019 in those facilities.

FER will notify the related environmental authority about the civil constructions and renovations under execution.

4.1.c.i Direct and indirect impacts and risks

Biosecurity is one of the direct risks associated to the Project; thus, the Client has identified the main threats in this sense (pests, bacteria, fungi, etc.) that jeopardize the banana crops.

Among the indirect risks associated to the banana supply chain are occupational risks (such as child and forced labor, and significant OHS risks) and biodiversity risks. RBP's suppliers or banana producers, however, are certified under Global GAP standards, and some of them are working to obtain the Rainforest Alliance certification.

4.1.c.ii Analysis of alternatives

Given the fact that the Project will be executed on fixed assets in the port terminal, no alternatives were analyzed.

4.1.c.iii Cumulative impact analysis

The quick cumulative impact analysis of the Project has revealed that: (i) the banana operation is being deployed in areas that are already highly intervened with human activities, the most representative of which are agriculture and livestock farming; (ii) the incremental effect of past and present projects within the Project's area of influence has already been included in the baseline of the *ex post* EIAs prepared by the Client; and (iii) there are no projects under execution in the area or in the project portfolio for future implementation that may generate significant impacts in addition to those already produced by the Project. That being said, the impact resulting from adding the effects of past, present and future projects to those of the current Project is also immaterial in real terms. Therefore, a plan to mitigate the cumulative impact is not required.

4.1.c.iv Gender risks

The banana industry in Ecuador, as it happens in other countries, is facing certain gender risks. Some of them are: (i) gender-based discrimination in terms of employment opportunities, promotions,

salaries and working conditions, which limit people's professional and economic development opportunities; (ii) gender-based violence (GbV), including sexual harassment or physical violence by colleagues, supervisors or others in the workplace; (iii) unfavorable working conditions, and precarious and poorly paid employment, such as harvesting or packing, in which they endure hard working conditions, like long hours, exposure to agrochemicals, etc.; (iv) the lack of representation and participation in leadership and decision-making roles; (v) disproportionate impacts on reproductive health due to exposure to agrochemicals; and (vi) the lack of access to training resources and opportunities that help people improve their skills and increase their share in better paid roles in the industry. Despite this, RBP was recognized by the Ecuadorian Association of Banana Exporters for its gender equality practices in April 2024¹⁹.

The banana business unit is currently employing 6,259 workers, out of whom 1,000 (16%) are women. A total of 5,093 (81%) are agricultural labor, with 13% (675) being women. There are 370 (6%) workers in operations, with 23% (84) women; 366 (6%) are technical assistants, 48% (176) of whom are women; 256 (4%) hold supervisory and coordination positions, with 38 (15%) being taken by women; 44 (0.7%) are mid-management and business units or corporate heads and 7 (0.11%) are VPs, 2 (28%) of whom are women.

The port business employs 97 workers, out of whom 30 (31%) are women: 1% in managerial positions, 12% in administrative jobs, 12% in operations and 5% in the commercial area.

4.1.c.v Gender programs

The Client's training program seeks to train more women in specialized tasks in the banana business in order to increase their participation. RBP is aiming to higher inclusion of women workers in such tasks, from 7% nowadays to 10% by 2025.

The Client will: (i) develop and disseminate a GbV zero tolerance policy across the company; (ii) identify the gender risks in the banana and port operations; (iii) set suitable measures to prevent and manage the female workers' safety, considering those job positions that are isolated, the night shifts, the work environment, transportation and access to gender-segregated restrooms as per the national legislation; (iv) define actions to minimize the risk of social conflict and GbV; and (v) try to eliminate the barriers to hire women.

4.1.c.vi Climate change exposure

Natural disasters, exacerbated by climate change, represent a risk for the crops. Due to the intense rains caused by the El Niño phenomenon, Ecuador lost 1,878 ha of plantain and banana plantations totally or partially only in the first quarter of 2023²⁰.

Depending on where they are located, certain plantations in the provinces of Los Ríos could be exposed to floods, directly affecting banana crops. Nowadays, the province of Los Ríos is moderately exposed to droughts, with no significant changes expected for the future, but, at the same time, it is the most exposed one to flooding. Significant changes in precipitation, as well as an increase in heat waves are expected for a future high-emission scenario (RCP 8.5).

¹⁹ <https://www.thepacker.com/news/social-responsibility/banana-supplier-reybanpac-recognized-work-market-diversification-gender>

²⁰ <https://www.primicias.ec/noticias/economia/invierno-inundaciones-perdidas-arroz-cacao-banano/>

The Client, as part of its climate change adaptation initiatives in the banana business, has implemented a biosecurity plan for an integrated pest control of the Fusarium race 4 tropical (R4T), which will let it maintain an agricultural system that is more resilient to the new climatic conditions and will reduce its vulnerability to pests and diseases. Moreover, the integrated pest management plan includes practices, like water management and soil improvement, which can help mitigate the impacts and reduce the incidence of R4T disease.

FER's storage of agricultural products may be affected by hydrometeorological changes, like significant increases in heat waves, which is expected to occur in a future high-emission scenario (RCP 8.5). Threats of flooding and increasing sea levels may have consequences on the infrastructure of the storage facilities.

In order to mitigate the physical risks exacerbated by climate change, the Client has prepared a climate change risk assessment matrix for each process of the banana production with its respective prevention actions. However, it will update its climate risk matrix for each banana plantation, determining the risk level of each one, and will define the specific prevention and mitigation measures²¹ in accordance with the identified risk level. For the port terminal, it will: (i) develop a climate vulnerability analysis and (ii) adopt the mitigation measures for the most probably occurring physical risks identified.

Based on the analysis performed to such end, the Project is deemed as aligned with the provisions of the Paris Agreement²² according to the analysis performed in line with the IDB Group's Paris Alignment Implementation Approach.

4.1.d Management programs

RBP processes and labels the produce of its own plantations as per the Global GAP standards. Likewise, the banana plants it purchases from its suppliers are exported under the same certification schemes.

The operations at the packing facilities comply with the food safety requirements of the BAP processing standard. The Client has a traceability system to comply with the phytosanitary, food safety and sustainability requirements. Moreover, the Company supports the suppliers who are interested in elevating their practices to match the Global GAP's requirements and expects to increase that number in the near future for the Rainforest Alliance certification.

FER, as required by the certifications it holds, keeps procedures to manage the environmental and OHS risks. However, the Client will develop procedures that include measures and actions to avoid or prevent the E&S, OHS and labor risks, and consider the affected communities within the area of influence of the terminal, its main contractors and port operators.

4.1.e Organizational capacity and competency

RBP manages the E&S, OHS issues through a team led by a corporate Industrial Vice-President, who is in charge of the ESMS, and oversees the Head of OHS, Environment and Certifications, and the

²¹ Prioritizing the plantations with high probabilities of flooding in the rainy season.

²² Document GN-3142-1.

sustainability analyst. The Head of OHS, Environment and Certifications relies on coordinators in each zone (6), as well as one to deal with the producers (fruit suppliers), and a support assistant.

FER has appointed a Head of OHS, Environment and Certifications, who reports to the manager of the port business unit and the corporate Industrial Vice-President. Also the Company relies on the Corporate Human Resources Department to manage labor aspects, with a manager at each business unit. Moreover, there are several social workers for the banana business and one for the port terminal, who report to the related departments in their business units. Both the port terminal and the banana business have on-site occupational physicians, who report to the Human Resources Department and the heads of OHS, Environment and Certifications.

4.1.f Emergency preparedness and response

RBP has developed emergency and contingency plans (ECPs) which include the identification of risk factors; risk prevention and control measures; maintenance measures²³; alarm and emergency communication protocols; action plans; procedures to deploy the emergency plan; and a legal framework. Additionally, ECPs mention the need to perform drills of the possibly occurring scenarios (fires, floods, volcano eruptions, seismic movements, etc.) to assess how it responds to them in the light of the provisions in the plan.

Each plantation and the port terminal have emergency response teams to provide first aid, fire prevention and suppression, and evacuation and rescue assistance. To date there have been no major emergencies in either operation. Nonetheless, the Client will update and distribute the emergency plans to all its plantations and the port terminal; they will include: (i) those responsible for implementing the plans, including the mid- and top management in charge of production at each plantation; (ii) requirements for the regular inspection, checks and maintenance of the detection, alarm and loudspeaker systems; (iii) a list of the material resources needed to respond to emergencies; (iv) a list of the available means of communication; (v) the description of the procedure in case of medical emergencies²⁴; (vi) protocols for periodic consultation with the communities established during the mapping actions to identify emergency scenarios and perform drills engaging them, depending on the identified risks; (vii) the description of the external communication channels; (viii) a list of the shared resources and the collective community response systems implemented by the authority; (ix) a description of the most relevant climate change physical risks and the respective mitigation and response actions; (x) special evacuation protocols for vulnerable staff; and (xi) an analysis of vulnerabilities of the physical security of each plantation to implement the mitigation and control measures to avoid damage to the workers and the infrastructure.

4.1.g Monitoring and review

The Client, by virtue of the permits it holds, submits biannual and annual environmental compliance reports for its EMPs and compliance environmental audits to the provincial Environmental Office in the province of Los Ríos and the provincial Environmental Office of the province of Guayas, which are the appropriate environmental authority under the Ministry of Environment, Water and Ecological Transition. The EMPs encompass prevention and mitigation sub-plans, and monitoring

²³ The port terminal has a wet suppression fire system.

²⁴ Including the closest healthcare centers and response times.

plans, which include such topics as: effluents; hazardous, non-hazardous and special solid and liquid waste; water quality; environmental noise; air emissions; energy consumption; hazardous materials and biotic monitoring. RBP has some ongoing administrative environmental cases due to delays in obtaining the necessary environmental permits.

In order to check compliance with its certifications (Global GAP, Rainforest Alliance, SMETA), RBP is audited on an annual basis by external and internal teams. It has external audits rigorously scheduled at least every six months, which enables monitoring its E&S performance in the light of the specific requirements of each certification.

As to the supply chain, RBP has launched a process to strengthen and monitor the E&S performance of its banana suppliers, through audits under the specific schemes of each certification, which are reflected in a final report, which includes an action plan.

In labor terms, RBP goes through unannounced audits by the Ecuadorian Institute of Social Security (IESS, in Spanish) and the Ministry of Labor to confirm compliance with the employer's obligations and to check workers' payrolls, payments made and documents required by the regulations. To date no non-conformities have been reported by the control authorities.

However, the Client will develop procedures to monitor the management program and to measure its effectiveness, as well as to guarantee compliance with all legal or contractual obligations and regulatory requirements. These procedures will include: (i) a protocol to monitor and evaluate the performance of the ESMS for the banana and port operations, which includes key performance indicators; (ii) a matrix to monitor compliance with all legal and contractual obligations, including information about the appropriate authority who approves or issues the permit or license; issuance and validity dates, the obligations involved, and the people responsible for compliance and monitoring; (iii) the requirements to perform internal and external audits, which include the people responsible, the methodology, the schedule and the action plans; and (iv) protocols to match the improvements and operational changes to the ESMS and integrate them to the ongoing improvement process.

4.1.h Stakeholder engagement

The Client has a community relations plan in place, included in the EMP for each plantation, which seeks to establish an interactive system of communication with and engagement of those living in the area mapped for each plantation. Based on the stakeholders analysis and mapping, the Client will also prepare and implement a stakeholder engagement plan (SEP) for the banana and port business units, which will include: (i) a protocol to disclose information; (ii) a protocol to record all communications; (iii) the description of a grievance and communications mechanism and (v) a protocol to provide regular reports to the community.

4.1.h.i Disclosure of information

Even though there is no formal procedure, the Client has processes to disseminate and disclose information to the stakeholders when necessary, which are used to approach the community with environmental or social information connected with the banana and port operations. Therefore, the Client will prepare and implement an information disclosure plan, with at least the following elements: (i) a description of the operations; (ii) E&S performance; (iii) a description of the E&S

policies of the business units; (iv) a list of the main risks and its prevention and mitigation measures; (v) a description of the emergency plans with the events involving the community; and (vi) a description of the external grievance mechanism.

4.1.h.ii Informed consultation & participation

In compliance with the legislation in force²⁵, the *ex post* EIAs for the banana plantations required a citizen participation process that involved disseminating the results of the analysis to the community. The technically and economically feasible suggestions that were captured through this process were included in the related EMP.

4.1.h.iii Indigenous peoples

The banana and port business units do not intercept, border with or stand close to indigenous peoples or land.

4.1.i External communication and grievance mechanisms

4.1.i.i External communication

RBP will implement and keep a procedure to handle external communications, which will include methods to: (i) receive and record external communications; (ii) analyze and assess the issues presented in those communications and determine how to approach them; (iii) respond accordingly, monitor them and document them, and (iv) adjust the management program accordingly.

4.1.i.ii Community grievance mechanism

The Company's OHS and environmental representatives of each business unit keep in contact with the community leaders to clear any doubt or query they may have. It will also disseminate and implement an external grievance mechanism to include the following, among other elements: (i) a list of the ways grievances will be captured, which must enable anonymity; (ii) a documentation system to record, categorize, investigate, monitor and analyze the grievances filed and solutions proposed; (iii) models to record responses and protocols to communicate the decisions and actions taken to resolve them; (iv) mechanisms to communicate and disclose the grievances filed and processed to the external stakeholders; (v) a description of the process followed by top management to assess how effective the system is; (vi) protocols to capture and respond to reports filed by vulnerable groups; and (vii) requirements for training the affected communities, vulnerable groups and other stakeholders on the content of the mechanism.

4.1.i.iii Reporting to affected communities

The Company informs the representatives of the communities within the areas of influence established during the program's mapping actions when there will be aerial applications or there is a specific request to be made. However, the Client will improve this process to guarantee that: (i) the communities are informed about the environmental or social risks connected with its operations regularly and in the event of any major change at the operational level, a new process or a serious

²⁵ Rules for the implementation of the social engagement mechanisms established in Environmental Management Law, Executive Decree No. 1040, Administrative Order No. 332, May 8, 2008.

accident; (ii) the reports to be submitted to the communities are written in clear language; (iii) there are streamlined communication channels that allow the community to access relevant information; and (iv) the communities are regularly informed on the progress of commitments the Company has taken on with them as well as on the agreed action plans.

4.2 Labor and working conditions

4.2.a Working conditions and management of worker relationships

The Client fulfills the requirements in the labor regulations in force in all its business units. The banana business follows the sector-specific contractual modality²⁶, which regulates the work relations between employees and employer during the planting, harvesting, cutting and packing activities. In its ethical trade policy, RBP also expresses its commitment to complying with the terms of hiring and to paying salaries stipulated in the national legislation.

Each of the Client's subsidiaries has an annual training plan, which is developed by managers, coordinators and heads of department and Human Resources, once the training needs have been identified. In this sense, the Client has opened its own training centers which have received 1,396 people (41% of the administrative staff) since 2014 and contributed to have 80% of the graduates selected for vacancies in 2023.

4.2.a.i Human resources policies and procedures

The Client has a corporate human resources policy, which is applied to all the companies of the group and adheres to the freedoms acclaimed in the Universal Declaration of Human Rights. By virtue of its policy, RBP and FER agree to create and keep a Human Rights Committee with representatives for the production, OHS and environment, human resources areas as well as for the workers. The person leading the committee is specifically qualified in human rights. The committee has a specific work plan mainly consisting in performing assessments of impacts on universal human rights (including suppliers and stakeholders) and developing actions plans when needed. Likewise, the Client also has policies in place for the following issues: (i) human resources; (ii) confidentiality; (iii) professional career and succession plan; (iv) salary; (v) conflict of interest; and (vi) workers' data protection. Additionally, it has procedures for: (i) personnel selection and hiring; (ii) onboarding of new hires; (iii) training; (iv) termination; (v) internal promotion; and (vi) comprehensive assessment for development, succession and promotion. It also has several labor and OHS manuals.

4.2.a.ii Working conditions and terms of employment

Workers in the banana sector are hired under part-time discontinuous special work contracts (*contrato de trabajo especial discontinuo a jornada parcial*)²⁷, in effect for as long as the cycle generating the special activity to be performed lasts. Payments under this modality can be made daily, weekly, fortnightly or monthly, depending on what the parties have agreed, but the worker's pay will never be lower than what the Sector Committee has set for each activity or proportionally, as the case may be²⁸.

²⁶ <https://www.trabajo.gob.ec/wp-content/uploads/downloads/2024/01/3.-Salarios-minimos-sectoriales-2024.pdf>

²⁷ Under the part-time discontinuous special work contract, the maximum workweek is 36 hours, which can be distributed over up to six days a week, on condition that it does not exceed eight hours daily.

²⁸ <https://www.trabajo.gob.ec/wp-content/uploads/downloads/2024/01/3.-Salarios-minimos-sectoriales-2024.pdf>

In compliance with the regulations in force, all workers joining the Company shall sign a 90-day probationary employment contract, unless the Company internally decides otherwise.

The Client has an internal work rulebook (IWR) for its subsidiaries RBP and FER. The following aspects are therein defined: workers' admission; work schedule; pay; employees' obligations and prohibitions; special obligations for the physical security personnel; (vi) workers' acceptable behavior; authorizations and leaves; work accidents; and general provisions.

Despite the above, the Client will: (i) disseminate (at least annually) salary-related information, like pay structure, regulations in force, etc., to all the personnel of the plantations ; (ii) include these salary-related topics at onboarding; and (iii) timely respond to salary-related issues through the grievance mechanism.

As a way to protect its workers, the Client will perform a comprehensive assessment of the risk associated to the personnel transportation service per stage or plantation group, which considers: (i) whether the service is still suitable; (ii) whether the schedules and routes are kept as planned; (iii) whether the transportation routes and times are conveniently chosen to avoid exposure to the insecurity and violence (kidnappings, extortions, theft, muggings, contract killings, etc.) the country is going through; and (iv) performing routine inspections of the state of the vehicles.

4.2.a.iii Workers' organizations

The Client complies with the provisions in the Work Code currently in force in Ecuador, with respect to the workers' freedom of association. Also, the ethical trade policy expresses the Company's commitment to respecting workers' rights to freedom of association and collective bargaining. RBP has a legally constituted Workers Committee (*comité de empresa*), with which it maintains an indefinite collective bargaining agreement that is reviewed every three years (last updated in May 2024). The Client holds monthly meetings with this committee, where they discuss topics related to OHS matters, the state of the facilities and the infrastructure, improvements to the transportation and catering services, salary review, personal protective equipment (PPE) review, etc.

4.2.a.iv Non-discrimination and equal opportunity

The Client's corporate human rights policy mentions its commitment to not engaging in or encouraging any kind of discrimination based on race, nationality, religion, age, disability, sex, marital status, sexual orientation or affiliation to organizations. Moreover, the Company prohibits and does not tolerate any type of threat, abuse—whether physical, sexual or verbal—or any other form of intimidation.

4.2.a.v Retrenchment

The Client has in place a termination procedure, which is applicable in case of collective layoffs. Nonetheless, the Client will update it to consider the following elements in case of massive layoffs: (i) application of the non-discrimination principle; (ii) the Client's consultation with the workers, the Workers Committee and, if appropriate, the related Government institutions; (iii) adherence to the existing collective bargaining agreements, and the legal and contractual obligation to notify the authorities; and (iv) mandatory notification of, provision of information to and consultation with the workers and the related Workers Committee.

4.2.a.vi Grievance mechanism

The Client has a procedure to process the suggestions and grievances submitted by the workers or other stakeholders, which provides for investigating, checking and responding to them timely, confidentially and objectively. The channels to receive grievances included in the procedure are the following: (i) physical boxes at the Company's plantations or on-site medical facilities; (ii) survey forms, managed by the social workers; (iii) a virtual box in the intranet; (iv) an email address (sugerencias@reybanpac.com); and (v) the Human Resources Committee²⁹. The mechanism, which allows for capturing anonymous grievances through the physical boxes, is properly managed to deal with grievances fast, following a user-friendly, transparent process that offers timely feedback to the stakeholders, without retaliation.

The mechanism also receives grievances related to human resources, gender equality, child labor, forced labor, discrimination, and violence and harassment at the workplace. The Client keeps record of all the grievances received. However, it will: (i) update the mechanism to record the grievance workflow from reception to resolution; and (ii) include the dissemination of the mechanism at least annually in its training plans.

4.2.b Protecting the workforce

In compliance with the local regulations in force³⁰ and the conventions of the International Labor Organization (ILO) as ratified by Ecuador, the Client forbids the use of child and forced labor for its payroll workers and its contractors. Additionally, RBP's ethical trade policy expressly states the prohibition of forced or child labor.

Since 2002 the Ministry of Labor and the Ecuadorian Institute of Social Security have been working hard to eradicate child labor from the banana sector.

4.2.c Occupational health and safety

RBP has a manual for the application of agrochemicals. It requires that: (i) all applicators are checked for good health; (ii) the workers' levels of cholinesterase and transaminase are checked biannually; (iii) the application equipment, as well as the PPE, is washed daily; (iv) unauthorized personnel is forbidden to manipulate these compounds; (v) all applicators must shower when their work shift finishes; and (v) the washed PPE is properly put away in the lockers provided in the shower rooms for agrochemical applicators. Nonetheless, the Client will prepare a management and maintenance procedure for the infrastructure of the banana plantations, which will include: (i) having suitable showers for the workers, i. e. a number that is enough for all the staff as indicated in the national legislation; (ii) mandatory compliance with the minimum requirements of hygiene, privacy, supply of personal hygiene products; (iii) putting up lockers in the locker rooms and shower areas (for the applicators of agrochemicals), so that the paths of people through "clean" and "dirty" areas do not cross; (iv) inspecting the state of the restrooms, showers, locker rooms for men and women, and laundry areas routinely; (v) inspecting the condition of bridges across plantations periodically; (vi)

²⁹ In charge of dealing with cases related to human resources, gender equality, child labor, forced labor, discrimination, and violence and harassment at the workplace.

³⁰ Labor Code https://www.ces.gob.ec/lotaip/2020/Junio/Literal_a2/C%C3%B3digo%20del%20Trabajo.pdf and Children's Protection Code https://www.gob.ec/sites/default/files/regulations/2018-09/Documento_C%C3%B3digo-Ni%C3%B1ez-Adolescencia.pdf

inspecting and recording the condition of the cableway and work tools used by the personnel in the field; (vii) inspecting and recording weed controls across the plantations; (viii) having a laundry service for non-disposable work clothes and PPE used by the agrochemicals applicators and field workers; (iii) having the restrooms, showers and locker rooms cleaned daily in all plantations; and (iv) implementing a protocol to communicate a fumigation action has been canceled.

The Client has four on-site medical facilities under the Ecuadorian Institute of Social Security for the banana business, and one for the workers at the port terminal. These centers employ full-time occupational physicians who carry out epidemiological surveillance, daily healthcare for the workers and first aid actions in case of accidents or incidents.

The main ailments affecting the workers are respiratory, musculoskeletal, digestive, dermatological, genitourinary, and metabolic diseases. In this regard, the Client will: (i) develop an OHS plan to prevent those diseases; (ii) update its hazard identification and risk assessment matrices for each job position; (iii) implement effective measures to approach the most common causes of morbidity among workers (musculoskeletal³¹, respiratory and digestive diseases); and (iv) set annual goals to diminish the frequency, seriousness and risk rates for its workers. The increase or decrease in the rate must be justified with the related report.

The OHS plan for the banana business will include, among others, the following aspects: (i) the installation of hydration points for the field workers; and (ii) the application of insect repellent and sunscreen by all staff to control biological risk and exposure to UV radiation while in the field.

RBP also has a procedure to prevent diseases caused by exposure to pesticides among the workers with direct or indirect exposure to them, especially organophosphates and carbamates. In this regard, it performs pre-occupational and occupational tests to all workers, as well as biological monitoring of those exposed to agrochemicals³². However, the Client will update the procedure to include the following actions: (i) performing medical measurements with the corresponding biological markers and in compliance with the national legislation at the frequency defined in its procedure for each role; (ii) carrying out training and awareness-raising sessions at least twice a year for the people working with pesticides containing cholinesterase inhibitors; (iii) establishing communication protocols to inform workers about the importance of monitoring cholinesterase and transaminase levels.

Even though RBP has in place a procedure and a matrix for PPE for each role, it will be updated to: (i) standardize the work clothes requirements for each worker's task; (ii) assess the suitability and quality of the PPE (apron, gloves, boots, helmet) used, based on the type of activity, exposure to agrochemicals and size of the workers; (iii) check the condition of the workers' PPE regularly; and (iv) provide or replace the PPE.

In compliance with the regulations in force, the Client has its occupational health and safety rulebooks up to date as well as the OHS collective bargaining committees and sub-committees³³ active in all 43 plantations and port terminal. The joint committee meets up once a year and the minutes of such meetings are recorded.

³¹ Focused on the activities and roles with the highest accident rate and the highest lost time rate (wrapper, strapper, stacker, lowerer, calibrator, ripening specialist, deleafer, stemmer, packer, fertilizer applicator, harvester, replanter, and sanitizer).

³² Applicators in plantations, personnel participating in aerial applications and the personnel storing agrochemicals.

³³ Made up of representatives of the employer and the employees in the same proportion.

RBP's and FER's incident and accident statistics are recorded by the Client, and subsequently reported to the control authorities³⁴ when applicable. Between 2022 and 2023 the risk rate increased by 66% in RBP; therefore, for its banana business, the Client will perform a comprehensive assessment of the OHS risk management that helps identify the causes for such an increment and define adequate preventive and corrective measures. The port terminal has not recorded accidents in the past three years.

4.2.d Provisions for people with disabilities

In compliance with the regulations in place³⁵, 4% of the staff engaged in the Client's banana business presents some disability³⁶. However, the Client will prepare specific provisions for employees with disabilities in each business unit, which guarantees the worker develops their full potential in their work environment and the universal design principles are observed in the design, construction and operations (including emergency and evacuation plans), and will take relocation measures following a role-based risk assessment so that people with disabilities are located in the most open areas possible for their effective evacuation.

4.2.e Workers engaged by third parties

In all the agreements the Client has entered into with its contractors, there are labor, OHS and environmental compliance clauses. Also, the Client's policies that are applicable at corporate and business unit level are as well applicable to them.

FER, the business unit with the largest number of contractors and cargo handling operators³⁷ due to the nature of the business, currently relies on 5³⁸ contractors and 10 cargo handling operators. It organizes weekly OHS and operational procedures onboarding sessions for contractors and cargo handling operators. Nevertheless, the Client will prepare a management plan for contractors and cargo handling operators with measures to monitor their compliance with FER's environmental, OHS and labor policies, procedures and plans.

4.2.f Supply chain

RBP purchases fruit from local producers³⁹, which requires a procedure for an annual inspection of the schemes for the certifications they hold. This involves reviewing: (i) legal aspects; (ii) labor practices and human rights; and (iii) E&S, OHS compliance. In 2023 producers recorded compliance of over 90%. Despite this, it will develop and implement a georeferenced traceability procedure to identify the risk associated to the primary fruit suppliers, which helps: (i) identify the origin of the supply; and (ii) restrict purchases only to those suppliers that can prove they have not caused deforestation.

³⁴ Ministry of Labor and Ecuadorian Institute of Social Security (Labor Risks Office)

³⁵ The Organic Disabilities Law states that employers with over 100 payroll employees shall have at least 4% of people with disabilities.

³⁶ FER is not expected to comply with this requirement because it does not have 100 employees.

³⁷ Their services help managing and executing the specialized technicalities of cargo transfer occurring on board the vessels or in the port terminal. Cargo handling operators have special machinery, equipment, tools and safety devices for their workers, who are duly trained to handle them.

³⁸ 5 contractors accounting for 62 workers.

³⁹ A total of 3,000 hectares of supplier crops, distributed in plantations from 20 ha up to 300 ha.

RBP purchases fertilizers and agrochemicals (mainly imported from the USA and Europe) from domestic companies, who are required to submit a statement in which they declare that no child labor or forced labor has been used during the manufacture or extraction of the products they sell.

4.3 Resource efficiency and pollution prevention

4.3.a Resource efficiency

RBP has performed pre-feasibility studies to implement renewable energies that can help its plantations become less dependent on fossil fuels. The port terminal uses electric power from the public grid.

4.3.a.i Greenhouse gases

In 2019, and in line with the requirements of standard ISO 14064-3:2019⁴⁰, RBP has measured its partial product carbon footprint (PCF) for packed bananas, and has endured a conformity verification process as required by standard ISO 14067:2018⁴¹. It included an analysis of the product from planting to shipping at the port for dispatch⁴².

The results show that: (i) in descending order, the largest contributors to GHG emissions are fertilizers and pesticides, followed by fossil fuels and lastly organic waste; (ii) each kilogram of packed Cavendish bananas generates 0.347 kg CO₂eq; and (iii) RBP has managed to be carbon-neutral thanks to the fact that carbon is captured by the biomass of the banana plants (127,601 tCO₂e every 6 months).

However, the Client will: (i) measure its PCF every year, consolidating the calculation methodology and approach and data gathered⁴³; and (ii) adjust, as necessary, the calculation of emission removal to account for the regeneration time of the carbon stock in banana trees⁴⁴.

Similarly, the port business will: (i) carry out a GHG inventory, with the first year as the baseline.

4.3.a.ii Water consumption

In the banana business, water is used for producing and cleaning the bananas, as well as for the ancillary services and human consumption. The water used for irrigation and cleaning in the packing facilities and ancillary services (showers and restrooms) is supplied from underground and surface sources (100-120-m deep wells). For this to be possible, the Client has been granted water use concessions by the MAATE. To date the status of the water concessions is as follows: (i) 22% are

⁴⁰ Standard ISO 14064-3 specifies principles and requirements, and provides guidelines for those performing or managing the validation or verification of GHG emissions.

⁴¹ Standard ISO 14067 presents the requirements and guidelines to quantify GHG emissions at product level.

⁴² Description of the activities: nursery production of seedlings, planting of seedlings or clones, crop maintenance, fruit harvesting, bunch processing, consolidation, non- refrigerated transport to the port in Ecuador.

⁴³ Establishing the emission factors, and the amounts of fertilizer used and pest control.

⁴⁴ Such as the carbon balance or the mass balance capturing carbon and degrading.

active; (ii) 53% are undergoing the renewal process; (iii) 18% are awaiting authorization; and (iv) 6% are in the process of being canceled.

The Client keeps a matrix for the water use authorizations with detailed information about the wells it is exploiting. However, for the concessions which have no record of the authorized volume, the related authorities will be contacted to establish what amount of water is allowed for extraction.

As bananas are a long-duration crop, they require high volumes of water a year, which range from 1,200 mm in humid tropical areas to 2,200 mm in wet tropical areas. Thus, the Client has implemented plans and processes to improve water efficiency, both for irrigation and for cleaning the packing facilities.

The plantations are currently using automated irrigation systems with under-leaf micro-sprinkling (with a 90% efficiency) and overhead micro-sprinkling in order to reduce water consumption. The automated system detects water leaks immediately, which has been translated into significant use savings. Likewise, the Client has meteorological stations (to monitor humidity, precipitation levels, the use of TDR, etc.), which produce information to determine the irrigation needs of the plantations. Also, the Client keeps record of the volumes used at the pumping stations, based on the operation times and performance curves.

As part of the biosecurity plan to fight off *Foc R4T* and *Ralstonia sp.*, RBP has replaced the surface water pumping systems with groundwater systems, which has proven to be technically and economically viable. Thus, it expects to build 12 more wells, to replace 7 pumping stations. Additionally, as part of the water efficiency plans, the Client has a zero-leak plan, which is triggered every year before the dry season (June to November), and involves the preventive and corrective maintenance of the irrigation systems.

The Client has implemented a water recirculation system in the packing facilities, eliminating solid waste and latex, and adding chlorine to the water, which allows reusing the same volume of water to wash the fruit up to three times. This has meant a significant 70% saving in water use.

By virtue of the Global GAP certification, RBP has also been recognized as “Sustainable Program for Irrigation and Groundwater Use (SPRING),” which highlights its commitment to using water responsibly for irrigation⁴⁵. RBP currently has an irrigation water footprint that is much smaller than the benchmark of 0.5 m³ per kilogram of bananas defined by the UN Food and Agriculture Organization (FAO), with values as low as 0.043 m³/kg bananas in 2022 and 0.026 m³/kg bananas in 2023.

The port terminal receives water from the public system for toilets, showers, restrooms and certain processes (for instance, washing machinery and equipment). Rainwater is collected and channeled to the external rainwater drainage system to be further discharged into nearby natural water bodies.

⁴⁵ This award involves checking the use of water; the extraction rates; legal compliance; water source protection actions, and the activities carried out to manage the water basins.

4.3.b Pollution prevention

If we compare the Client's use of fertilizers in 2023 and 2022, it becomes apparent that it increased the use of combined fertilizers⁴⁶ in different proportions (N, P, K), but it also diminished the use of nitrate and sulfate by 97% and 47%, respectively. This drop is due to the fact that in those years no nitrates or sulfates were used for fertigation, because of the increasing costs of fertilizers caused by the conflict between Russia and Ukraine. Reducing the volume of fertilizers is a challenge for the sector, and it is directly proportional to the volume produced. However, the Client, thanks to its permanent crop monitoring and measuring programs, maximizes the fertilizer efficiency.

The Client treats the effluents from the packing facilities before they are discharged into the water bodies. These effluents are monitored and reported every six months to the appropriate environmental control authority. So far monitoring each packing facility in the 43 plantations has not reported any non-compliance with the applicable legislation⁴⁷. However, the Client wishes the effluents from the packing facilities to comply with the World Bank Group's Environmental, Health and Safety Guidelines⁴⁸ and those specific for perennial crops⁴⁹.

In all plantations, domestic wastewater is managed with septic tanks, which receive maintenance every six months, whereas, in the port terminal, it is channeled to the municipal sewerage system, in compliance with the related municipal ordinances.

4.3.b.i Wastes

Non-hazardous waste (recyclable, organic and ordinary) generated by RBP's operations are mainly banana (rejects), rachis (or stalks), plastic (straps), cardboard and office waste. Recyclable waste (plastic, cardboard) is handed over to authorized recycling companies; the rejects are sold to third parties for fodder; the stalks are chopped and reused as crop fertilizer; and the ordinary waste is transported to sanitary landfills authorized by each municipal government. The Client, however, will do the following in all its banana operations: (i) adapt (where applicable) the non-hazardous waste staging areas in compliance with the local regulations in place; (ii) keep record of the amount and type of waste generated; and (iii) trace the waste until its final disposal.

Some of the main hazardous and special waste generated by RBP are: empty pesticide containers; pesticide-soaked Biflex covers used to protect bunches; banana bunch protectors (polyethylene foam); ties or ribbons for lot identification; wipes soaked in hydrocarbons, oils or lubricants; and used batteries.

The Client has a manual with instructions to manage empty agrochemical containers, with such actions as triple wash or return to supplier. The fertilizer bags are washed to be reused and temporarily kept at the plantations to be further taken to the designated storage centers, where they stay until they are sent to the manager or supplier. RBP keeps record of the delivery of agrochemical containers in any plantation and requests a final disposal certificate from its supplier.

⁴⁶ Mix of nitrogen (N), phosphorous (P) and potassium (K)

⁴⁷ Surfactants, oils and grease, chemical oxygen demand, biological oxygen demand, turbidity, total suspended solids, color, pH, in-situ temperature, organochlorine and organophosphate pesticides.

⁴⁸ <http://documents1.worldbank.org/curated/en/862351490601664460/pdf/112110-SPANISH-General-Guidelines.pdf>

⁴⁹ <https://www.ifc.org/content/dam/ifc/doc/mgrt/final-perennial-crop-production-november-2015.pdf>

At the port terminal, non-hazardous waste (ordinary) is collected, temporarily kept at storage centers (enclosed, with waterproof floor, roofed) and handed over to the municipal collection service; recyclable waste, mainly scraps, are managed through duly authorized steel companies in Ecuador; and hazardous waste⁵⁰ is managed based on its type with properly certified environmental managers. Nevertheless, FER will adapt the staging areas for hazardous waste in compliance with the current regulations and international standards.

Based on the current regulations, the Client has kept 37 records as hazardous waste generator for its banana business and one for the port terminal. In this regards, it annually reports on how this waste is managed, including its traceability from generation, throughout transportation and treatment. The Client, however, will take the following actions at each banana plantation in compliance with the regulations currently in force: (i) adapt the sites for a triple wash off of the pesticides used; (ii) adapt the non-hazardous waste staging sites; and (iii) keep records of the amount and type of waste generated, tracing it until its final disposal.

4.3.b.ii Hazardous materials management

The Client has fuel storage facilities in each plantation, which: (i) keep the related permits from the hydrocarbon control entities⁵¹; (ii) are located outside floodable areas and far from human settlements, schools, healthcare centers or public or community places; and (iii) are adequate (infrastructure and equipment) to deal with involuntary spills.

The plantations keep minimal amounts of agrochemicals because large volumes are handled by the third party hired to execute the aerial applications. The Client performs periodic inspections and audits on that company to guarantee that: (i) its permits have not expired⁵²; (ii) it has sanitary records for each product; (iii) storage is compliant with the regulatory requirements (containment for liquid spills, suitable ventilation, access restricted only to authorized personnel, fire extinguishers, anti-spill kits, etc.); (iv) it provides each product with a label under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS-UN) and in their original containers; and (v) is properly disposing of the waste.

4.3.b.iii Management and use of pesticides

RBP hires a third party to apply agrochemicals, who has the suitable equipment to protect people and the environment from exposure to such products. Agrochemicals are applied using turbo propeller planes, drones equipped with flight control systems, and ground equipment. The aerial application systems rely on advanced software to complete automated flights that are pre-configured for the specific area that will be fumigated and block the discharge of agrochemicals in the exclusion areas (water sources, settlements, educational centers, healthcare centers). This company has valid environmental and operation permits in place.

⁵⁰ Samples; pesticides; chemical/veterinary products which are non-compliant, rejected, obsolete, or expired generated during the commercial process; mineral oil filters; used lead-acid batteries; electric and electronic equipment that are no longer in use but have not yet been disassembled, or their components or building elements that have not been separated yet; contaminated absorbing materials; used or exhausted mineral oils, etc.

⁵¹ <https://www.ambiente.gob.ec/wp-content/uploads/downloads/2012/09/RAOHE-DECRETO-EJECUTIVO-1215.pdf>

⁵² A certification issued by the National Office of Regulation, Control and Sanitary Surveillance for import, export and trade of products for human use and consumption stated in section 137 of Organic Health Law.

RBP has a manual of application to control diseases (sigatoka⁵³) and pests to avoid contaminating people, fruit, soil and water bodies. The manual includes monitoring activities to timely identify the presence and evolution of *sigatoka* and other diseases per lot, and trigger a control program when the pest has exceeded certain thresholds. If that is the case, the plantations are notified about when the fumigation will occur, together with the results of the previous assessments of the state of the disease in the crops.

The fumigation program includes information about the product to be applied (active ingredient); the safety period or re-entry period of the products to be applied; the waiting period for the products to be applied; the application method; the name of the person responsible for the fumigation program; and the definition of the minimum no-application area with the airplane, respecting the protection zones⁵⁴.

Once the manager of each plantation checks the fumigation plan, the manual triggers the following activities: (i) informing the communities about the fumigation times; (ii) letting the plantation neighbors and suppliers know; and (iii) checking the weather factors and technical restrictions for the aerial application. Once the fumigation is completed, a fumigation cycle report (log) is issued with the time, the area of application and the products used, among other important technical data.

RBP will review the manual of application to control diseases (sigatoka) and pests to update the fumigation protocol, so that it includes: (i) the definition of lead time; (ii) names of those responsible for disclosing information about the planned fumigations to the mapped communities; (iii) the definition of the communication channels to be used; (iv) requirements in terms of materials and content to be disclosed in order to guarantee they are culturally appropriate; (iv) procedures to record the way the relevant information has been disclosed for each fumigation task completed.

RBP, for the sake of becoming progressively less dependent on the use of agrochemicals, has implemented an agrochemical reduction plan involving: (i) implementing a biofactory to reproduce microorganisms of biological control acting as antagonists of several pests and diseases; (ii) reducing the use of molecules with high chemical load; (iii) applying combinations of microorganisms for (a) controlling pests and diseases in the soil (nematodes) and the leaves (cerambidae) by 39% in the cultivated area and (b) eliminating the dependence on chemicals listed in Ia and Ib of the World Health Organization's (WHO) pesticide classification⁵⁵; (iv) using alternative combinations to reduce the amount of agricultural oil applied on the leaves; (v) using organic molecules to treat soil bacteria and fungi; (vi) rotating the molecules for weed control to avoid cross resistance; and (vii) using mechanical control in slopes. RBP has planned to eliminate the use of pesticides type Ia and Ib by 70% by 2025. However, the Client will develop a plan to progressively stop using pesticides classed as extremely hazardous (Ia) and highly hazardous (Ib) according to the WHO.

4.4 Community health, safety and security

4.4.a Community health, safety and security

⁵³ The black sigatoka (*Pseudocercospora fijiensis*) is a disease of the banana trees caused by an ascomycete fungus, which affects the leaves and reduces the plant's photosynthetic surface.

⁵⁴ 30 meters from the water bodies.

⁵⁵ <https://iris.who.int/bitstream/handle/10665/337246/9789240016057-spa.pdf?sequence=1>

4.4.a.i Infrastructure and equipment design and safety

In compliance with the current legislation, RBP observes the following safety distances: (i) 5 m, for natural watercourses that are less than 1 m wide (intermittent); and 10 m for watercourses that are over 5 m wide (permanent). What is more, it protects the riverbeds by reforesting with shrubs or other species that are as high as banana trees.

Given that the main impacts of the banana and port operations on the community are the noise and road safety (transportation of raw materials and end products), the Client, by virtue of its SEP, will keep in close contact with the mapped communities to handle these impacts. In this regard, the Client will develop a road safety plan which includes a road risk analysis and will implement the measures established in this plan.

The port terminal will handle the community grievances related to vehicle traffic coming into the terminal with the following actions: (i) it will increase the number of incoming lanes from 2 to 4; and (ii) it will rent a place near the port terminal, which will be used as a pre-gate area, for the vehicles to park until they are authorized to enter. In order to respond to the grievances connected to the particulate matter, FER has implemented loading and unloading controls (protection covers), has set up physical barriers to reduce the traffic speed and has put up water cannons to wet the exposed areas and prevent the creation of dust.

4.4.a.ii Hazardous materials management and safety

The main hazardous materials used for the banana and port operations are agrochemicals and fuels; therefore, the Client has specific plans, procedures and protocols for adequate management and prevention of accidents and incidents.

4.4.a.iii Ecosystem services

Given that the *ex-post* EIAs do not identify the terrestrial and aquatic ecosystem services that could be affected by the banana operations, RBP will identify the main ecosystem services (provisioning, regulation, cultural and support) and will establish the related management measures.

4.4.a.iv Community exposure to disease

In compliance with current legislation, RBP's plans and manuals for the application of agrochemicals and its OHS management include measures to prevent the exposure of communities to diseases or poisoning due to the use of pesticides. RBP also developed a protocol to prevent and protect the workers from Covid-19 so that the spread of the virus among the employees and in the communities within its area of influence is prevented and avoided.

4.4.a.v Emergency preparedness and response

The Client will disclose its PEC in the communities defined when mapping the area of influence of each plantation and port terminal, will carry out periodic consultations with them to identify emergency scenarios and will engage them in drills for the risks identified.

4.4.b Security personnel

The Client has payroll and outsourced physical security personnel. The Client will run reasonable checks on both direct and indirect staff to make sure those in charge of security: (i) have not engaged in cases of abuse in the past; (ii) have been properly trained in the use of force and, when applicable, of fire arms; (iii) have been trained on how to engage with workers and the communities nearby; and (iv) know the applicable legislation and how to act accordingly.

The Client has in place physical security procedures for access control, crime prevention and asset protection that must be observed by security guards, motorized supervisors, console operators, safety coordinators, chief of corporate security and the corporate security manager, during the different work shifts. Even though only a few guards are authorized to carry arms, all are trained regularly (at least twice a year) on topics related to: (i) human rights; (ii) the progressive use of force; (iii) first aid; and (iv) gender equality.

4.5 Land acquisition and involuntary resettlement

The Project does not expect any involuntary resettlement or economic displacement.

4.6 Biodiversity conservation and natural habitats

4.6.a General

The banana and port operations are not located in or near any national forest reserves, protected areas, key biodiversity areas, important biodiversity areas, or areas of interest of the Alliance for Zero Extinction (AZE).

4.6.b Protection and conservation of biodiversity

As the Ecuadorian regulations⁵⁶ prohibits the expansion of banana crops, the Client and its suppliers will not stretch out the limits of their crops and will keep the same production hectares as they are today.

4.6.b.i Modified habitat

The province of Los Ríos is a highly intervened territory as it has historically been a major area of agriculture, livestock farming and rivers for the agro-industrial, exporting wealth of the country. Some of the main crops grown there are cocoa, banana, rice, corn, African palm tree, coffee beans, sorghum and soy, among others.

4.6.b.ii Natural habitat

Banana and port operations are not located in natural or critical habitats, and neither are they in protected natural areas.

⁵⁶ <https://www.gob.ec/sites/default/files/regulations/2018-10/R.O.%20315%20%282004%29%20-%20Leves%20Agrarias.pdf>

4.6.b.iii Legally protected areas and internationally recognized areas

One of the 43 plantations is located in the province of Los Ríos, and intersects the “Daule-Peripa” protective forest⁵⁷, recognized as part in the Ecuadorian National System of Protected Areas under the category of Forest and Protective Vegetation.

4.6.b.iv Invasive alien species

The banana and port operations do not and will not use invasive alien species.

4.6.c Management of ecosystem services

RBP has implemented actions to prevent a disease known as “moko” generated by *Ralstonia solanacearum* race 2, a soil-borne bacterium which has been massively affecting banana crops nationwide since 2020. Also in 2020, when it became apparent that *Foc R4T* was present in Colombia, RBP launched the implementation of a biosecurity plan that includes measures to prevent the spread of the fungus and the disease caused by the bacteria *Ralstonia*. This plan contains the ecosystem services of regulation, like drilling wells or irrigation stations; building footbaths in the plantations; building drainage canals; delimitating the area with live fences and wire; and disinfecting water with UV lamps, etc.

4.6.d Sustainable management of living natural resources

The Client, in accordance with the provisions in the EMP of the plantation crossing the “Daule-Peripa” protective forest will: (i) carry out biotic monitoring actions on the flora and fauna every six months; (ii) prepare a comparison of the current state of the flora and fauna to the baseline; (iii) take specific actions to preserve the “Daule-Peripa” protective forest; and (iv) carry out activities to manage and preserve the permanent protection area (15.22 ha) established in the comprehensive management plan.

4.6.e Supply chain

A total of 30% of RBP’s exports come from the fruit purchased from local producers⁵⁸ located in the provinces of Los Ríos and El Oro. This purchase is guided by 13 agreements with conventional banana producers and 7 with organic banana producers, all of which are georeferenced and help keep the online traceability of each lot of fruit sold and exported. All RBP’s producers are certified under Global GAP. RBP follows a procedure to make internal inspections to producers in connection with the certification schemes, executing annual evaluations of: (i) legal aspects; (ii) labor practices and human rights; (iii) E&S, OHS compliance; (iv) state of the materials and hazardous chemicals storage facilities as well as ancillary facilities (pumps, generators, etc.); and (v) records of E&S, OHS compliance. Even though producers have complied with over 90% of these requirements, the Client will prepare and implement a supplier evaluation mechanism, in which it will include an assessment of risks of child and forced labor, and of the significant safety problems for the workers.

⁵⁷ Protective forests and the State’s Natural Heritage. <http://areasprotegidas.ambiente.gob.ec/es/content/bosques-protectores>

⁵⁸ A total of 3,000 hectares of supplier crops, distributed in plantations from 20 ha up to 300 ha.

4.7 Indigenous peoples

The banana and port operations do not affect any indigenous people.

4.8 Cultural heritage

The banana and port operations do not involve any construction or expansion; therefore, no effects on the cultural heritage are expected.

5. Local Access of Project Documentation

The documentation related to the Project is available at <https://www.reybanpac.com/> and <https://terminalfertisa.com/>.