

ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY (ESRS) DOS PINOS PROJECT

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

Cooperativa de Productores de Leche Dos Pinos R.L. is a leading foodstuffs production and sales company. It also markets other goods and provides services intended to facilitate the agricultural activities of its members and clients. It was founded in 1947 by 25 associates. Today it has 1,600 associated producers (1,400 in Costa Rica) and nearly 600 associated workers. Currently, Dos Pinos processes 1.6 million liters of milk per day, produces more than 600 products, exports to 10 countries, and employs nearly 5,000 people. Seventy thousand families in the region benefit from the cooperative.

IDB Invest performed the environmental and social due diligence for the Project between August 12th and 14th, 2019. The dairy and food concentrate plants in Coyol, the chocolate plant in Gallito, and the beverage plant in Belén were visited, as were two suppliers, one in Alajuela and the other in Guanacaste. Additionally, environmental information—procedures, policies, reports, audits, licenses, and other internal documents of Dos Pinos—was reviewed and personnel from the cooperative's plants and suppliers were interviewed.

2. Environmental and Social Categorization and Justification

This is a category B project under the IDB Invest Environmental and Social Sustainability Policy, given that it could have moderate and mitigable environmental and social impacts. The main issues associated with the Project include: (i) functionality of the environmental and social management and monitoring systems, (ii) food safety and security; (iii) prevention of chronic renal insufficiency; (iv) wastewater, solid waste, energy consumption, and air emissions management and control; (v) community relations; (vi) supply chain sustainability; and (vii) labor management and suitable working conditions.

Resulting from the Environmental and Social Due Diligence, it was concluded that the impacts of this operation will be managed according to the International Finance Corporation's (IFC) Performance Standards (PS) and Environmental, Health and Safety Guidelines for Dairy Processing, Livestock Production, and Food and Beverage Processing. The PS' that apply to this operation are:

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

PS 2: Labor and Working Conditions

PS 3: Resource Efficiency and Pollution Prevention

PS 4: Community Health, Safety and Security

Should any other PS be applicable, Dos Pinos will immediately inform IDB Invest.

3. Environmental and Social Context

The cooperative has several production plants in the region. In Costa Rica: Coyol, which produces dairy products, juices, and nectars, and animal feed concentrates; San Carlos, which produces powdered milk and cheese, juice beverages, water, and tea; and Gallito, which produces sweets and chocolates. In Panama, there is Nevada and in Nicaragua, La Completa, both of which produce dairy products; in the Dominican Republic there is Grupo Lácteo del Caribe, which produces dairy products, juices, and nectars, and in Guatemala there is Tikal, which is under construction. The plants in Costa Rica and the Dominican Republic are located in industrial complexes and, because of their remoteness, have minimal impacts on the neighboring communities, while the facilities in Guatemala, Nicaragua, and Panama are located on properties owned by the Cooperative that have no significant impacts on the communities closest to them. It also has 18 agri-veterinary stores, 10 branches, 4 self-service stores, 15 "La Estación" ice cream parlors located in shopping centers and an additional milk reception center in Limonal. Several partners are located in areas susceptible to volcanic eruptions; in general, the country could be affected by earthquakes, avalanches, and hurricanes. Chronic kidney disease (CKD) is part of the contextual social risk for field workers in Costa Rica. CKD is a prevalent Mesoamerican nephropathy of unknown etiology found in rural and urban populations.

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

4.1. Assessment and Management of Environmental and Social Risks and Impacts

4.1.a. Environmental and Social Management System

Since 2005, the Environmental and Social Management System (ESMS) of the Dos Pinos facilities Coyol, Alimentos Balanceados, and San Carlos in Costa Rica have been certified under ISO 14001. The Gallito and Bebidas plants acquired in recent years have yet to be certified, but there are plans to do so in the medium term. Coyol, Alimentos Balanceados and San Carlos are certified under the Food Safety System Certification FSSC 22000 v.3.2. A self-assessment of the Cooperative's ESMS was carried out during the ESDD, and it was concluded that:

4.1.b. Policy

The set of policies and procedures is systematically reviewed, widely known by the company's employees, and supported by senior management. External social stakeholders should be more actively involved in procedure development processes and communications.

4.1.c. Identification of Risks and Impacts

Dos Pinos has a procedure for identifying and evaluating environmental aspects associated with internal operations that involve contractors and primary suppliers. It shall update the ESMS procedure to address risks and impacts on communities and external stakeholders.

4.1.d. Management Programs

The management programs include measures to manage environmental and social (E&S) risks and impacts. At the corporate level, they include procedures for emergency prevention and preparedness, occupational health and safety, control of ESMS findings, and response to emergencies with possible environmental repercussions, among others. The Cooperative needs to develop management procedures for its ESMS to ensure community participation, including regular reporting to communities and driver and traffic safety programs in accordance with the principles described in the general Environment,

Health, and Safety (EHS) guidelines. It should also finish developing the Responsible Supplier Policy and the Code for sustainable supply chain management.

The Cooperative performs geo-referencing of each supplier to control their location through programs that geographically locate the production farms, in order to become aware of the environmental vulnerabilities and thus establish medium- and long-term action plans supported by the technicians and specialists that the Cooperative makes available to achieve these objectives. The country's deforestation policies are strict, and the government and community actively enforce them.

Currently, Dos Pinos is not certified to ensure sustainable supply. However, the environmental and social risks of its supply chain are managed through supplier evaluation processes, quality and safety audits, and management analyses based on the corporate procedure for selecting, approving, and monitoring suppliers. No sustainability trainings have been conducted with current suppliers; however, it is expected that they will be included as part of a sustainability strengthening plan to be implemented in the medium and long term. On the other hand, it establishes environmental and social management as part of its negotiations with suppliers, in accordance with the regulations and legislation in force, which includes, among others, a declaration from each supplier assuring that it will maintain the validity of any permit, authorization, license or requirement and guaranteeing compliance with all laws, regulations and the highest ethical standards. Each supplier agrees to submit to the Cooperative, on an annual basis, a sworn statement of full compliance with labor and social security laws and regulations with respect to its personnel. Dos Pinos shall document all existing procedures to ensure the sustainability of its supply chain and implement the Responsible Supplier Policy and Code currently under development.

4.1.e. Organizational Capacity and Competency

The Cooperative has organizational capacity and competency; it has professional staff with defined roles to manage E&S aspects in all its plants and at the corporate level. It also has personnel in charge of managing and implementing the ESMS. The Cooperative has a Technical Assistance team that consists of approximately 60 specialists, divided into productive units that facilitate the agricultural activities of its members and clients.

4.1.f. Emergency Preparedness and Response

The Cooperative has a general emergency prevention and response procedure at the corporate level, which includes general guidelines, emergency response, brigades, fire systems (detection and suppression), drills, portable extinguishing equipment, among others. The number and frequency of drills are set out in each country's legislation. The training program is aimed at internal brigades, covering topics such as firefighting, first aid, and evacuation. Emergency risk assessment, preparedness planning, and drills involve all temporary and contract workers in the company, including senior management. Greater involvement is required from the community and third parties.

4.1.g. Monitoring and Review

As part of its monitoring and evaluation activities the Cooperative has continuous improvement procedures, and senior management receives regular environmental and social reports including both the progress of objectives and pending targets. Environmental and social aspects are considered in all decisions made in the Cooperative, both internally and by suppliers.

The Cooperative periodically monitors and reports the environmental performance of operations to senior management and various government entities. However, it should complement the regular monitoring of E&S aspects in its reports to senior management by including activities that have significant E&S risks and impacts during normal operations, as well as adverse conditions. This will ensure the

continuous review of OHS performance and the realignment of Dos Pinos' sustainability priorities through the adoption of Key Performance Indicators (KPIs) to incorporate environmental, OHS and social parameters, including: a) safety: accident free days (number of days since the last lost time incident); b) sustainability: carbon emissions (kg/ton CO_{2eq} emitted/ton produced); water use (m³/ton of milk) and efficiency (consumed vs. ton produced); energy use (kWh/ton) or energy consumed/ton produced; wastewater effluents and air emissions monitoring; c) staff turnover and training (number of full-time staff leaving Dos Pinos per year on average, full-time and training day equivalents, number of training days provided to new and existing employees). Monthly and annual reports will be reviewed during the Cooperative's monthly OHS review and during the annual planning and budget management review. They are also encouraged to prepare an annual corporate Environmental and Social Sustainability Report based on the Global Reporting Initiative (GRI) standards.

4.1.h. Stakeholder Engagement

Although the opinions of external stakeholders are taken into account, the cooperative must include social stakeholders when evaluating the effectiveness of its ESMS and when planning improvements, as well as for its external grievance mechanism. As part of this process, Dos Pinos will set a timetable and a procedure for the regular update of the stakeholder map (identifying key social stakeholders as facilitators) and the agreed commitments.

4.1.i. External Communication and Grievance Mechanisms

Dos Pinos has a contact center that channels most grievances or external queries, in addition to using social media as a reception mechanism. If a complaint arrives directly to management or to a department, it is channeled to the technical area in charge for follow up and timely response, and a new case is opened.

In 2018, the Cooperative received an award as the second company with the best corporate reputation in Costa Rica. That same year, it was also acknowledged as one of the most inclusive companies in Costa Rica. It was considered the number one company that contributes to the quality of life of Costa Ricans, highlighting the business leadership of its general management.

4.2. Labor and Working Conditions

4.2.a. Working Conditions and Management of Worker Relationships

Dos Pinos has 1,470 employees in its nine plants at the regional level, of which 87% are men and 13% women. The country with the largest workforce is Costa Rica, with 1,215 employees distributed in five plants. The Cooperative shall sign the statement of support for the Women's Empowerment Principles and complete the WEP gender equality measurement tool and then send the results to IDB Invest.

4.2.a.i. Human Resources Policies and Procedures

The Cooperative complies with each country's national labor regulations. Labor relations are governed by the Local Labor Code, the Corporate Ethics Regulations applicable to personnel and associated producers and by the Labor Policies of Dos Pinos, which include: vacations, flexible hours, policy against psychological and moral harassment, personnel benefits, overtime, prevention and punishment of sexual harassment in the workplace, dress code, remote working, prevention and detection of alcohol and drug consumption and tobacco use. Personnel benefits include the following: financial facilities, medical care and health programs, training and technical courses, the corporate university, among others.

4.2.a.ii. Worker's Organizations

There are no collective bargaining agreements in the Cooperative, however, in Costa Rica some workers are affiliated to the Workers' Union of the Cooperativa de Productores de Leche Dos Pinos.

4.2.a.iii. Grievance Mechanism

Dos Pinos has an internal grievance mechanism whereby all employees may present, report, or communicate issues related to violations or potential violations of the Corporation's policies, Ethics Code, laws and regulations applicable to local, regional, or corporate representatives. Grievances may be filed with the Ethics Committee, the immediate supervisor, the General Manager, the Auditor General, the Legal Counsel, or the Human Capital Manager. Depending on the reason for the grievance, the investigation is the responsibility of the Internal Audit, Legal Counsel, or Human Capital departments. Disclosure of the grievance mechanism is made during the general induction. It allows receiving and resolving anonymous grievances.

4.2.b. Protecting the Workforce

Pursuant to the labor legislation, minors are not employed, and this is verified in the onboarding procedures. Forced labor is also rejected both in the Cooperative and in the fields by its partners.

4.2.c. Occupational Health and Safety

Dos Pinos has corporate procedures to manage the Occupational Health and Safety (OHS) of its workers and contractors. Control measures, signage, demarcation, personal protective equipment, batching and labeling, and safety maps have been established in accordance with the risks identified. OHS training is conducted during induction, one week after joining the company, and weekly during group meetings. The company's health and safety personnel regularly perform OHS inspections, with each inspection generating a specific score. An analysis of the main causes of occupational accidents and diseases is carried out annually to establish an annual training matrix, delivered in quarterly sessions.

Workers are provided with personal protective equipment (PPE) and its use is mandatory, including for contractors. There have been no fatal accidents in the Cooperative's plants and relatively low accident rates (LTIFR 24.4 during the last year), however, the severity of injuries is high (LTISR 320.9). The Cooperative shall investigate all accidents reported and summarize them according to a detailed flowchart that includes an analysis of the cause, cost, and mitigation measures required for situations or conditions leading to the accident with a specific timeline for remediation. The report format should include a summary of the preventive and corrective measures required to prevent the recurrence of observed accidents. The Cooperative will use the data collected on accidents to refocus training programs, ensure that risk information is conveyed to employees, and implement corrective measures as necessary to reduce or eliminate the sources of accidents.

The Cooperative has five medical offices that provide care to all employees in Costa Rica. About 32,000 appointments are made each year between general medicine, dentistry, and physical therapy. The Cooperative will develop a biosafety protocol and implement it through the technical assistance team to ensure the health of partner workers handling livestock.

The Cooperative complies with the legal requirements for breastfeeding rooms in the workplace, which requires one breastfeeding room for every 30 women workers. As part of its occupational health initiatives, the Cooperative encourages staff to stay hydrated, and reminders have been posted in the

health services using the color of urine as a guide to self-hydration. Field workers are susceptible to dehydration, as most of their work is done in direct sunlight. The company will develop a Hydration Plan as a fundamental aspect of occupational health. The hydration plan will be institutionalized for direct employees in the plant and will include elements such as availability of drinking water fountains for staff hydration and personal protective equipment. Additionally, the plan will be disseminated among the Cooperative's associated producers as an education program run by the technical department of the Agribusiness Management. A training and orientation plan on symptoms caused by heat stress and dehydration will be created for both groups (plant and associated producers).

All the Cooperative's facilities have a fire system designed to NFPA requirements for each type of plant and validated by the Fire Department of each locality. Drills and training of the brigade are conducted regularly.

At the Coyol plant, evaluations are performed on a per job basis that include PPE requirements and noise, lighting, and temperature management. This analysis will be ongoing. Particulate matter, noise, temperature, and lighting measurements are carried out at the Alimentos Balanceados plant. Although reports were received confirming compliance with national regulations for particulate matter, temperature, and lighting, noise levels in some work areas pose a hygiene risk from noise exposure and levels above those in the EHS Guidelines for the sector. Dos Pinos shall implement the measurement of these parameters in all plants, in compliance with the Guidelines for each applicable sector, and send annual reports to IDB Invest.

4.3. Resource Efficiency and Pollution Prevention

4.3.a. Resource Efficiency

Dos Pinos has been awarded the Ecological Blue Flag 2016 in Category IV, Climate Change, in recognition of a series of efforts for adequate water management, waste management, energy efficiency, and wastewater treatment implemented at the Coyol and Alimentos Balanceados plants. As part of the Cooperative's programs to ensure the sustainability of its products, it offers technical assistance to suppliers that includes advice and support on topics such as milk quality, milking equipment, herd health, balanced food, agri-environment, and costs.

4.3.a.i. Greenhouse Gases

In the Dos Pinos plants, electrical energy from the nearest distribution network is used for refrigeration equipment, material transfer, extraction, and water distribution, among others. During 2018, energy consumption in MWh/month for the Coyol Lácteos and Alimentos Balanceados plants was 3,731; for Bebidas 160; for Gallito 367; for San Carlos 1,391; for Nevada 463, and for Grupo Lácteo del Caribe 1,080. Electricity consumption was reduced by 65.2MWh in the last year by implementing the use of low-consumption lighting and constant monitoring of the electricity demand in plants, branches, warehouses, and facilities in Costa Rica. Dos Pinos conducts regular energy audits and implements Cleaner Production in its plants.

In 2018, fuel consumption for the boilers at the Coyol and San Carlos plants was 3.4 million and 6.2 million L of bunker fuel, respectively, for cleaning pipes, drying milk and generating electricity. In the Dominican Republic plant, consumption was 1,113 L per year for the 800HP boiler, in Panama it was 667,000 L for the four 150HP boilers. In Guatemala there is an emergency diesel plant and consumption is variable since it depends on the sector's electrical power cuts. On average, consumption is 265 L per year. Although the plant is not yet in operation, it is estimated that 168,000 L of bunker fuel will be consumed for the 200 HP

boiler upon commencement. The vehicle fleet in Costa Rica consumed 1,709 liters of gasoline and 8.8 million liters of diesel annually. In Guatemala, the Cooperative has 21 delivery trucks that consume 222,580 liters of fuel annually. For the rational use of fuel, insulating elements have been installed in boiler pipes, automatic controls in pump ignition, steam leaks are constantly checked, and the performance and preventive maintenance of the vehicle fleet is evaluated.

The Cooperative has made sporadic Greenhouse Gas (GHG) measurements of some plants. Dos Pinos will develop a stack emissions and air quality monitoring program that will be integrated into its ESMS to ensure that monitoring results are continually evaluated, and trends and KPIs are analyzed and reported to senior management in a timely manner. Dos Pinos will carry out emission measurements in the stacks and compare the levels with the following values (PM₁₀ 100 mg/Nm³; NO_x 460 mg/Nm³; SO_x 2000 mg/Nm³) for air quality and submit a report to IDB Invest. If measurements exceed the Guidelines' limits, Dos Pinos will propose corrective measures and a schedule for all emissions to meet the requirements of the industry guidelines.

4.3.a.ii. Water consumption

The water resource for most of the plants is drawn from wells for which it has groundwater concessions, except for the San Carlos plant, which has a surface water concession. All of the plants have Wastewater Treatment Plants (WWTPs). Water quality analyses have been performed, mostly showing levels in excess of the limits required by national regulations and compliance with the indicators set out in the IFC's Environmental, Health, and Safety Guidelines for Dairy Processing and Food and Beverage Processing, as applicable; however, some parameters remain unmeasured. All plants discharge into surface water bodies, with the exception of the beverage plant, where the treated water is used for irrigation. The Cooperative shall continue to conduct water quality analyses of effluent discharges from all plants, including all parameters required in the IFC's Environmental, Health, and Safety Guidelines for each sector, and comply with them. This will include the Guatemala Plant, which is not yet in operation.

In Costa Rica, a reduction of almost 10,000m³/year in water consumption was achieved by implementing changes in cleaning protocols, ongoing review of leaks, and by installing aeration nozzles in the production area. Dos Pinos does not audit water consumption, however, there is continuous monitoring and control through consumption reports and the interdisciplinary water resource commission, which proposes and manages efficient water use internally.

4.3.b. Pollution Prevention

Ammonia refrigeration systems are used in the Coyol and Grupo Lácteo del Caribe plants. The Cooperative has implemented a procedure for ammonia leaks in the refrigeration system; however, it shall conduct a safety assessment of ammonia refrigeration systems and compare the results with applicable international standards, such as those of the International Institute of Ammonia Refrigeration (IIRA). In Coyol the system has a refrigeration capacity of 1,950TR and uses 20,000 kg of ammonia. Air purges are carried out constantly, to keep the equipment as efficient as possible and to avoid high electricity consumption. Both plants' entire refrigeration system undergoes preventive maintenance, including the compressors, evaporators, ammonia recirculators, evaporative condensers, and all elements involved in the refrigeration system. In San Carlos, R-717 is used for industrial refrigeration, R-22 and R-410 for air conditioning systems, R-134A for commercial product rooms, and R-507 for ice machines. The beverage plant uses R-22, R-134A, R-410A, and R-507, and Gallito uses R-22, R-134A, R-410A, R-422D, R-404, and R-407C. The partners' tanks for daily milk storage use R-507 and R-404 gases. Dos Pinos shall develop a Plan for the phase-out of equipment using ozone-depleting refrigerants subject to international phase-out as listed in the Montreal Protocol or high global warming potential refrigerants within a period not exceeding

5 years considering their useful life. Dos Pinos shall limit the purchase of equipment that depletes the ozone layer or uses high global warming potential refrigerants when it is new equipment for plants and associates.

4.3.b.i. Wastes

Dos Pinos responsibly manages 100% of the waste generated both at a post-industrial level and internally through proper classification, treatment, processing, and final disposal. For proper waste management, the Cooperative offers suppliers the possibility of receiving empty agrochemical containers. To this end, it has collection centers in various parts of the country and works with companies certified by the Ministry of the Environment, which are responsible for their final disposal. By recycling Tetra Pak packages, it has been possible to manufacture desks for 365 public schools, recovering 378 tons of packaging and delivering 8,835 desks to the beneficiary institutions. Thanks to the recovery of ordinary waste, it has managed to reduce polluting emissions by at least 4,739 tons of CO₂.

Dos Pinos is the first national company to use Tetra Brik packages with the seal of the Forest Stewardship Council (FSC), which guarantees that the package carton comes from responsibly managed forests. They are also recognized by the company Global DSM for reducing their environmental footprint.

Organic waste management from livestock in the field is done by applying slurry according to national regulations for the fertilization of pastures, which has dramatically reduced the application of chemical fertilizers and achieved excellent results in terms of quality and quantity of fodder.

Through its technical assistance team, the Cooperative promotes better fodder management to reduce grain dependency, optimal concentrate management, greater land use efficiency, and support to suppliers for the Ecological Blue Flag certification currently held by 17 of the Cooperative's livestock farmers. Other projects are: i) C-Neutrality in the national dairy sector, i.e. the implementation of low-carbon production strategies such as planting trees on dairy farms, adjustments in feeding programs, care of water sources, rotation of grazing, efficient animal breeding and reduction of fuel consumption; ii) use of a Geographic Information System (GIS) to determine the vulnerability of dairy systems according to current environmental laws; and iii) the national program, promoted and financed by Fundecooperación para el Desarrollo Sostenible with a pilot of 15 model farms in areas vulnerable to climate change.

Dos Pinos' practices are in line with national regulations regarding the restriction of the use of products in the pesticide classes corresponding to Extremely Hazardous (Ia) and Highly Hazardous (Ib) according to the World Health Organization (WHO). However, the Alimentos Balanceados plant sporadically uses DETIAGAS EXT 57E(Ia) in confined spaces such as grain storage silos and closed containers. Dos Pinos will adopt a policy to eliminate the use of pesticide classes corresponding to the Extremely Hazardous (Ia) and Highly Hazardous (Ib) Classes according to the WHO.

4.4. Community Health, Safety and Security

4.4.a. Community Health and Safety

All national transport is owned, and international transport is contracted. There is a road safety management program called "One minute makes a difference", in which five-minute trainings are given to staff on the road and instructions are given in case of emergency. The Vehicle Management takes control of the vehicles and drivers, and internally there is a practical and written test to obtain the Dos Pinos license, without which one cannot drive any of the Cooperative's vehicles. Dos Pinos must complement this item by implementing driver and traffic safety programs in accordance with the principles described in the general EHS guidelines that are part of its ESMS. As part of the Cooperative's

Corporate Social Responsibility, it supports sporting events, donates to nursing homes, hospitals, and the community in cases of national emergencies, and supports nutrition and education initiatives nationwide.

4.4.a.i. Emergency Preparedness and Response

The Cooperative has implemented a general emergency prevention and response procedure that could involve some neighbors in case they are affected. All plants shall regularly interact with the community, the local government, and neighboring businesses to update the emergency plan in terms of both internal and external emergencies and disseminate it appropriately.

4.4.b. Security Personnel

Security management is performed in compliance with national legislation with internal security personnel; an external security company is also retained. This law regulates the issue of weapons as inventory, a carrying license that is renewed every two years, and type of weapon. Additionally, other laws are considered in relation to direct employment security companies and private security companies. Security services undergo public safety audits and are managed through a system called Controlpass. Dos Pinos will review its operating procedures against the requirements of IFC's PS4, as outlined in paragraphs 12-14, and include them in its ESMS. It will provide a means for neighbors or others to file complaints about the Cooperative, its security personnel, and the security measures in place. A response system will be implemented for incidents involving law enforcement to ensure that all incidents are recorded and addressed using the correct disciplinary measures when necessary.

4.5. Land Acquisition and Involuntary Resettlement

This is not applicable, as no new land will be acquired, and no people will be relocated.

4.6. Biodiversity Conservation and Sustainable Management of natural resources

Not applicable. However, it should be noted that Dos Pinos is planning to develop programs to sustainably manage ecosystem services applicable in the dairy sector involving partners on site.

4.7. Indigenous Peoples

This is not relevant, as there are no IPs in the areas where the company's operations are located.

4.8. Cultural Heritage

This is not applicable, as the facilities are located in places devoid of cultural heritage.

5. Environmental and Social Action Plan

The Environmental and Social Action Plan for the project (ESAP) is summarized below:

**DOS PINOS PROJECT
Environmental and Social Action Plan (ESAP)**

No.	Aspect	Action	Deliverable	Delivery date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Management System	Update the ESMS fulfilling the requirements of PS1.	ESMS in line with PS 1.	36 months after signing the contract.
1.2		Be more active in the involvement of external social stakeholders during procedure development processes and communications.	ESMS procedure to liaise with social stakeholders.	Annual
1.3		Complement the process of identifying environmental and social risks and impacts with the risks and impacts of Dos Pinos' operations that may affect communities and external stakeholders.	Updated procedure for identifying impacts and risks including communities and external social stakeholders.	6 months after signing the contract.
1.4		Update the Emergency Response Plan by including internal and external stakeholders.	Updated Emergency Response Plan.	6 months after signing the contract.
1.5		Include social stakeholders to evaluate the effectiveness of its ESMS and to improve planning and the external grievance mechanism.	Documentary evidence of inclusion of social stakeholders in the effectiveness evaluation and improvement planning of the ESMS.	Both 6 months after signing the contract.
1.6		As part of this process, Dos Pinos will set a timetable and a procedure for the regular update of the stakeholder map (identifying key social stakeholders as facilitators) and the agreed commitments.	Timetable and procedure for regular update of the stakeholder map and list of agreed commitments.	
		As part of the ESMS, finish developing and implementing the Sustainability Policy for the supply chain that specifies that Dos Pinos only purchases raw materials from suppliers that (i) ensure legal compliance; (ii) guarantee respect for workers' human rights, do not employ child or forced labor, do not discriminate, and offer adequate remuneration; (iii) ensure adequate working conditions; (iv) avoid affecting the health and quality of life of people living in productive areas and their neighborhoods; (v) ensure non-pollution of the environment and non-affectation of critical natural habitats; (vi) promote good practices and efficient use of resources; and (vii) avoid failures to comply with IFC Performance Standards.	Sustainability Policy for the supply chain.	6 months.
			Implementation of the Policy for CR.	1 year.
1.6	Regional implementation	2 years.		
	1.7	Complement the regular monitoring of E&S aspects in its reports to senior management by including activities that have significant E&S risks and impacts during normal operations, as well as adverse conditions. This will ensure the continuous review of OHS performance and the realignment of Dos Pinos' sustainability priorities through the adoption of Key Performance Indicators (KPIs) to incorporate environmental, OHS and social parameters, including: a) safety: accident free days (number of days since the last lost time incident); b) sustainability: carbon emissions (kg/ton CO ₂ eq emitted/ton produced); water use (m ³ /ton of milk) and efficiency (consumed vs. ton produced); energy use (kWh/ton) or energy consumed/ton produced; wastewater effluents and air emissions monitoring; c) staff turnover and training (number of full-time staff leaving Dos Pinos per year on average, full-time and training day equivalents, number of training days provided to new and existing employees). Monthly and annual reports will be reviewed during the Cooperative's monthly OHS review and during the annual planning and budget management review.	Key Performance Indicators (KPIs).	Annual
1.8	Environmental and Social Sustainability Report	Prepare an annual Environmental and Social Sustainability Report based on the Global Reporting Initiative (GRI) standards.	CR Environmental and Social Sustainability Report initially and then replicated at a regional level.	1 year after the first disbursement and gradually for the rest of the region.

No.	Aspect	Action	Deliverable	Delivery date
PS 2: Labor and Working Conditions				
2.1	Gender	Sign the statement of support for the Women's Empowerment Principles available at https://www.empowerwomen.org/en/weps/signtheweps Complete the WEP gender equality measurement tool and then send the results to IDB Invest https://weps-gapanalysis.org/	Documentary evidence of signed declaration. WEP tool results.	Both 6 months after signing the contract.
2.2	Occupational Health and Safety	Investigate all accidents reported and summarize them according to a detailed flowchart that includes an analysis of the cause, cost, and mitigation measures required for situations or conditions leading to the accident with a specific timeline for remediation. The report format should include a summary of the preventive and corrective measures required to prevent the recurrence of observed accidents. The Cooperative will use the data collected on accidents to refocus training programs, ensure that risk information is conveyed to employees, and implement corrective measures as necessary to reduce or eliminate the sources of accidents.	Accident reports and training program.	Annual
2.3		Develop a biosafety protocol and implement it through the technical assistance team to ensure the health of partner workers handling livestock.	Good Practice Handbook for Livestock Workers.	1 year after signing the contract.
2.4		Hydration plan as a fundamental aspect of occupational health, e.g. Chronic Kidney Disease (CKD). The hydration plan will be institutionalized for direct employees in the plant and will include elements such as availability of drinking water fountains for staff hydration and personal protective equipment. Additionally, the plan will be disseminated among the Cooperative's associated producers as an education program run by the technical department of the Agribusiness Management. A training and orientation plan on symptoms caused by heat stress and dehydration will be created for both groups (plant and associated producers).	Hydration plan.	1 year after signing the contract.
2.5		Dos Pinos must constantly measure particulate matter, noise, temperature, and lighting at all plants, conforming to the EHS Guidelines for each applicable industry sector, and shall submit annual reports to IDB Invest demonstrating such compliance.	Submit measurements of particulate matter, noise, temperature, and lighting as part of the annual report to IDB Invest.	Annual
		Adjust work and rest periods according to the temperature stress management procedures developed by the ACGIH, depending on temperature and workloads as needed.	Make the required adjustments and report them.	Annual
PS 3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse Gases	Conduct an analysis of technical and economic alternatives for emission reductions and propose corrective measures and a schedule for all emissions to meet the requirements of the industry guidelines.	Results of the Alternatives Analysis.	1 year after signing the contract.
		Develop a stack emissions and air quality monitoring program that will be integrated into its ESMS to ensure that monitoring results are continually evaluated, and trends and KPIs are analyzed and reported to senior management in a timely manner.	Emissions monitoring program.	1 year after signing the contract.
		Dos Pinos will carry out emission measurements in the stacks and compare the levels with the following values (PM10 100mg/ Nm3; NOx 460 mg/Nm3; SOx 2000 mg/Nm3) for air quality and submit a report to IDB Invest.	Total GHG emissions report.	Annual

No.	Aspect	Action	Deliverable	Delivery date
		Ensure emissions compliance in all boilers.		4 years after receiving the Alternatives Analysis.
3.2	Water Consumption and Discharge	Maintain valid groundwater and surface water concession permits for all plants.	Valid permits and concessions.	Ongoing
3.3		Conduct water quality analyses of effluent discharges from all plants, including all parameters required in the IFC's Environmental, Health, and Safety Guidelines for each sector, and comply with them.	Discharge water quality report.	Annual
3.4	Cooling Systems	Conduct a safety assessment of ammonia refrigeration systems and compare the results with applicable international standards, such as those of the International Institute of Ammonia Refrigeration (IIR).	Result of the safety evaluation.	1 year after signing the contract.
		Identify gaps and develop a plan to implement any modifications required to ensure the safety and management of systems that use ammonia to comply with the country's regulatory limits, the general EHS guidelines of the GBM and the IIR.	Final report to IDB Invest on the gaps identified and the implementation plan.	1 year after signing the contract.
		Include a certificate from the company's OHS manager stating that all identified deficiencies have been corrected.	Certification	1 year after signing the contract.
3.5		Develop a Plan for the phase-out of equipment using ozone-depleting refrigerants subject to international phase-out as listed in the Montreal Protocol or high global warming potential refrigerants within a period not exceeding 5 years considering their useful life.	Plan to eliminate refrigerants that affect the ozone layer.	1 year after signing the contract.
		Dos Pinos shall limit the purchase of equipment that depletes the ozone layer or uses high global warming potential refrigerants when it is new equipment for plants and associates.	Policy that limits the purchase of equipment that uses ozone depleting or high global warming potential refrigerants.	
3.6	Pesticides Use and Management	Dos Pinos will adopt a policy to eliminate the use of pesticide classes corresponding to the Extremely Hazardous (Ia) and Highly Hazardous (Ib) Classes according to the WHO. The Policy shall include a Phase Out Plan according to the availability of the substitute product in the country.	Policy to eliminate the use of pesticide belonging to the Extremely Hazardous (Ia) and Highly Hazardous (Ib) classes.	6 months after signing the contract.
PS 4: Community Health and Safety				
4.1	Emergency Preparedness and Response	All plants shall regularly interact with the community, the local government, and neighboring businesses to update the emergency plan in terms of both internal and external emergencies and disseminate it appropriately.	Evidence of community interaction at each plant. Updated Emergency Response Plan.	6 months after signing the contract. 1 year after signing the contract.
4.2	Security Personnel	Include operating procedures in the ESMS regarding the way in which security forces will be managed in accordance with the requirements of IFC's PS4, as outlined in paragraphs 12-14, and provide a means for neighbors or other parties to file grievances about the Cooperative, its security personnel, and security measures in place. A response system will be implemented for incidents involving law enforcement to ensure that all incidents are recorded and addressed using the correct disciplinary measures when necessary.	Procedure for security forces. Security incident response system.	1 year after signing the contract.
4.3	Transport	Implement safety programs as part of the ESMS for drivers and traffic in accordance with the principles described in the Environmental, Health and Safety (EHS) Guidelines (Section 3.4 Traffic safety).	Safety Program for drivers and traffic.	6 months after signing the contract.