

Summary of the Environmental and Social Review (ESRS) Exomad: Biochar Production - BOLIVIA

Original language of the document: Spanish
Publication date: June, 2026

1. General project information and scope of the IDB Invest Environmental and Social Review

The present transaction (the "Project") consists of financing to Exomad Green LLC (the "Client," the "Company," or "Exomad"), a Bolivian agro-industrial company dedicated to the production¹ of biochar from residual forest biomass, to expand and consolidate its operational capacity in Bolivia, through the expansion of existing plants and the development of new industrial facilities.

The Project's operating model is based on the collection of forest residues from sawmills, their processing through pyrolysis technology, and the ²subsequent application of biochar to agricultural soils, which enables the permanent removal of carbon from the atmosphere and the valorization of residues that would otherwise be burned or degraded.

The environmental and social due diligence ("ESDD") process included the review of environmental and ³social ("E&S") documentation provided by the Company, as well as interviews and meetings with: i) representatives of the municipalities of Concepción, Guarayos, and Riberalta, Bolivia; ii) officials of the Authority for the Oversight and Social Control ⁴of Forests and Land ("ABT"); iii) key Client personnel from the areas of operations, health, safety, and environment ("HSE"), compliance, and project management.

To assess the Project's commitment to respecting and protecting human rights, as well as the availability of adequate mechanisms to channel concerns, the ESDD process also included the review of several of the Client's internal policies and procedures, such as the Labor Management Policy, the Code of Ethics and Conduct, and the internal dispute resolution mechanism.

2. Environmental and social classification and justification

In accordance with IDB Invest's Environmental and Social Sustainability Policy, the Project has been classified under Category B because it may generate, among others, the following impacts and risks: i) during the construction stage, noise and vibrations, risks to the health and safety of workers, generation of solid waste (hazardous and non-hazardous), potential conflicts with neighbors, and

¹"Biochar" is a solid, carbon-rich, and highly stable material produced through the thermal degradation (pyrolysis) of biomass in the absence of oxygen. Its structure allows for long-term carbon storage, preventing its release into the atmosphere as CO₂.

²"Pyrolysis" is a thermochemical conversion process in which biomass is subjected to high temperatures in the absence of oxygen, generating solid products (such as biochar), liquids, and gases (syngas).

³Among others: the environmental and social questionnaire; the environmental and social management system procedures and manuals; waste management manuals; occupational health and safety programs; emergency and contingency plans; and information on licenses, permits, and regulatory compliance.

⁴www.abt.gob.bo

energy consumption; and ii) during the operational stage, CO₂ emissions, atmospheric pollution, waste generation (hazardous and non-hazardous), energy consumption, noise and vibrations, and occupational risks associated with the use of heavy machinery, exposure to high noise levels, and the handling of sharp materials. These impacts and risks are estimated to be of low to moderate intensity and can be managed through operational measures, environmental controls, and good management practices.

The Performance Standards ("PS") activated 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) PS4: Community Health and Safety.

3. Environmental and social context

3.1 General characteristics of the project site

The Client currently has industrial plants in Concepción⁵,⁶Guarayos,⁷and Riberalta, and has plans to build new facilities in ⁸Ixiamas, San ⁹Ignacio, ¹⁰and Porvenir. All of these locations are situated in regions with a predominance of forestry and agroindustrial activities, and feature previously intervened land use characteristics, with the presence of industrial infrastructure and access to basic services.

The existing and planned plants are located on privately owned land, acquired through voluntary transactions, with no human settlements or informal activities within the implementation areas. In the Project's Direct Area of Influence (DAI), indigenous communities were identified, as well as a Key Biodiversity Area (KBA) in Riberalta, and ¹¹a municipal protected area in the vicinity of Concepción (Laguna Represa Sapocó). However, at these sites the plants are already built and the expansions will take place on areas without forest cover on land already owned by the Company.

3.2 Contextual risks

The Project is developed in a national and regional context characterized by moderate risks associated with social cohesion, natural resource governance, and the protection of labor rights. In

⁵ The municipality of Concepción occupies the eastern half of the Ñuflo de Chaves province, in the north of the department of Santa Cruz in Bolivia.

⁶ The Guarayos province is located in the far northwest of the department of Santa Cruz, in the center-east of Bolivia.

⁷ Riberalta is a city and municipality of Bolivia, the capital and most populous city of the Vaca Díez province within the department of Beni, located in the north of the Bolivian Amazon.

⁸ Ixiamas is a locality and municipality of Bolivia, the capital of the Iturrealde province in the department of La Paz. It is located in the north of the department of La Paz, in the Bolivian Amazon region.

⁹ San Ignacio de Velasco (formerly San Ignacio de Loyola) is a city and municipality of Bolivia, the capital of the Velasco province in the department of Santa Cruz.

¹⁰ Porvenir is a Bolivian municipality and locality, the capital of the Nicolás Suárez province in the Department of Pando.

¹¹ The Riberalta KBA is internationally recognized for harboring dry forest, humid savanna, and seasonal wetland habitats, as well as for the presence of the Masked Antpitta (*Hyllopezus auricularis*), a threatened species. The site has no formal management, but there is governmental interest in its conservation.

Bolivia, persistent social tensions exist linked to inequalities between groups and historical demands related to access to natural resources, employment, and economic benefits, which may translate into fragile social cohesion in certain regions.

Natural resource governance constitutes a relevant risk factor, given the existence of institutional weaknesses, demographic pressures, and disputes over resource use, which may affect legal certainty regarding the supply of raw materials and the relationship with local communities.

The environment presents significant risks in terms of labor rights, including exposure to child or forced labor practices in certain sectors and regions, which may affect the supply chain, contractors, or local suppliers. Additionally, security risks associated with opportunistic crimes and transit risks for trucks are identified, especially in rural or hard-to-reach areas, which may affect the operational continuity of the Project.

Regarding natural and climate hazards, Exomad's plants are exposed to drought events, heat waves, floods, and forest fires, which may affect forest productivity, the availability of residual biomass, and the operational continuity of the Project.

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

The Project has policies, risk and impact identification procedures, management programs, required organizational capacities, emergency preparedness and response procedures, stakeholder engagement protocols, and provisions for E&S monitoring. However, these instruments still require greater integration and systematization to constitute a formal ESMS. Consequently, Exomad will update its ESMS to consolidate these components under an integrated approach to environmental and social risk and impact management.

4.1.b Policy

Exomad has an Environmental Protection Policy that establishes its commitment to regulatory compliance, the prevention of negative impacts, the promotion of good practices, and the protection of human and labor rights. This policy is aligned with Bolivian legislation and applicable international standards.

The Company also has Policies on: i) Integrated Management System; ii) Stakeholder Engagement (PRPI); iii) Public Consultation (PCP); iv) Dispute Resolution (PRC); v) Occupational Health, Safety,

and Environment (HSE); vi) Awareness and Communication Management (PGCC); vii) Tecnochar Management.¹²

4.1.c Risk and impact identification

The Company systematically identifies environmental and social risks and impacts through risk matrices that are periodically updated. The main identified risks include: i) environmental and forestry regulatory changes; ii) carbon credit market volatility; iii) extreme weather events (droughts, floods, fires); iv) deficiencies in biomass traceability; v) community conflicts and reputational risks; vi) occupational risks (accidents, noise exposure, sharp materials); vii) labor rights risks in the supply chain.

Exomad will update its risk matrices to align them with the World Bank Group's Environmental, Health, and Safety Guidelines and ¹³the Wood Processing Sector Guideline. It ¹⁴will also develop a procedure for the ongoing assessment of the Project's environmental, social, occupational health, and safety impacts and risks, which will include assessment matrices, define those responsible for its implementation and monitoring, and will be communicated to all levels of the organization.

4.1.c.i Direct and indirect impacts and risks

The Client has developed a Manual of Environmental Aspects and Impacts that establishes a structured methodology for identifying, classifying, and evaluating the environmental impacts and risks associated with its activities. In order to determine the significance of impacts, this procedure considers criteria of probability and severity, as well as legal requirements and stakeholder concerns.

Additionally, the Project has carried out an incorporated impact identification exercise included in the Industrial Environmental Manifest ("MAI")¹⁵, which identifies ¹⁶impacts associated with, among others, atmospheric emissions, noise, liquid discharges, and solid waste generation.

4.1.c.ii Alternatives analysis

Exomad will develop a Site Acquisition Manual ("MAS") that will establish a formal process for evaluating location alternatives for its future facilities based on technical, environmental, and social criteria aligned with good management practices. This process will consider different siting options based on their potential impacts.

¹² This Policy establishes detailed operational procedures for the management of risks associated with the crushing, drying, pyrolysis, and storage stages. It also includes the identification of occupational hazards and specific preventive measures, such as the mandatory use of personal protective equipment, technical controls on machinery, verification of operating conditions, and ongoing staff training.

¹³ <https://documents1.worldbank.org/curated/en/862351490601664460/pdf/112110-SPANISH-General-Guidelines.pdf>

¹⁴ <https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-sectornote-outlookforchemicals-final.pdf>

¹⁵ In compliance with the Environmental Regulation for the Manufacturing Industrial Sector ("RASIM") and Environmental Law 1333.

¹⁶ The direct impacts identified are: i) CO₂ emissions; ii) generation of solid and hazardous waste; iii) increased water and energy consumption; iv) occupational hazards; v) land acquisition; vi) potential conflicts with communities; and, as indirect impacts, vii) risks associated with the biomass supply chain, especially due to practices of external suppliers; and viii) potential biodiversity impacts in the supply chain.

4.1.c.iii Cumulative impacts

Exomad has not yet conducted a formal cumulative impact analysis. In this regard, the Client will incorporate into its ESMS a qualitative analysis of cumulative impacts, with emphasis on the following aspects: i) biomass traceability; ii) sustainable supplier management; iii) assessment of induced deforestation risks; iv) interaction with areas of high biodiversity value, including potential Key Biodiversity Areas (KBA).

4.1.c.iv Gender Risks

The Client has a robust regulatory framework on non-discrimination and harassment prevention, aligned with human rights principles. In addition, it has non-discrimination and equal opportunity policies, as well as mechanisms for handling complaints and promoting equitable working conditions. However, it will prepare protocols for: i) operational implementation to ensure gender equality; ii) effective prevention of harassment and violence; iii) integration of the gender perspective into OHS and emergencies; and iv) monitoring and management of equity indicators.

4.1.c.v Gender Programs

To effectively address gender risks in its operations, strengthen its commitment to a safe working environment free from violence and discrimination, and ensure the respect and dignity of all persons linked to its activities, Exomad will develop a Comprehensive Gender Policy ("CGP") that will include: i) a specific protocol for the prevention of workplace harassment, sexual harassment, and gender-based violence; ii) operational actions aimed at promoting gender equality; iii) integration of the gender perspective into OHS topics, and into emergency preparedness and response; iv) monitoring protocols; and v) equity indicators.

4.1.c.vi Climate Change Exposure

Exomad's facilities are exposed to physical risks associated with climate change such as drought, water scarcity, heat waves, floods, and wildfires. The exposure is particularly relevant in Riberalta and Guarayos due to flood risk, and in the plants located in the center of the country (Guarayos, Concepción, and San Ignacio) due to their exposure to wildfires.

In response, the Client will: i) establish and implement a protocol to identify physical and climate transition risks and impacts; ii) update its risk matrices to incorporate climate risk; iii) assign personnel with the necessary training and competencies to carry out climate risk planning and adaptation tasks; iv) integrate climate risks into emergency preparedness, business continuity, and recovery plans; v) develop and implement a Water Management Plan that will address climate-related water availability risks; and vi) prepare annual GHG inventories in accordance with the GHG¹⁷ Protocol, including Scopes 1, 2, and the relevant categories of Scope 3.

¹⁷ The Greenhouse Gas ("GHG") Protocol, created by the World Resources Institute ("WRI") and the World Business Council for Sustainable Development ("WBCSD"), is the most widely used international standard for measuring, managing, and reporting GHG emissions.

4.1.d Management Programs

Exomad Green's ESMS includes: i) an Environmental Management Plan ("EMP") approved by the municipal authority; ii) an Environmental Aspects and Impacts Manual; iii) an Environmental Impact Identification Matrix, which defines mitigation and improvement measures for identified risks and impacts; iv) a Hazard Identification and Risk Assessment Manual; v) a Biomass Supply Chain Manual; vi) a Comprehensive Waste Management Manual ("CWMM"); vii) a Chemical Substances Program Manual ("CSPM"); viii) Occupational Health and Safety Programs ("OHSP"); ix) Emergency and Contingency Plans; x) external audits and carbon certifications; xi) a CO₂, CO, NO, ¹⁸and O₂ sampling and measurement procedure; and xii) periodic staff training events.

4.1.e Organizational Capacities and Competencies

The environmental and social management of the Project is integrated into the Client's organizational structure through the Head of Compliance and Processes, under whose supervision the Health, Safety, and Environment Officer operates, who is responsible for the operational implementation of the E&S management system. This structure is complemented by the support of an external environmental consultant and administrative staff at each Project site (Concepción, Guarayos, and Riberalta), which facilitates operational management. In addition, the Company conducts internal and external audits to verify competency and compliance. Together, the team has the necessary technical capacities to perform its functions.

In order to structure E&S management, the Company will designate environmental personnel for the systematic implementation of the ESMS and the Environmental and Social Action Plan (ESAP).

4.1.f Emergency Preparedness and Response

The Client has developed a structured Emergency Preparedness and Response ("EPR") system, which contains: i) a formal plan; ii) operational protocols; iii) risk matrices; iv) defined roles; and v) training and simulation mechanisms. This system addresses both safety and health risks as well as environmental impacts associated with emergency events.

Exomad will strengthen its EPR to incorporate a risk-based approach, broaden the scope toward community health and safety, and formalize continuous improvement processes.

4.1.g Monitoring and Evaluation

The Client has formal monitoring and evaluation mechanisms within its ESMS. In environmental and OHS matters, it has a Monitoring and Measurement Plan that defines aspects to be monitored, frequencies, responsible parties, sampling points, records, and applicable regulations, and includes, among others, measurements of air quality and ventilation in environments, bottled water, luminosity, noise, psychosocial risk, and occupational ergonomics. Likewise, the Company has established specific procedures for the sampling and measurement of atmospheric emissions that

¹⁸ Issued by [Puro.earth](#) and Carbon future, two leading organizations in the Carbon Dioxide Removal ("CDR") sector, strictly focused on permanent and engineered carbon removal, rather than merely avoiding emissions.

contemplate sampling planning, equipment calibration and maintenance, safety conditions, results recording, records custody, and deviation reporting.

Additionally, Exomad has an Inspections Program that establishes the planning, execution, classification of findings, and follow-up of results in all administrative, operational, and support areas. Findings must be recorded, assigned to responsible parties and deadlines, and give rise to corrective or preventive actions where appropriate. This approach is reinforced through the Compliance Action Plan for the Occupational Health and Safety Management Plan ("OHSMP"), which includes follow-up on the closure of findings, analysis of indicators, internal audits, and senior management review.

Together, these instruments demonstrate that the Company has formal mechanisms for the periodic monitoring of E&S and OHS performance. Nevertheless, the Client will update the ESMS to consolidate these mechanisms under an integrated performance approach, including systematic effectiveness evaluation, traceability of improvement actions, and periodic review at the management level.

4.1.h Stakeholder Engagement

Exomad has a documentary framework for stakeholder engagement and relationship management, supported primarily by the Stakeholder Engagement Policy ("SEP") and the Public Consultation Plan Policy ("PCP"). In line with these policies, the Company uses a Stakeholder Matrix ("SM") to identify and record relevant internal and external actors, and to define responsible parties and engagement modalities according to the level of impact and interest.

Within the framework of the carbon certification process, the Client has conducted engagement exercises at the local level, including invitations and dialogue spaces with community organizations, local authorities, and representatives of indigenous peoples.

4.1.h.i Information Disclosure

The Client discloses information through formal channels, including direct communications, meetings, and socialization activities with stakeholders. In accordance with the PCP, prior to each activity, it identifies the relevant actors and defines the objective, scope, and type of interaction, ensuring that the information is clear, comprehensible, and appropriate to the context. The traceability of the process is supported by minutes, participant lists, photographic evidence, communications, and consultation reports.

4.1.h.ii Informed Consultation and Participation

In accordance with its PCP, Exomad conducts consultations and sustains informed participation processes, which include: i) actor identification; ii) planning of means and mechanisms (meetings, workshops, interviews, formal communications, or others); iii) development of dialogue spaces and reception of observations; iv) recording and analysis of concerns, queries, or recommendations; and v) follow-up on commitments and relevant topics identified. In Guarayos, the Client has documented a participation exercise with local actors within the framework of carbon standard requirements, including the invitation and consultation of representatives of neighborhood

associations, municipal authorities, and indigenous organizations, as well as the handling of questions about the Project (nature of the biochar, purpose of the facility, potential impacts, and benefits).

4.1.h.iii Indigenous Peoples

In the Project's Direct Area of Influence (DAI), indigenous communities are identified in various localities, which will not be materially and negatively impacted by the planned activities.

4.1.h.iv Private Sector Responsibilities within the Framework of a Government-Led Stakeholder Engagement Process

The responsibility for the stakeholder engagement process rests directly with the Client.

4.1.i External Communications and Grievance Mechanism

Exomad has a documentary framework that regulates external communications and the handling of disputes with stakeholders, supported primarily by the PRPI, the PCP, the GCC, and the PRC. Together, these instruments establish communication channels, guidelines for receiving and recording concerns, and foundations for the management and follow-up of complaints.

However, the Client will consolidate these elements within the ESMS and in an External Grievance and Complaint Mechanism Protocol ("MQRE") specifically applicable to affected communities and other external stakeholders, with clear procedures for reception, evaluation, response, follow-up, and closure.

4.1.i.i External communications

External communications with communities, authorities, and other relevant stakeholders are channeled through the mechanisms defined in the engagement and consultation policies, including meetings, workshops, interviews, and direct communications. The MPI is used to identify stakeholders, assign responsibilities, and guide the type of interaction, while the PCP defines objectives, stakeholders, communication channels, schedule, and responsible parties. Interactions are documented through minutes, participant lists, photographic evidence, communications, and reports.

4.1.i.ii Grievance mechanism for affected communities

The Company has a PRC upon which it will develop, as part of the ESMS, a grievance mechanism applicable to affected communities and other external stakeholders. This mechanism, which (a) will be accessible, free of charge, understandable, confidential where appropriate, and suitable for receiving concerns, complaints, observations, or disputes related to the environmental and social impacts of the Project, and (b) will not impede access to judicial or administrative remedies available under applicable legislation, will include, at a minimum: i) multiple grievance reception channels; ii) procedures for (a) registration and classification, (b) acknowledgment of receipt, and (c) evaluation of complaints; iii) a definition of those responsible for handling complaints; iv) details of response

timeframes; v) procedures for monitoring corrective or preventive actions; and vii) protocols for documented closure and communication of the outcome to the complainant.

4.1.i.iii Provisions to address grievances from vulnerable groups

The Client's engagement and consultation framework recognizes the need to adapt communication to the context of the stakeholders involved. In this regard, Exomad will incorporate within the MQRE specific measures to ensure effective access for vulnerable groups, including, as appropriate: i) alternative channels for submitting complaints; ii) support for persons with literacy, language, mobility, or digital access barriers; iii) confidential treatment in sensitive cases, including situations of violence, discrimination, or harassment; iv) the possibility of submitting complaints through legitimate representatives; and v) differentiated follow-up where there are risks of retaliation, exclusion, or disproportionate impact. These provisions will be particularly relevant in engagement with indigenous communities, women, subcontracted workers, and other groups with differentiated vulnerability.

4.1.i.iv Reporting to affected communities

In accordance with the PCP, the Company must maintain follow-up after socialization and consultation processes, including commitments made, relevant observations, and the need for new interactions. Within this framework, Exomad reports to affected communities and other relevant stakeholders on the progress of actions taken, the status of commitments, and, where appropriate, the results of grievance handling and actions implemented. Such reports must be carried out through means appropriate to the local context and must be documented.

However, the Client will integrate these processes within the ESMS, so that feedback to affected communities is periodic, traceable, and consistent with the level of risk and impact of the Project.

4.2 Labor and working conditions

4.2.a Working conditions and management of labor relations

Exomad has internal instruments that regulate relevant aspects of labor and working conditions, including a Code of Ethics and Conduct (CEC) and the following policies: i) Labor Management ("PGL"), ii) Procurement ("PC"); iii) Internal Staff Regulations ("PRIP"); and iv) Staff Training. These documents establish guidelines on recruitment, rights and obligations of personnel, working conditions, prevention of child and forced labor, equal opportunities, harassment prevention, training, and ethical conduct.

4.2.a.i Human resources policies and procedures

Exomad has adopted policies and procedures covering core components of human resources management: the Labor Management Policy defines institutional principles, recruitment rules, and establishes the prohibition of child labor, forced labor, discrimination, and harassment; the Procurement Policy incorporates legal, labor, OHS, human rights, and ethical conduct requirements applicable to personnel, contractors, and third parties; the Staff Training Policy, together with the

Training Procedure, regulates the identification of needs, annual scheduling, and training records; and the Internal Staff Regulations establish rules on working hours, attendance, leave, licenses, vacations, and discipline.

4.2.a.ii Working conditions and terms of employment

Working conditions and terms of employment are regulated primarily in the Internal Staff Regulations and the PGL. These define differentiated working hours for offices and factories; attendance control mechanisms; vacation entitlements based on seniority; paid and unpaid leave and licenses; salary payment via bank transfer; rules on conduct; and the use of uniforms and equipment in the workplace. The Company also establishes clear hiring conditions, requiring that these be understood by the worker from the start of the employment relationship, and that initial induction forms part of the onboarding process.

4.2.a.iii Labor organizations

The Political Constitution of the State guarantees workers' right to organize in trade unions, with autonomy, internal democracy, and without state or employer interference. The General Labor Law (a) empowers trade unions to negotiate collective agreements, represent workers in labor disputes, and participate in conciliation and arbitration processes, and (b) protects trade union representatives, through trade union immunity, from being subject to retaliation for carrying out union activities.

The Company recognizes these rights and has created a Joint Committee on Occupational Hygiene, Safety, and Welfare, a formal participation space that brings together workers and the employer to address safety and welfare issues.

The Client will update its PGL to include provisions to not discourage employees from participating in labor organizations, not discriminate against or retaliate against those who participate in such organizations, and to provide timely information and maintain regular contact with workers' representatives.

4.2.a.iv Non-discrimination and equal opportunity

Exomad establishes explicit commitments to equal opportunity and non-discrimination on the basis of gender, age, origin, religion, sexual orientation, disability, or social status. Its PC prohibits child or forced labor, discrimination, and workplace or sexual harassment. The CEC also establishes non-discrimination as an institutional rule of conduct.

4.2.a.v Workforce reduction

Exomad currently has a workforce of approximately 684 workers, composed primarily of direct employees, with a female participation rate of approximately 9.4%. The Project foresees a significant expansion to approximately 2,680 workers in operation, driven by capacity growth and the development of new plants. Additionally, the temporary hiring of approximately 415 workers during the construction phase is envisaged, primarily through contractors.

The Company does not plan to reduce its workforce; however, its PRIP contains provisions on termination of the employment relationship in specific cases, such as abandonment of duties, and the PGL provides for disciplinary sanctions in accordance with internal labor regulations.

4.2.a.vi Grievance mechanism

The Client has partial provisions for the reception and handling of complaints and reports from personnel. Its PGL establishes confidential channels for reports related to sexual harassment and inappropriate conduct, with confidential treatment and no retaliation. The Code of Ethics and Conduct also defines reporting channels, including direct or telephone communication with Human Resources (RRHH) and the use of the website chat, as well as confidential handling of cases by the Ethics Committee.

However, there is no formal Internal Grievance and Complaint Mechanism ("MQRI"), and therefore the Company will establish one, ensuring that (a) it is accessible to all workers and their organizations, (b) it has a comprehensible and transparent process, (c) it contains processes for prompt attention and timely feedback, (d) it provides for the possibility of submitting anonymous complaints, (e) it guarantees that no retaliation will be taken against those who use it, and (f) it does not impede access to other judicial or administrative remedies available.

4.2.b Workforce protection

Workforce protection is addressed in the GLP and the PC, which expressly prohibit child labor and forced labor, as well as discrimination and harassment. These policies also require transparent employment conditions that are understood by workers, and incorporate OHS, occupational health, training, and induction provisions.

4.2.b.i Child Labor

The GLP establishes that the minimum age for employment is 18 years and strictly prohibits child labor in accordance with Bolivian legislation. The PC also incorporates this prohibition as a mandatory requirement for the hiring of personnel, suppliers, contractors, and third parties.

4.2.b.ii Forced Labor

The GLP rejects any form of forced or compulsory labor and prohibits the use of physical or psychological violence, debt bondage, and the withholding of wages or personal documents. The policy reinforces this prohibition for personnel, suppliers, contractors, and third parties.

4.2.c Occupational Health and Safety

Exomad has OHS policies, manuals, and procedures, which include: i) an Occupational Health and Hygiene Plan ("PSHO"); ii) an Emergency and Contingency Plan ("PEyC"); iii) a Joint Safety Committee Procedure; iv) a Training Procedure; v) an annual verification schedule; vi) training records; and vii) a Psychosocial Risk Program. These documents cover, among other topics, requirements for pre-employment, periodic, and exit medical examinations; health promotion; health education; first aid;

immunizations; vector control; provision and inspection of first aid kits; hazard and risk identification; emergency brigades; fire extinguishers and response equipment; periodic training; drills; inspections; and incident and accident follow-up. The GLP reinforces the mandatory use of personal protective equipment ("PPE"), preventive maintenance of equipment and fire suppression systems, and ongoing staff training.

4.2.d Provisions for Persons with Disabilities

Bolivia's General Law for Persons with Disabilities (Law No. 223) guarantees equal rights for persons with disabilities, including access to employment under conditions of equity and non-discrimination. It also promotes their inclusion in the public and private sectors, as well as accessibility, the elimination of barriers, and the adoption of measures by employers to ensure equitable working conditions.

Exomad's GLP, which establishes the prohibition of discrimination on the basis of disability, enshrines the principle of equality and equitable treatment.

4.2.e Workers Engaged by Third Parties

Exomad recognizes the participation of contractors and third parties within the scope of several of its policies and procedures. The Procurement Policy requires that suppliers, contractors, and third parties comply with the legal, contractual, OHS, human rights, and ethical conduct requirements established by the Company. The PSHO and the PEyC also extend their scope to contractors and visitors under the company's control. Likewise, the Training Procedure establishes that OHS, health, and environmental courses may be delivered to contractor company personnel linked to the relevant tasks.

4.2.f Supply Chain

The Client has a biomass supply chain management system that includes procedures for the identification, validation, and monitoring of suppliers, aimed at ensuring the legality, traceability, and verifiable origin of the forest residues used as a productive input. The system includes mandatory documentary requirements, supplier qualification processes, biomass traceability from origin to plant, and mechanisms for periodic supplier performance evaluation.

Likewise, the Client has supplier review protocols, georeferenced databases of sawmills, and a supply chain risk matrix, which enables the identification and management of operational, environmental, and supply continuity risks.

Nevertheless, the Client will incorporate into its system: i) the development and implementation of a labor due diligence procedure in the main supply chain covering risks of child or forced labor and occupational safety; ii) ongoing monitoring and periodic assessment of such risks; and iii) the definition of proportionate corrective measures, including the suspension or replacement of suppliers in cases of significant non-compliance.

4.3 Resource Use Efficiency and Pollution Prevention

4.3.a Resource Use Efficiency

As its primary input, Exomad uses residual forest biomass from third-party sawmills, which is transformed through pyrolysis for the production of biochar. This operating model constitutes a resource use efficiency measure by valorizing biomass residues that would otherwise be burned or degraded and converting them into a product with agricultural applications and long-term carbon storage capacity. The Company also has environmental and operational management instruments that support the control of input use, the identification of environmental aspects and impacts, and the monitoring of relevant operational variables.

4.3.a.i Greenhouse Gases

The Project's operation has a direct relationship with the management of greenhouse gases ("GHG"), both in terms of emissions associated with the industrial process and the carbon removal generated through the production and application of biochar. Exomad has atmospheric emissions sampling and measurement procedures at all its plants, including measurement of CO₂, CO, NO, O₂, and CH₄, as well as safety and environmental control conditions for these activities. The Company also has external audits and carbon emission and removal reports under certification standards such as Puro.earth and Carbonfuture, including reasonable verifications of the CO₂ removal calculation.

Nevertheless, the Company will generate annual GHG inventories (Scopes 1, 2, and 3) aligned with the GHG Protocol and will consolidate this information within the ESMS.

4.3.a.ii Water Consumption

100% of the water used by Exomad comes from underground ¹⁹sources, with a current approximate volume of 16,638 m³/year and an estimated volume of 85,740 m³/year at full capacity. The process operates primarily through recirculation and closed-loop systems, with a rate of over 95%, yielding a net water consumption of approximately 0.67 m per tonne of³ CO₂ removed and a specific freshwater demand of 0.048 per tonne of raw material. Additionally, the Company tracks consumption through operational records by plant, reviewed periodically, and does not anticipate significant additional water requirements from the expansion.

Nevertheless, to strengthen resilience against water availability risks, the Client will develop and implement a Water Management Plan ("PGA") that consolidates sources, uses, balances, climate and availability risks, operational controls, periodic performance monitoring, and continuous improvement measures.

¹⁹ The Company reports estimated monthly consumption of 1,600 m³ in Concepción, 1,493 m³ in Riberalta, 2,560 m³ in Guarayos, 426 m³ in San Ignacio, 853³ m in Ixiamas, and 213³ m in Porvenir.

4.3.b Pollution Prevention

The Project generates pollution risks associated primarily with atmospheric emissions from the pyrolysis process, the generation of solid and hazardous waste, the handling of chemical substances, accidental spills, and the operational handling of materials. Exomad has specific documentation to control these risks, including an Integrated Waste Management Manual, a Chemical Substances Program Manual, procedures for emissions sampling and measurement, risk and environmental aspects matrices, and emergency and contingency plans.

4.3.b.i Waste

Exomad has an Integrated Waste Management Manual ("MGIR"), whose objective is to ensure that generated waste receives environmentally appropriate handling and disposal, promoting reduction, reuse, recycling, recovery, and responsible final disposal. The manual includes: i) procedures for (a) periodic waste identification and quantification, (b) source segregation, and (c) temporary storage; ii) conditions for collection centers and internal mobilization; iii) environmentally safe external management procedures through authorized waste managers; and iv) a list of documentary requirements (manifests, final disposal certificates, and characterization records). Additionally, it identifies impacts associated with ordinary, recoverable, non-conventional, and hazardous waste, and establishes maximum storage times for certain waste streams.

4.3.b.ii Hazardous Materials Management

Exomad has a Chemical Substances Program Manual ("MPSQ") that establishes guidelines for the identification, evaluation, storage, labeling, handling, internal transport, spill response, and management of chemical waste during all stages of the life cycle of substances used in operations. The manual requires that (a) every chemical substance has a Safety Data Sheet ("SDS"), (b) unidentified substances are not permitted to enter, (c) containers are labeled under recognized systems such as the Globally Harmonized System ("GHS") and ²⁰NFPA 704 standard of the National Fire ²¹Protection Association ("NFPA"), and (d) storage is carried out in defined, clean, and orderly areas, respecting chemical compatibilities. It also establishes specific provisions for spill control, personnel training, and operational monitoring. As a complement, the annex of safety and environmental conditions for operators responsible for sampling and emissions measurement includes measures to prevent gas leaks, avoid discharges to the ground or drains, manage contaminated waste, and control gas cylinder leaks.

4.3.b.iii Pesticide handling and use

Exomad does not use pesticides in its industrial biochar production processes.

²⁰ The GHS serves to classify and label chemical products in a way that clearly and efficiently communicates health and environmental hazards. Its objective is to provide internationally recognized labeling, facilitating the safe handling and storage of chemical substances. In addition, it establishes harmonized criteria for classifying substances and mixtures according to their physical, health, and environmental hazards.

²¹ NFPA 704 is a standard that uses a "safety diamond" to quickly and visually communicate the hazards of a material, especially in emergency situations (fires, spills, and leaks).

4.4 Community health and safety

4.4.a Community health and safety

The Project's main risks to community health and safety are related to the operation of industrial infrastructure, the use and storage of potentially hazardous materials and substances, the movement of vehicles and equipment, the occurrence of operational or environmental emergencies, and contextual factors such as fires, floods, and other extreme weather events. Exomad has a management base in the areas of OHS, emergencies, chemical substances, and waste that indirectly contributes to the protection of third parties. Nevertheless, it will strengthen the community-focused approach and broaden the scope of the emergency preparedness and response system.

4.4.a.i Infrastructure and equipment design and safety

Exomad has operational procedures and controls applicable to the use of machinery, equipment, and process areas, including preventive maintenance requirements, mandatory use of Personal Protective Equipment ("PPE"), inspections, operational protocols, and risk matrices by job position. The Company identifies risks associated with heavy machinery, moving parts, hot surfaces, electricity, fires, explosions, noise, particle projection, and falling objects, as well as controls to reduce these risks on-site.

4.4.a.ii Hazardous materials management and safety

Exomad has procedures for the management of chemical substances, hazardous waste, spills, and leaks, as well as Emergency and Contingency Plans ("PEyC") that include incident response guidelines. The MPSQ and the documentation associated with emissions sampling and measurement establish controls on safe storage, labeling, internal transport, chemical waste management, spill control, gas leak control, and restrictions regarding ignition sources. These instruments contribute to reducing potential risks for workers, facilities, and third parties.

4.4.a.iii Ecosystem services

The Project depends on ecosystem services linked primarily to the sustained availability of residual biomass, water and climate regulation, and the ecological stability of the territory in the supply and operation zones. The Company recognizes risks related to biomass traceability, supplier sustainability, forest fires, droughts, floods, and possible interactions with areas of high biodiversity value. The Project model presents as an environmental benefit the valorization of forest residues and the improvement of agricultural soils through the application of biochar.

4.4.a.iv Community exposure to disease

The Company has occupational health and hygiene programs ("PSHO") and vector control, and has first-aid kits, brigades, and health promotion measures for its workforce.

4.4.a.v Emergency preparedness and response

Exomad has a documented emergency preparedness and response system, comprising plans, protocols, risk matrices, brigades, drills, and training mechanisms; which addresses safety, health, and environmental risks, and includes response procedures for incidents, environmental contingencies, and operational events.

The Company will update its emergency preparedness and response system to integrate a risk-based approach and specific coverage of community impacts, explicitly incorporating risks to the health and safety of potentially affected communities, as well as coordination with local authorities and other external stakeholders where appropriate.

4.4.b Security personnel

The Company's facilities have unarmed security personnel, primarily responsible for access control and basic surveillance. This personnel receives training in codes of conduct, human rights, incident prevention, and emergency response.

4.5 Land acquisition and involuntary resettlement

The Company has criteria for land purchases through a comprehensive assessment of plots covering legal (due diligence and obtaining the necessary municipal and environmental authorizations), technical, and environmental aspects. Land acquisition by the Company is carried out primarily through voluntary purchase of plots, prioritizing private land with clear property titles. To date, no documented cases of involuntary resettlement or physical or economic displacement have been recorded.

However, with the aim of aligning its practices with international standards, and given that it has plans to purchase three new plots of land, Exomad will verify that, prior to any land acquisition for new developments: i) the transfers of title have been carried out under free-market conditions and with the informed participation of all parties involved; and ii) such acquisitions do not entail the physical or economic displacement of persons who, even without formally owning the property, occupy, use, or depend on those lands to access other resources.

4.6 Biodiversity conservation and sustainable management of living natural resources

4.6.a General requirements

The Client sources exclusively from residual biomass from sawmills, excluding biomass from direct logging, chemically treated wood, or contaminated material. To select and control suppliers, Exomad has implemented a system that combines: i) minimum documentary requirements

(registration with²² the ABT, verification of²³ the RUEF²⁴, NIT, commercial registration, and operating license); ii) supplier review and qualification protocols; iii) a georeferenced database of sawmills; iv) raw material intake records; v) the results of forest monitoring using the Normalized Difference Vegetation Index ("NDVI"); and vi) an early warning protocol²⁵ that includes the suspension of supply, field verification, and coordination with the ABT in response to relevant alerts. These controls are aligned with the "Biomass Sourcing Protections" ("BSP") criteria of the applicable²⁶ "Monitoring, Reporting and Verification" ("MRV") scheme and constitute²⁷ the basis of the environmental due diligence of the supply chain.

Notwithstanding the foregoing, the Client will integrate these controls within the ESMS, so that: (i) the supply chain risk assessment explicitly incorporates the possibility of sourcing from sensitive areas (protected areas, indigenous territories, and other sites of high conservation value); ii) updated supplier records and traceability by load and batch are maintained; and iii) preventive and corrective measures are applied based on the results of satellite monitoring and documentary verification. In the event of alerts (NDVI decreases or indications of sourcing from non-approved areas), the Client will apply the early warning protocol, including the preventive suspension of supply and coordination with the ABT and relevant stakeholders, until evidence of restoration or clarification is available.

4.6.b Biodiversity protection and conservation

The Project's direct impact on biodiversity is considered limited, given that the existing plants and their expansions are located on private land and previously disturbed areas. Consequently, the most relevant risks are related to the biomass supply chain and its possible indirect linkage with deforestation processes, habitat conversion, or sourcing from sensitive areas or areas of high conservation value.

4.6.b.i Modified Habitat

At the level of the direct footprint, the existing plants and their expansions are located in modified habitats (industrial areas and previously disturbed land use areas). At these sites, management measures focus on keeping works within property boundaries, avoiding expansion into areas with forest cover, and controlling operational impacts, such as noise, emissions, waste, and contingencies, through the ESMS instruments. To the extent that new facilities are developed, the Company will apply an internal site selection and acquisition process to prioritize already disturbed areas and minimize environmental risks, including those related to biodiversity; this criterion will be incorporated into the MAS.

²² The Authority for the Supervision and Social Control of Forests and Land (ABT) is the national government entity of Bolivia that oversees land use and transformation, particularly as it relates to agriculture and forest cover.

²³ The Unified Registry of Forestry Companies is a registry administered by the ABT in Bolivia.

²⁴ The tax and fiscal identification of the company.

²⁵ The NDVI is an indicator used to measure the quantity, density, and health of vegetation from satellite images or drones.

²⁶ The Biomass Sourcing Protections ensures that biomass is environmentally and socially sustainable, verifiable, and traceable.

²⁷ It is a Puro.earth methodology by which the CO₂ emissions or reductions of a project are measured, reported, and verified in a transparent and auditable manner.

However, since relevant elements such as a KBA in Riberalta and indigenous communities in various localities are identified in the area of influence, the Company will strengthen its supply controls to avoid indirect links with areas of high biodiversity value, integrating geospatial verifications of origin areas and exclusion or suspension measures in response to alerts within the ESMS.

This strengthening will include the geographic cross-referencing of origin areas ²⁸associated²⁹ with ³⁰MFS, PGMF, and POAF with available information on sensitive areas, complementing the documentary verification and NDVI monitoring already implemented.

4.6.b.ii Natural Habitat

The biomass supply for the Project is indirectly related to forest landscapes and areas under sustainable forest management supervised by the ABT. To reduce indirect risks to natural habitat, the Client limits supply to sawmill residues with valid enabling documentation, requires traceability of origin, and applies satellite monitoring through NDVI and early warning protocols.

As part of the strengthening of the ESMS, Exomad will incorporate geographic cross-references between origin areas and sensitive area layers, including protected areas, indigenous territories, and other sites relevant to biodiversity, in order to reinforce the prevention of indirect impacts.

4.6.b.iii Legally Protected and Internationally Recognized Areas

In the Project's surroundings, a municipal protected area near Concepción (Laguna Represa Sapocó) and a KBA in Riberalta are identified. However, since the plants are already built and expansions will be developed on intervened areas within the Company's land, no direct interventions on these areas are anticipated.

4.6.c Ecosystem Services Management

The Project depends on ecosystem services linked primarily to the sustained availability of residual biomass, water and climate regulation, and support for agricultural production through the application of biochar. The main risks to these services stem from supply sustainability and extreme climate events that may affect biomass origin areas.

To manage these risks, the Client implements controls over the biomass supply chain, monitoring of vegetation status in areas associated with supply, and an early warning protocol that allows for supply suspension, field verification, and coordination with the ABT. Additionally, biochar application is managed under the applicable MRV framework, with records and evidence supporting its traceability and intended use.

²⁸ Sustainable Forest Management

²⁹ General Forest Management Plan.

³⁰ Annual Forest Operational Plans.

4.6.d Sustainable Management of Living Natural Resources

The sustainable management of living natural resources in the Project relates to the origin of the residual biomass used as an input and to the need to ensure that it comes from legal, traceable sources under regulatory control. In this regard, the Company has controls in place to validate suppliers through documentary verification, record and update a georeferenced database, maintain traceability by load or supplier, and assess risks associated with its supply chain. These controls, together with satellite monitoring and the early warning protocol, form the basis for preventing indirect associations with deforestation, conversion, or other relevant biodiversity impacts.

4.6.e Supply Chain

The supply chain constitutes the Project's main biodiversity risk vector. To manage it, Exomad has a system that integrates supplier authorization and monitoring, operational traceability by load, georeferenced records, documentary verification with the ABT, and forest monitoring through NDVI. This system supports preventive decision-making and reduces the risk of supply from sensitive areas or areas showing signs of forest cover loss.

Notwithstanding the above, the Client will integrate these controls within the ESMS, so that the supply chain risk assessment explicitly incorporates the possibility of supply from protected areas, indigenous territories, or other sites of high conservation value, and contemplates proportional preventive and corrective measures based on monitoring results and documentary verification.

4.7 Indigenous Peoples

4.7.a General Aspects

In the Project's indirect area of influence, indigenous communities and territories are identified within a 5 km buffer around the existing factories and the localities where new developments are planned, including, among others, Ixiamas, La Esperanza, Limoncito, Villa Cotoca, the Indigenous Council of the Tacana Peoples (CIPTA), Concepción, and other settlements linked to Riberalta and San Ignacio de Velasco.

None of these communities will be materially and negatively impacted by the Project.

4.8 Cultural Heritage

4.8.a Protection of Cultural Heritage in Project Design

No tangible cultural heritage sites are identified within a 5 km buffer of the evaluated facilities. Furthermore, the Company's operations are carried out in previously intervened areas with industrial or forestry use, where no relevant cultural heritage has been evidenced. Consequently, no known direct impacts on tangible cultural heritage are identified.

For new expansions and site acquisitions, the MAS will incorporate the protection of cultural heritage as an early evaluation criterion within the site selection process, particularly in localities

where the exact location has not yet been defined or where there are indigenous peoples and nearby communities.

4.8.a.i Chance Find Procedures

The Company acknowledges the remote possibility of chance finds during construction or operation activities and has indicated that it has a specific procedure as part of the ESMS. This procedure establishes the immediate suspension of activities in the affected area, the delimitation and protection of the site, notification to the competent authorities, and the resumption of work only when authorization has been granted.

5. Local Access to Project Documentation

Documentation related to the Project can be consulted at the following link:

www.exomadgreen.com