

Support for CAPEX and Working Capital Needs for Kowi – MEXICO

Environmental and Social Action Plan (ESAP)

N.º	Aspect	Action	Output	Projected Completion Date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Documentation and Licensing	1. Obtain for the expansion of the Processing Plant (new production processes and a new wastewater treatment plant - WWTP) and the opening of the new Project stores, the state impact assessments, construction permits and prior reports or modifications to each Comprehensive Environmental License (LAI), as required by State and ¹ Municipal Authorities.	1. Documentation of the expansion of the Processing Plant and the opening of the new Project stores, as required by State Authorities	1. 20 days before the construction of the Processing Plant expansion or the opening of the new Project stores.
1.2	Environmental and Social Management System ("ESMS")	1. Evaluate ² the implementation of the Companies' environmental and social (E&S) management, ³ in the likeness of an Environmental and Social Management System ("ESMS").	1. Evaluation report	1. In each Environmental and Social Compliance Report ("ESCR").
1.3	Emergency Preparedness and Response	1. Update the Contingency Program ("CP") of the Processing Plant, including the installation of the new production lines and the new WWTP, to reflect the changes and modifications of the Project, including: (i) an updated risk analysis based on the new layout; (ii) updated sketches of evacuation routes, location of assembly points and firefighting equipment; (iii) requirements for the organization of brigades (if increased); and (iv) requirements for the formation of the Emergency Control Committee and the Internal Civil Protection Unit (if modified).	1. Updated CP of the Processing Plant.	1. 20 days before the start of operations of the Processing Plant expansion.
PS 3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse Gases ("GHG")	1. Using the methodology developed by the Greenhouse Gas Protocol Initiative ("GHG PI") ⁴ , prepare an Annual GHG Emissions Inventory for each plant, farm and Project store that includes direct emissions from fuel consumption (Scope 1), indirect emissions from electricity consumption (Scope 2) and explains the variations detected with respect to the base year.	1. Annual GHG Emissions Inventory.	1. As part of the ESCR.
		2. Develop a methodology to account for Scope 3 GHG emissions generated by the transportation of services contracted from third parties (transportation of personnel, equipment and machinery, and inputs and raw materials purchased from its supply chain).	2. Methodology for accounting Scope 3 GHG emissions.	2. Upon submission of the first Annual GHG Emissions Inventory.
		3. Adopt the methodology to incorporate Scope 3 into the Annual GHG Emissions Inventory.	3. Evidence of its adoption.	3. As part of the ESCR.

¹ The opening of 4 new stores is planned, each in the cities of Hermosillo, Sonora; Guadalajara, Jalisco; Querétaro, Querétaro and Mexico City.

² Applying the Environmental and Social Management System, Implementation Manual – General, IFC, version 2.1, November 2015. Environmental and social management system tools – General, IFC, version 1.2, November 2015.

³ For this operation, the Kowi Group Companies ("Kowi") are: Porcikowi S.A. de C.V., Genetikowi S.A. de C.V., Alimentos Kowi S.A. de C.V. and Nutrikowi, S.A. de C.V.

⁴ <https://ghgprotocol.org/>.

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PS 4: Community Health and Safety				
4.1	Infrastructure and Equipment Design and Safety	1. Hire qualified professionals in the area of life safety and fire protection ("LSFP") to certify: (i) that the adaptations resulting from the expansion of the Processing Plant and the opening of new stores were built in accordance with the approved LSFP designs; (ii) that all equipment was installed according to the LSFP design; and (iii) that all LSFP equipment was tested following international requirements.	1. Fire Protection System Certification.	1. 20 days before the start of operations of the new CEDIS and the expansion of the Naturasol Plant.
		2. Update the Road Safety Program for Drivers of own vehicles, in accordance with the principles described in the World Bank General Guidelines. ⁵	2. Updated Road Safety Program.	2. 90 days after signing of the Loan Agreement.
		3. Implement the Road Safety Program	3. Evidence of its implementation.	3. As part of the ESCR.
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources				
6.1	Supply Chain	1. Develop a Raw Material Supplier Selection and Evaluation Procedure, establishing that: (i) all suppliers must be incorporated, operate responsibly toward society and the environment, and comply with applicable regulations and the CCK and Green Purchasing Policy; (ii) all raw materials or ingredients used (natural inputs) must be selected, analyzed and approved according to technical criteria of quality, safety, traceability and sustainability; (iii) flours and oils from illegal, unreported and unregulated production shall not be acquired or used; (iv) the supply chain must be free from deforestation of forests and natural ecosystems; (v) the supply of plant ingredients and grains shall aim to be low-risk, with crops maintaining recognized best agricultural practices for the management of water, soils, nutrients, agrochemicals and organic fertilizers (where applicable); and (vi) conduct an evaluation audit of suppliers based on applicable Good Livestock Practices (GLP) and Good Manufacturing Practices (GMP) standards.	1. Raw Material Supplier Selection and Evaluation Procedure.	1. 120 days after signing of the Loan Agreement.
		2. Implement the Raw Material Supplier Selection and Evaluation Procedure	2. Evidence of its implementation.	2. As part of the ESCR.

⁵ General Guidelines on Environment, Health and Safety; Community Health and Safety; Road or Traffic Safety.