

Environmental and Social Action Plan (o ESAP) MERCOSUR - REGIONAL

No.	Reference	Measure	Final product/deliverable	Expected completion date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Integrated Environmental, Health and Safety (EHS) Management System	1. Evaluate the integrity of the EHS Management System in accordance with the IFC implementation Manual and Tools. ¹	1. EHS Management System assessment report.	1. 180 days after signing the loan agreement.
1.2	EHS Policy	1. Implement the Farm and Supplier Codes applicable to its farming and sourcing operations	1. Copies of the evidence of this implementation in each country of the Project.	1. Progress report in each EHS/Sustainability performance audits report.
1.3	Risk and Impact Identification	1. Implement a comprehensive multi-year environmental and occupational, health and safety (OHS) audits and management plans to all operations in each country of the Project (farms, mills, warehouses and sourcing) addressing risks and impacts (e.g. water supply, including hydrogeological study and sustainable extraction yield, wastewater treatment, ambient and point source air emission, solid and hazardous waste management, safe hazardous material storage) based on internal/external EHS audits, with the preparation of Corrective Action Plan (CAP), as necessary.	1. Copy of the multi-year environmental and occupational, health and safety (OHS) audits and management plans to all operations, with the CAP, as necessary.	1. 180 days after signing the loan agreement.
1.4	Gender Risk	1. Develop a Base Line Study on Equity, Diversity, and Inclusion, which includes Gender and Gender-Based Violence (GBV)	1. Copy of the base line study	1. 180 days after signing the loan agreement.

¹ 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.

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		risk, in all the countries of the Project, where Mercon operates.		
		2. Elaborate a Corrective Action Plan (CAP) to attend the critical issues, based on the findings of the Base Line Study.	2. Copy of the CAP	2. 180 days after concluding the Base Line Study.
1.5	Climate Change Exposure	1. Develop a Climate Change Exposure Risk Assessment Study for its farms and supply chains in all the origins and provide a crop adaptation to climate change program for each coffee variety (Robusta and Arabica).	1. Copy of the Climate Change Exposure Risk Assessment Study for each country where the Company operates	1. 120 days after signing the loan agreement.
1.6	Management Programs	1. Develop a compliance matrix of all legal and contractual obligations of each existing operating facility, including: (i) the competent authority that grants the authorization or issues the permit or license; and (ii) the issue and validity dates	1. Copy of the compliance matrix of all legal and contractual obligations	1. 120 days after signing the loan agreement.
		2. Develop and implement a Procedure for Corporate Environmental Management Monitoring Visits intended to define the guidelines, responsibilities, and methodology to identify, access, update, communicate, evaluate, and follow up on compliance with legal requirements related to its business activity, as well as to identify opportunities for improvement in the environmental performance of each operating facility	2. Copy of the Procedure for Corporate Environmental Management Monitoring Visits	2. 180 days after signing the loan agreement.
			3. Copies of the evidence of this implementation in each country of the Project.	3. Progress report in each EHS/Sustainability performance audits report.
		4. Design a training program on the use of this procedure, for its implementation and disclosure to all its personnel	4. Copy of the training program	4. 180 days after signing the loan agreement.
1.7	Monitoring and evaluation indicators	1. Establish a comprehensive set of environmental KPIs for all its operations, to cover additional bio-physical parameters, such as: liquid effluents, solid and hazardous waste management, ambient and point source air pollution	1. Copy of the comprehensive set of environmental KPIs. For all its operations.	1. 90 days after signing the loan agreement.

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		<p>monitoring, noise, etc.; and performance targets, among others: estimate of Greenhouse Gas emissions and reduction targets</p>		
		<p>2. Develop internal annual EHS/Sustainability performance audits, carried out by Mercon’s Sustainability Director, EHS coordinator and plant-level OHS Committees</p>	<p>2. Periodic EHS/Sustainability performance audits report.</p>	<p>2. Annually over the life of the loan.</p>
1.8	Stakeholder Engagement	<p>1. Implement a Stakeholder Engagement Plan (SEP) for each country of the Project, that includes the following: (i) updated identification of all stakeholders and affected communities (if any), who may be interested in the Project; (ii) differentiated measures to enable the effective participation of disadvantaged or vulnerable groups; (iii) mechanism to ensure that community representatives reflect the views of affected communities; (iv) details on how information is shared with stakeholders; (v) details on the participatory process among affected communities and how the grievance mechanism can be accessed.</p>	<p>1. Copy of the Stakeholder Engagement Plan, for each country of the Project</p>	<p>1. 180 days after signing the loan agreement.</p>
1.9	Community Grievance Mechanism	<p>1. Develop and implement a Community Grievance Procedure, allowing stakeholders to communicate their grievances about Mercon’s environmental and social performance. This grievance mechanism will allow for anonymous complaints and complaints related to sexual harassment and/or to security forces. This grievance procedure shall include details of how complaints or grievances are recorded, investigated/assessed, and their follow-up and closure/resolution process.</p> <p>3. implement a Training Program on the use of this grievance mechanism, for its implementation and disclosure to all its personnel, including contractors and subcontractors, and other stakeholders</p>	<p>1. Copies of the Community Grievance Procedure.</p> <p>2. Copies of the evidence of this implementation in each country of the Project.</p> <p>3. Copy of the training program</p>	<p>1. 60 days after signing the loan agreement.</p> <p>2. Progress report in each EHS/Sustainability performance audits report.</p> <p>3. 60 days after signing the loan agreement.</p>

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PS 2: Labor and Working conditions				
2.1	Human Resource (HR) policies and procedures	1. Define a strategy to include the gender related aspects, such as equal opportunities (“gender smart policies”), sexual harassment and bullying (“respectful workplaces”), and GBV within HR policies and procedures, Code of Conduct and Code of Ethics, and adapt the Community Grievance Mechanism to be able to capture and address grievances related to GBV and sexual harassment.	1. Copies of the updated HR policies and procedures, Code of Conduct, Code of Ethics and Community Grievance Mechanism	1. 180 days after signing the loan agreement.
2.2	Working Conditions	1. Develop and implement a Workers’ Accommodation Manual, for both the Company and subcontractors’ facilities, that defines processes and standards applicable to: (i) appropriate construction standards; (ii) provision of adequate and sanitary living conditions; (iii) provision of appropriate leisure and health facilities; (iv) the type of staff to manage the facility; (v) appropriate management policies, such as security and grievance procedures; and (vi) ongoing liaison with local communities, based on IFC/EBRD ² Guidance Note on Workers’ Accommodation, adaptable with the local context of each country where the Company operates	1. Copy of the Workers’ Accommodation Manual, for each facility	1. 15 days prior to the occupation and use of the accommodation facility.
			2. Copies of the evidence of this implementation in each country of the Project.	2. Progress report in each EHS/Sustainability performance audits report.
2.3	Decent housing	1. Implement an annual housing satisfaction survey for the inhabitants of the Community Facilities to obtain direct feedback from users/beneficiaries on the most prominent aspects of the facilities and the main areas of opportunity that could be addressed gradually.	1. Copy of the results of the annual housing satisfaction survey.	1. Annually over the life of the loan.
2.4	Grievance mechanism	1. Update and improve Mercon’s Worker’s Complaint and Resolution Management Procedure to: (i) allow for anonymous complaints; (ii) allow complaints related to sexual harassment and GBV; (iii) ensure that all permanent, temporary, seasonal, and casual workers and contractors can	1. Copy of the updated and improved Worker’s Complaint and Resolution Management Procedure	1. 60 days after signing the loan agreement.

² European Bank for Reconstruction and Development (EBRD).

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		access such mechanism; and (iv) disclose and communicate it throughout the organization.		
		2. Implement the updated and improved procedure in each country of the Project	2. Copies of the evidence of this implementation in each country of the Project.	2. Progress report in each EHS/Sustainability performance audits report.
		3. Establish a formal Mercon Group and plant level Grievance Committee	3. Appointment of the Group and Plant level Grievance Committees	3. 60 days after signing the loan agreement.
		4. Implement a Training Program on the use of this procedure, for its implementation and disclosure to all its permanent / seasonal workers, including contractors and subcontractors, and other stakeholders	4. Copy of the training program	4. 60 days after signing the loan agreement.
2.5	Third party workers	1. Improve its OHS Manual and Procedures to include its due diligence procedure for a contractor's OHS practices and will systematically include HR/OHS provisions in contracts with labor agencies and contractors.	1. Copy if the improved OHS Manual and procedures	1. 60 days after signing the loan agreement.
2.6	Supply chain	1. Undertake a risk assessment for its coffee sourcing in all origins against the "unacceptable practices" defined in the Supplier Code of Conduct and provide a CAP with its implementation schedule, as necessary.	1. Copy of the risk assessments in all its origins	1. 180 days after signing the loan agreement.
			2. Copy of the CAPs and implementation schedule, as necessary.	2. 180 days after signing the loan agreement.
PS 3: Resource Efficiency and Pollution Prevention				
3.1	Greenhouse gases (GHG)	1. Develop GHG emissions annual report	1. Copy of the GHG emission report	1. Annually over the life of the loan.
3.2	Water consumption	1. Provide hydrogeological studies and develop a Sustainable Water Management Plan for further operation of each well	1. Copies of the hydrogeological studies and Sustainable Water Management Plan for each well	1. 180 days after signing the loan agreement.

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PS 4: Community Health and Safety				
4.1	Road traffic safety	1. Define and implement a Road Safety Policy and Procedures in all countries of the Project, with measures to mitigate potential impacts on affected communities based on vehicle composition, for both service providers and their own transport	1. Copy of the Road Safety Policy and procedures for each country of the Project	1. 90 days after signing the loan agreement.
			2. Copies of the evidence of this implementation in each country of the Project.	2. Progress report in each EHS/Sustainability performance audits report.
PS 6: Biodiversity Conservation and Natural Habitats				
6.1	Supply chain	1. Undertake risk assessment of all third-party suppliers in all origins against the unacceptable practices defined in the Supplier Code of Conduct, through: (i) an IBAT risk screening against presence of key biodiversity areas, including critical natural habitats; and (ii) a Forest Loss Risk Index (FLRI, methodology developed by Olam ³) to assess deforestation risks in Mercon coffee sourcing catchments areas.	1. Copy of the risk assessment of all third-party suppliers in all origins	1. 180 days after signing the loan agreement.
		2. Develop a Road Map to undertake internal risk audit using a range of industry leading third-party risk assessment tools (non-exhaustive) looking at seven materials areas for E&S issues associated with coffee' production in its countries of origin: (i) livelihoods; (ii) land; (iii) water; (iv) climate change; (v) labor; (vi) food security; and (vii) food safety.	2. Copy of the road map	2. 12 months after signing the loan agreement.

³ Olam Group developed the Forest Loss Risk Index (FLRI) in line with its "Living Landscapes Policy", which is framed around putting more back into food and farming systems than is taken out (<https://www.olamgroup.com/sustainability/policies-codes-standards/living-landscapes-policy.html>)