

## Environmental and Social Action Plan

### Simplemente Madera Group

IFC Reference: 27243

**Date: July 24, 2008**

| Item | Description   | Deliverable  | Due Date   |
|------|---|--|--|
| 1.   | Undertake a Rapid Social Assessment of the RAAN project.  | Assessment report delivered to IFC and Action Plan arising from the report agreed between IFC and SMG.   | June 2009  |
| 2.   | This Action Plan will be updated to account for the conclusions of the Rapid Social Assessment.   | Updated Action Plan disclosed to IFC's web site and to communities local to the project.   | June 2009  |
| 3.   | Report on lessons learned from summer 2008 rainy season logging, and preparation of a plan to ensure that if repeated that potential adverse environmental impacts are mitigated.   | Assessment report describing necessary measures to mitigate erosion and other potential environmental impacts.   | April 2009   |
| 4.   | An updated Action Plan including implementation status update will be prepared annually.  | The updated Action Plan and status report is disclosed to IFC's web site and to communities local to the project.  | Annually, starting one year after disbursement.  |
| 5.   | Develop formal systems for:<br>(i) sustainable management of forestry operations at the RAAN logging operation and any other forestry assets acquired;<br>(ii) management of environmental issues at the Xiloa and future RAAN processing facilities;<br>(iii) Occupational Health and Safety (OHS) management at all processing and forestry operations controlled by SMG. | (i) Master Forest Plan and Annual Operating Plan for the RAAN operation.<br>(ii) Road Management Plan, to be updated annually.<br>(iii) FSC Controlled Wood Certification for RAAN forestry operations;<br>(iv) ISO 14001 certification of processing operations;<br>(v) OHSAS 18001 certification of processing operations. | (i) & (ii) Annually, starting October 2008<br><br>(iii) December 2009<br>(iv) December 2010<br>(v) December 2010 |
| 6.   | Undertake OHS audits of forestry and manufacturing operations.  | Time-bound plans are presented to IFC describing planned actions to enhance OHS in SMG's forestry and  | December 2008  |

| Item | Description  | Deliverable   | Due Date   |
|------|--|---|--|
|      |  | manufacturing operations and in the transport elements of SMG's supply chain.   |  |
| 7.   | Install sanitary waste water treatment system at RAAN operation  | Monitoring report showing discharge effluent meeting IFC requirements.  | March 2009   |
| 8    | Develop and install storm water capture and treatment systems for the log yard at RAAN property.   | Monitoring report showing discharge effluent meeting IFC requirements.  | March 2010   |
| 9    | Develop formal fuel storage area at RAAN property.   | Photographic evidence that the formal fuel storage area has been developed.   | December 2008  |
| 10.  | Develop and install storm water capture and treatment systems for the log yard and waste wood storage area at Xiloa.   | Monitoring report showing discharge effluent meeting IFC requirements.  | March 2010   |
| 11.  | Develop and implement a waste management plan for Xiloa which shall have the objectives: (i) to ensure that all wood waste is stored in an area with an impermeable base from which storm water run off is collected and treated; and (ii) wood waste is used rather than simply allowed to accumulate, or dumped. | (i) Plan presented to IFC for review<br>(ii) Elimination of large scale waste wood pile, and no ongoing accumulation of waste wood.   | (i) March 2009<br>(ii) March 2010                        |
| 12.  | Measure emissions to air from Xiloa's combustion facilities. If these exceed IFC guideline values, develop and implement pollution reduction to reduce emissions to IFC and local requirements.  | (i) Air emissions monitoring report.<br>(ii) Present pollution abatement plan to IFC<br>(iii) Implement<br>(iv) Monitoring report showing air emissions meeting IFC and local requirements. | (i) March 2009<br>(ii) March 2009<br>(iii) December 2009 |
| 13.  | Prepare and implement formal emergency preparedness plans for both RAAN operation and Xiloa  | Emergency response plans presented to IFC for review.   | October 2008<br>(condition of subscription)              |
| 14.  | Develop transportation guidelines with the objective to minimize risk to communities arising from SMG's transportation activities.   | Transportation guidelines presented to IFC for review.  | October 2008<br>(condition of subscription)              |

| Item | Description  | Deliverable   | Due Date  |
|------|--|---|---|
| 15.  | Develop and implement a Land Acquisition Plan to ensure that future land acquisitions comply with IFC Performance Standards 5 and 7.                                 | Outline of plan presented for IFC review.                   | December 2008<br>(condition of subscription)                    |
| 16.  | Obtain FSC Chain of Custody certification for the Xiloa wood processing plant.   | FSC Certificate.  | December 2009   |
| 17.  | If additional forestry or processing resources are acquired, obtain appropriate FSC certifications of sustainable operations, tailored to acquisition circumstances. | FSC Certificate   | As dictated by acquisition timing                               |
| 18.  | Obtain FSC certification of sustainable forest management for the replanted RAAN forest, where appropriate.  | FSC Certificate   | As dictated by timing of completion of salvage of downed timber |
| 19.  | Continue engagement with indigenous communities in the vicinity of the RAAN property   | Annual update of community engagement actions and outcomes. | First update in March 2009                                      |