

Armajaro Environmental and Social Action Plan (ESAP)

Task Title/Description	Indicator of Completion	Target Date
Performance Standard 1: Social and Environmental Assessment and Management Systems		
1. Develop and Institutionalize an Environmental and Social Management System, Operational Procedures, Practices and Management Programs (ESMS). The ESMS will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of Armajaro's business activities. The ESMS will consist of documented operational procedures, practices, plans, and related supporting documents managed in a systematic manner. The scope of the plan will include Armajaro's own operations: •ESMS Implementation Plan •E&S Monitoring and Auditing Plan •Corporate Grievance Policy •Occupational Health and Safety Policies and Procedures (see ESAP action item #8) •Wet Mill Environmental Management Plan (see ESAP action item #9) •Pesticide Management Plan, including the phase out of methyl bromide (see ESAP action item #11)	1.1 Submit documentation and evidence to IFC of the existence of adequate procedures, practices and management programs that are commensurate with the anticipated impacts and risks of Armajaro's operations. 1.2 Implementation based on the ESMS Implementation Plan. 1.3 Annual self audit of implementation and reporting on such in the Annual Monitoring Report ('AMR'). 1.4 Identification of responsibility for supply chain management. Update as required by changes in personnel.	1.1) June 29, 2012 1.2) Implementation based on the schedule reported annually as part of the AMR 1.3) Report annually as part of the AMR 1.4) March 30, 2012

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•Fleet Efficiency and Safety Management Plan (see ESAP action item #12) •Food Security Procedures (see ESAP action item #13) •Certification Management Plan (for Company's own chain of custody certification) •Indigenous Peoples policy The program shall apply across the Company's organization. For supply chain issues, identify management responsibilities for managing the supply chain database and cocoa and coffee sustainability strategies.		
2. Supply Chain E&S Database The supply chain integrated database will collect information about and categorize suppliers/farmers groups according to identified social and environmental risks and impacts and to supplier's status with respect to certification. It will include broader country supply chain data and allow aggregation. Where the Company has direct relationships with producers of a commodity, develop and maintain a supply chain database describing at a minimum the geographical position and extent of each farmer's fields, number of trees, fertilizer use, yield, certification	2.1 Submit to IFC a time schedule for further implementation of Armajaro's existing suppliers' database system in all sourcing countries for coffee and cacao. 2.2 Further implement the supply chain database according to the schedule in 2.1. 2.3 Audit the database for each country after it has been completed to ensure that the data are accurate. 2.4 Update database following each harvest season for a	2.1) March 30, 2012 2.2) Progress against the schedule reported annually in the AMR. 2.3) Audit completed 9 months after the completion of the database in each country. Limited annual audit thereafter, reported in the AMR. 2.4) Based on harvest cycle of

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status, family members, and other observations about labor use. Armajaro will seek opportunities to collect, as it becomes available, information on producers in the sugar and other supply chains where certification is not widely pursued.	particular crop. 2.5 Review annually the available information on non-certified suppliers.	crop, but at least annually. 2.5) At least annually.
3. Management Program (ESMS) Training. Provide adequate management sponsorship, human and financial resources, and training on an ongoing basis to achieve effective and continuous environmental and social performance. Training will target four specific groups: (i) auditors responsible for reviewing Armajaro's own operations with respect to national law and IFC standards and WBG General EHS Guidelines; (ii) Armajaro management, particularly country office-based; (ii) local workers responsible for information gathering on the database; and (iv) producers. The training of cocoa and coffee producers will be part of the certification training. For other commodities, e.g., sugar, the training will be provided to suppliers with purchase agreements with Armajaro, where commercially viable and based on the opportunity to influence the implementation of best practices.	3.1 Submit adequate evidence to IFC that appropriate staff training is planned for, has adequate resources to implement, and is based on a reasonable schedule. 3.2 Implementation of plan based on schedule 3.3 Integration of training into on-boarding of new staff and reporting on such in the AMR.	3.1) June 29, 2012 3.2) According to the schedule in the training plan. 3.3) Annually as part of the AMR.

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4. Supply Chain - Senior Management Monitoring and Guidance: The Company will implement a process for the periodic reporting and monitoring of the supply chain environment and social information to senior management. This process will allow senior management to monitor the progress under the supply chain sustainability strategies, and allow for periodic realignment of Armajaro's strategies to mitigate potential exposure to commodity business risks in the short and long term.	4.1 Evidence that the Armajaro Board of Directors has met once each quarter and reviewed information on the commodity strategies developed in ESAP items 5 and 6, below. 4.2 Provide IFC with recommendations, with a time-bound implementation plan for any changes in the ESMS.	4.1) Reported in the AMR, along with any decisions taken. 4.2) Reported in the AMR.
5. Development and Implement a Cocoa and Coffee Supply Chain Sustainability Strategies. Based on current activities, the strategies will describe the means and methods for increasing traceability and number of farmers certified in the supply chains for cocoa and coffee. The strategy will be high level, with baseline and operational targets, specific activities, key milestones and schedules to increase the procurement of third party certified cocoa and coffee each year at each origin where projects are planned and where certification is available. The plan will include details of the activities to increase productivity and promote compliance with PS 2 and PS6. The plan will include the activities of Source Trust and possible partnerships with Source Trust in implementing its activities. A joint Armajaro/IFC annual review will take place to assess Armajaro's yearly	5.1 Submittal of strategy documents satisfactory to IFC. 5.2 Implementation of plans 5.3 Report on the implementation of the plan, or any deviations, in the AMR, <u>verified by an external certification entity or entities.</u> 5.4 Review strategies and monitoring results annually.	5.1) June 29, 2012 5.2) According to time schedule in the plans. 5.3) Annually with the AMR 5.4) January of each year.

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performance and make any adjustments necessary for meeting the objective of increasing certified cocoa and coffee in the next year.		
6. Development and Implement a Sugar Supply Chain Sustainability Strategy. The strategy's objective will be to describe means and methods for increasing the amount of sugar received (i) from countries with strong environmental and social regulatory frameworks, (ii) producers who have either Bonsucro certification or other national certification, and/or (iii) producers in other countries that have been identified through the activities in ESAP item #2 and/or #3 as having an acceptable environmental and social performance. The strategy will be high level, with baseline and operational targets, specific activities, key milestones and schedules to increase the procurement of acceptably sourced sugar. A joint Armajaro/IFC annual review will take place to assess Armajaro's yearly performance and make any adjustments necessary.	6.1 Submittal of documents to IFC that are satisfactory to IFC. 6.2 Implementation of plans 6.3 Report on the implementation of the plan, or any deviations, in the AMR, <u>verified by an external certification entity or independent expert.</u> 6.4 Review strategies and monitoring results annually.	6.1) June 29, 2012 6.2) According to time schedule in the plans. 6.3) Annually with the AMR 6.4) January of each year.
Performance Standard 2: Labor and Working Conditions		

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7. Institutionalize Human Resources Policies. Adopt and implement human resources policies and procedures appropriate to the workforce that set out approach to managing workers consistent with the requirements of Performance Standard 2 and national law. A grievance mechanism will be included as part of the procedures.	7.1 Provide IFC with appropriate human resource policies for countries of operation, including grievance procedures.	7.1) September 30, 2012, and 90 days after starting operation in a new country.
8. Occupational Health and Safety (OHS) Policies and Procedures. To be based on the results of the currently on-going health and safety audit of Armajaro's own operations, and taking into consideration the WBG General EHS Guidelines.	8.1 Provide IFC with policies and procedures demonstrating compliance with WBG OHS requirements. The policies and procedures should include identification of managers responsible for OHS performance, on-going training, and a mechanism for reviewing deviations from procedures and improving performance.	8.1) June 29, 2012
Performance Standard 3: Resource Efficiency and Pollution Prevention		
9. Wet Mill Environmental Management Plan. A plan to review current wet mill operations with respect to bringing effluent into compliance with WBG General Health and Safety Guidelines and to guide future purchasing of wet mills to ensure that their specifications ensure effluent quality in line with those Guidelines.	9.1 Provide IFC with a plan demonstrating that wet mills operations, particularly effluent, will meet WBG Guidelines.	9.1) June 29, 2012
10. Greenhouse Gases Quantification and Reduction. Each 12 months, quantify direct emissions from owned or	10.1 Submit total Company GHG emissions based current third-party evaluation.	10.1) March 30, 2012

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controlled facilities or vehicles that are within the scope of Armajaro's control. If GHG emissions exceed 100,000 tonnes CO2 equivalent per year for Armajaro operations, report annually on GHG emissions.	10.2 If emissions exceed 100,000 tonnes CO2 equivalent per year, monitor GHG emissions globally.	10.2) Report in the AMR.
11. Pesticide Management Plan. The plan will identify acceptable pesticides for use in Armajaro's own operations based on PS 3. It will include a commitment to not use methyl bromide. It will also include procedures for safe handling by people trained in the use of the identified pesticides, as well as procedures for safe storage.	11.1 Provide IFC with a plan demonstrating pesticide use consistent with PS 3.	11.1) June 29, 2012
PS 4: Community Health, Safety, and Security		
12. Fleet Efficiency and Safety Management Plan. The management plan will provide procedures for maintaining the energy and other resource efficiency of the fleet through timely maintenance, conservative driving practices, and driver training. The plan will also set standards for safe driving, particularly with respect to the communities through which the trucks will pass.	12.1 Provide IFC with a management plan for Armajaro's truck fleet (and to the extent that it is commercially feasible, for the fleets of transportation subcontractors) in line with the efficiency requirements of PS 3 and the community safety requirements of PS 4.	12.1) June 29, 2012
13. Food Security Procedures. Identify potential risks to the food security of the commodities in which Armajaro trades and develop procedures to avoid those risks.	13.1 Provide IFC with a food security procedure for the edible commodities in which Armajaro trades.	13.1) June 29, 2012

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PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources		
14. Engage Competent Professionals to Conduct Supplemental Biodiversity Studies. Engage expertise to identify and fully assess possible encroachment by supplying farmers into natural or critical habitat.	14.1 Incorporate into internal reporting mechanism to address possible encroachment into sensitive areas. Inclusion in environmental monitoring plan. 14.2 Report annually to IFC on impacts of encroachment into natural, critical or ecosystem-service habitat.	14.1) 4 months after initial completion of the supplier database in any country of operation. 14.2) Annually as part of the AMR.