**ECOM 29005**
**Environmental & Social Action Plan**
**May 2010**

| # | Action | Indicator of Completion | Required Completion Date |
|---|---|---|---|
| **1** | **<u>Develop and implement an integrated corporate management system (SEMS) for social and environmental affairs, quality, and occupational health and safety management.</u>** The corporate management system will address environmental, labour, and occupational health and safety issues associated with the overall Company operations ECOM will design the SEMS to comply with IFC Performance Standard 1 requirements. The SEMS will have a supply chain component. | a)Present a corporate social and environmental management system plan including management process (summarizing program components, implementing management system procedures, and activities schedule) satisfactory to IFC<br><br>b)Submit the management system manual.<br>c) Corporate management system operational | a) 6 months after first disbursement<br>b) 15 months after first disbursement<br>c) 24 months after first disbursement |
| **2** | **<u>Establish Corporate Environmental Managerial Responsibilities and Organogramme.</u>** Appoint a corporate social and environmental resource-person with managerial responsibilities for environmental and social issues. This person will report to ECOM's CEO. Comform social and environmental managerial duties at each country of operation, and undertake the activities required to implement environmental and social policy at all levels of operations, complying with host country environmental regulatory and WBG EHS guideline limits. | Provide IFC with a copy of the internal memorandum covering responsibilities, appointing senior manager | a)Condition of first disbursement |
| **3** | **<u>Supply Chain Risk Monitoring:</u>**<br><br>**<u>3.1 Policy</u>**<br>As part of the supply chain component of the SEMS, ECOM will upgrade its purchase policy (the "ECOM Policy") to promote sustainable purchasing practices. The Policy will support these objectives, | 3.1)<br>a)Provide a copy of the supply chain purchase policy satisfactory to IFC;<br>b)Provide evidence that ECOM has adopted the Policy and placed it in its SEMS | 3.1) a)6 months after first disbursement<br>b)15 months after first disbursement<br><br><br>3.2)<br>a) 6 months after first disbursement |

| | | | |
|---|---|---|---|
| | promoting compliance with national environmental legislation (for example illegal land clearing) and IFC Performance Standards, including among others, avoidance of child labor, forced labour, land acquisition, deforestation and biodiversity protection, natural forest conversion, and water and energy use.<br><br>**3.2 Monitoring**<br>ECOM will develop procedures for monitoring of key environmental and social information on its supply chain at the local level and track information in a database.<br><br>Suppliers will be classified in categories based on E&S risk, depending on their level of compliance with IFC PSs and the reliability of ECOM's information on their sourcing and compliance. The categories will reflect the level of knowledge available to ECOM regarding E&S standards and risk assessment under which the crop was produced (e.g. Certified, Traceable Not Certified, Traceable within a Region, Non-Traceable).<br><br>**3.3 Database**<br>In an integrated fashion, the supply chain component of the SEMS will periodically collect information and categorize suppliers according to identified social and environmental impacts and risks and knowledge of suppliers' practices. The supplier's data base will be a tool to monitor the dynamics of certified suppliers, and will be expanded to incorporate broader country supply chain data and allow aggregation.<br><br>ECOM will proactively seek opportunities to collect information over time on "non-certified purchasing" where some informal information is available. | 3.2)<br>a)Provide copy of procedures, detailing suppliers categories definitions;<br>b)provide the basis for risk rating that will feed into the Suppliers Database. The risk rating should reflect levels of expected compliance with E&S policy per category of supplier.<br><br>3.3) Provide documentary evidence of the development of the Supplier Database:<br>(a) Provide summary information of initial data gathering<br><br>b)<br>Report Supplier Classification per Origin and Initiatives and report to IFC in the AMR Projects to proactively move suppliers to a higher classification | b) 18 months after first disbursement<br><br>3.3)<br>a) 15 months after first disbursement<br><br>b) Report in Annual Monitoring Report (AMR) |

| | | | |
|---|---|---|---|
| **4** | **<u>Supply Chain- Training in environmental and social policies and accurate information collection:</u>** ECOM will implement a training programme for their field staff to:<br>**-** ensure knowledge of the ECOM's risk assessment and its social and environmental policies;<br>**-** build in-house capacity to collect accurate E&S information on suppliers at origin;<br>**-** reliably input data into the supply chain component of the SEMS to allow senior management to assess the risks of environmental and social issues in any given location.<br><br>Where commercially viable and based on opportunity to influence the implementation of best practices, the training shall include training for suppliers with whom the Company has purchase contracts to inform them that ECOM expects them to comply with country legislation related to social and environmental issues, and relevant IFC E&S requirements. | a)Provide IFC with an overview of the top level workplan and materials for the implementation of the training programme on Environmental and Social data collection for employees<br><br>b) Provide IFC with evidence for the implementation of the training programme on Environmental and Social practices for suppliers as appropriate (e.g. ECOM intranet or website) | a)15 months after first disbursement<br>b) Annually in the AMR |
| **5** | **<u>Supply Chain- Senior Management Monitoring and Guidance:</u>** The Company will implement a process for periodic reporting and monitoring of Supply Chain environmental and social information to senior management, to allow monitoring of progress (i.e. increased volumes of operations in lower risk suppliers categories), a proactive response and periodical realignment of ECOM's sustainability project priorities and mitigation of potential ECOM exposure to commodity business risks in the short and long term.<br><br>ECOM will proactively seek opportunities <u>to foster E&S best practices in its supply chain over time</u> and develop mitigation measures, in order to upgrade suppliers to a lower risk category.<br><br>ECOM's senior management will identify any | a) Present to IFC the planned system for monitoring and reporting environmental and social issues to senior management<br><br>b) report in the AMR decisions taken by Senior Management to proactively improve Supply chain E&S performance per commodity<br><br>c)Provide IFC with recommendations with a time-bound implementation plan for any changes to SEMS. | a) 6 months after first disbursement<br>b) Annually in the AMR |

| | | | |
|---|---|---|---|
| | needed changes in the Company's SEMS for the management of suppliers to reduce risks in the supply chain. | | |
| **6** | **<u>Strategic Plan for Certified Cocoa:</u>** Working at the forefront, but within market demand, ECOM will extend the certification concepts of coffee to cocoa, and will present a plan and tentative schedule to IFC to gradually increase the procurement of certified cocoa. The plan will include specific baselines and tentative targets for the procurement of certified cocoa each year within a 2-3 year horizon. | a)Submit to IFC a plan for increasing the procurement of certified cocoa<br><br>b)Report in the AMR activities performed by ECOM to promote sustainable/certified cocoa | a) 6 months after first disbursement<br><br>b) Report annually in the AMR |
| **7** | **<u>Strategic Plan for Best Practices Cotton:</u>** Working at the forefront, but within market demand, ECOM will promote best management practices in cotton production (through codes of practice similar to need in coffee and cocoa certification) and will present a plan and tentative schedule to IFC for development of pilot projects and support of umbrella groups (as the Better Cotton Initiative). | a)Provide % of cotton sourced per country in 2009<br><br>b)Annually document a % of cotton traded volumes per origin during the reporting year<br><br>c)Report in the AMR activities performed by ECOM to promote sustainable cotton (e.g. engagement in BCI) | a) 6 months after first disbursement<br><br>b) Report annually in the AMR<br><br>c) Report annually in the AMR |
| **8** | **<u>Occupational Health & Safety Plan</u>:** ECOM will conduct a gap analysis of its OHS policies and procedures at all their facilities against applicable WBG EHS General Guidelines and present an Action Plan detailing activities and budget. ECOM will conduct implementation of corrective actions to address gaps identified in the review.<br><br>The Company will conduct an internal audit of OHS at the Beneficio Atlantico in Nicaragua, to identify fire prevention and control needs, housekeeping, physical hazards, and use of PPE. | a)Present to IFC a copy of the updated OHS policy and plan for review<br><br>b)Present to IFC the audit report at Beneficio Atlantico and the plan and schedule of implementation of mitigation measures to reach compliance | a)12 months after first disbursement<br>b)6 months after first disbursement |
| **9** | **<u>Grievance Mechanism:</u>**<br>ECOM will develop a grievance policy for | Present grievance procedure and implementation plan, | 6 months after first disbursement |

| | | | |
|---|---|---|---|
| | employees and suppliers, to include steps to be taken, mediation process, responsible persons, publicize the procedure, response time, record keeping, and how feedback will be given. ECOM will implement the grievance policy at the corporate level and at each country operation. | and provide documentary evidence | |
| **10** | **Wastewater Treatment:** ECOM will review wastewater treatment at the Company owned and operated wet milling facilities globally and compare against local regulatory standards and applicable WBG EHS Guidelines. Address gaps and develop a plan to comply with country regulatory limits and WBG EHS guidelines for pH, BOD, COD, Total Suspended Solids (TSS), Total Nitrogen and Total Phosphorus. This plan will include specific actions and timeline. | a)Provide to IFC documentary evidence and analytical laboratory results of effluent wastewaters in all wet mills ensuring compliance with host country regulatory and applicable WBG EHS guideline limits<br><br>b)Conduct continuing periodic assessment of effluent quality | a)18 months after first disbursement<br>b) Report annually in AMR |
| **11** | **Phase out of Methyl Bromide:** ECOM will present a phase out plan and schedule in order to restrict use of Methyl Bromide for applications not included in allowable exceptions under the Montreal protocol | Provide statement from the CEO confirming phase out and detail of exceptional use as allowed under the Montreal Protocol | Condition of disbursement |