

**ENVIRONMENTAL AND SOCIAL ACTION PLAN**

**Mu Yuan (#29089)**

**May 10, 2010**

| Item | Action                                                                                                                                                                                                                                                                                            | Completion Indicator                                                                                                                                                                                                                                                            | Timetable                                                                                                                                                                                                                                                                                                                       |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | <b>PS1: Social and Environmental Assessment and Management Systems</b>                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                 |
| 1    | Mu Yuan will implement retrospective environmental and social assessments and commit to address identified corrective measures for piggeries that have been established without an ESIA being completed..                                                                                         | (i) Availability of ESIA reports acceptable to relevant authorities and IFC<br>(ii) Proof of submission to and acceptance by local authorities<br>(iii) Implementation plan to address identified corrective measures within timeframe agreed with IFC                          | (i) COD – (i) Terms of Reference for ESIA; (ii) contract with ESIA Consultants; (iii) proof of engagement with local authorities<br>(ii) +90 days from first disbursement<br>(iii) +120 days from first disbursement<br>(iv) On-going reporting of progress in addressing corrective actions in Annual Monitoring Reports (AMR) |
| 2    | Mu Yuan will ensure timely implementation of EIAs for all future development and expansion projects as required by Chinese law.                                                                                                                                                                   | (i) EIA process guidance/ requirement incorporated in management system.                                                                                                                                                                                                        | (i) COD                                                                                                                                                                                                                                                                                                                         |
| 3    | Mu Yuan will ensure proper implementation of the “Mu Yuan’s Process Flow for Regional Development” in obtaining permits/ approvals prior to the commencement of construction activities. This will include: <ul style="list-style-type: none"> <li>completion of the environmental and</li> </ul> | (i) Proof of engagement with local authorities<br>(ii) Updated procedure document (process flow) indicating the sequencing/ timing for various stages of environmental, health, safety and social approval processes<br>(iii) Availability of approved ESIA report for Farm #17 | (i) COD<br>(ii)+30 days from first disbursement<br>(iii) +90 days from first disbursement                                                                                                                                                                                                                                       |

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|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
|      | <p>social assessment for Farm #17 currently under construction.</p> <ul style="list-style-type: none"> <li>• discharge permit for environmental pollutants emitted.</li> <li>• water abstraction permit for groundwater usage.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>(iv) Availability of Environmental Discharge Permit</p> <p>(v) Availability of Groundwater Abstraction Permit</p>                                                                                                                                                                                                                                                                                    | <p>(iv) +90 days from first disbursement</p> <p>(v) +90 days from first disbursement</p> |
| 4    | <p>Mu Yuan will develop and implement an environmental and social monitoring framework compliant with relevant Chinese laws and the requirements of the IFC Performance Standards and applicable guidelines. The monitoring will include but not be limited to the following:</p> <ul style="list-style-type: none"> <li>• Air emission for various boilers and cooking facilities utilizing coal;</li> <li>• Air emissions from incinerators</li> <li>• Odor control;</li> <li>• Water usage/ consumption;</li> <li>• Wastewater discharge; and</li> <li>• Worker exposure to chemical substances.</li> </ul> <p>Reference shall be made to Chinese regulations including Emission Standards for Odor Pollutants GB 14554-93; Emission Standard of Air Pollutants from Boilers GB 13271-2001; Integrated Emission Standards of Air Pollutants GB 16297-1996; Emission</p> | <p>(i) Report outlining environmental and social indicators to be monitored on an on-going basis, including implementation plan (resources required, roles and responsibilities, management, monitoring protocols, review/validation processes and corrective actions). Also to include CAPEX provision if compliance to stated parameter cannot be attained.</p> <p>(ii) Annual monitoring results</p> | <p>(i) +60 days from first disbursement</p> <p>(ii) Annual Monitoring Reports</p>        |

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| <b>Item</b> | <b>Action</b>                                                                                                                                                                                                                                                                                               | <b>Completion Indicator</b>                                                                                                                                     | <b>Timetable</b>                                                                |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|
|             | Standards for Cooking Fumes (Interim Standards) GB 18483-2001; Integrated Wastewater Discharge Standard GB 8978-96; Occupational Exposure Limit for Hazardous Agents in the Workplace - GBZ2.1-2007; Pollution Prevention and Management Methods for Livestock and Poultry Farms; and IFC's EHS Guidelines. |                                                                                                                                                                 |                                                                                 |
| 5           | Mu Yuan will add to current job descriptions for the environmental coordinators (or coordinators at the higher level) by including broader responsibilities in environmental management, including environmental monitoring for facilities other than biogas/ wastewater treatment system. [                | (i) Availability of revised job descriptions                                                                                                                    | (i) +30 days from first disbursement                                            |
|             |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                 |                                                                                 |
|             | <b>PS2: Labour and Working Conditions</b>                                                                                                                                                                                                                                                                   |                                                                                                                                                                 |                                                                                 |
| 6           | Mu Yuan will implement retrospective fire safety inspection and commit to implementing identified corrective actions for facilities that were established without a fire safety approval being completed.                                                                                                   | (i) Availability of fire inspection approvals as required<br>(ii) Written commitment to address identified corrective measures within timeframe agreed with IFC | (i) +120 days from first disbursement<br>(ii) +120 days from first disbursement |

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| <b>Item</b> | <b>Action</b>                                                                                                                                                                                                                                                                                  | <b>Completion Indicator</b>                                                                                                                                                                                       | <b>Timetable</b>                                                                                                          |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| 7           | Mu Yuan will revise the Human Resource Manual and worker contracts to include: <ul style="list-style-type: none"> <li>• working conditions;</li> <li>• working hours; and</li> <li>• benefits</li> </ul>                                                                                       | (i) Revision of relevant policy and manual<br>(ii) Revised employment agreement                                                                                                                                   | (i) +90 days from first disbursement<br><br>(ii) Applicable to all new contracts and upon extension of existing contracts |
| 8           | Mu Yuan will ensure periodic health/ medical testing of all farm workers in accordance with standard international practice.                                                                                                                                                                   | (i) Availability of medical surveillance procedures<br>(ii) Availability of medical examination reports                                                                                                           | (i) +60 days from first disbursement<br><br>(ii) Annual monitoring reports                                                |
| 9           | Mu Yuan will develop a formal grievance procedure creating various, independent (and anonymous) channels for farm workers to provide suggestions and raise their concerns with the Human Resource Department.                                                                                  | (i) Availability of policy supporting formal grievance procedure<br>(ii) Availability of design and procedure for implementation of grievance procedure<br>(iii) Availability of grievance tracking records       | (i) +30 days from first disbursement<br>(ii) +60 days from first disbursement<br>(iii) On-going                           |
| 10          | Mu Yuan will review its occupational health and safety policies, procedures, control measures and training program for consistency with good international industry practice for construction and operational phases:<br>(i) To strengthen safety management at construction sites – to ensure | (i) Updated policy and procedures<br>(ii) Provision of the safety control devices/ equipments<br>(iii) Report and photographs of improved facilities<br>(iv) Reports on ergonomic/ medical assessment for workers | (i) +60 days from first disbursement<br>(ii) +120 days from first disbursement<br>(iii) +30 days from first disbursement  |

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|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----------------------------------------|
|             | <p>consistent use of personal protective equipment and safe work practices.</p> <p>(ii) To provide first aid facility at the construction site – first aid room, basic life support equipment and first aid medication.</p> <p>(iii) To provide wind socks or other wind direction indicator to aid evacuation process at the bio-gas plants.</p> <p>(iv) To provide appropriate warning information on the storage areas for chemicals and fuels as well as safety information/ instruction (materials safety data sheets).</p> <p>(v) To conduct ergonomic assessment at the slaughtering house to reduce risk of repetitive muscular disorder.</p> |                                                            | (iv) +120 days from first disbursement |
| 11          | As part of its workplace safety program, Mu Yuan will maintain statistic of the incident/ accident occurrence, conduct detail root cause analysis, identify safety trend and implement control measures to further reduce incident/ accident rates.                                                                                                                                                                                                                                                                                                                                                                                                   | (i) Availability of an incident/ accident tracking system. | (i) +30 days from first disbursement   |
|             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                            |                                        |

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|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
|      | <b>PS3: Pollution Prevention and Abatement</b>                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                        |                                                                                                                         |
| 12   | Mu Yuan will review facilities for housing of generators and fuel and oil supplies. Fuel storage will occur separately from worker accommodation. Appropriate fuel storage tanks will be utilised. Appropriate systems for protection against spillage and the storage of waste oil to be developed. General house-keeping and signage to be improved. | (i) Report and photographs of improved fuel storage facilities                                                                                                                                                                                                         | (i) +180 days from first disbursement                                                                                   |
| 13   | Mu Yuan will review facilities for storage of medicines and chemicals. Appropriate systems for management and storage will be defined and implemented. General house-keeping to be improved.                                                                                                                                                           | (i) Updated procedure for management and storage of medicines and chemicals, including a hazard communication procedure<br>(ii) Inventory for chemicals and medicines at each facility.<br>(iii) Report and photographs of improved storage of medicines and chemicals | (i) +90 days from first disbursement<br>(ii) +90 days from first disbursement<br>(iii) +90 days from first disbursement |
| 14   | Mu Yuan will implement corrective measures to ensure that emissions from boilers are within specified limits, i.e. 50mg/m <sup>3</sup> as specified in IFC's EHS Guidelines.                                                                                                                                                                           | (i) Report and photographs of improved facilities<br>(ii) Monitoring records showing improved emission quality                                                                                                                                                         | (i) +60 days from first disbursement<br>(ii) +60 days from first disbursement                                           |
| 15   | Design and construction of appropriate flooring and stormwater runoff mitigation                                                                                                                                                                                                                                                                       | (i) Report and photographs of improved stormwater management systems for coal storage areas on all                                                                                                                                                                     | (ii) +180 days from first disbursement                                                                                  |

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|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|      | measures for coal storage areas                                                                                                                                                                                                                                                                                                                                                          | farms, feed mills and slaughtering plant.                                                                                                                                                                                                                                        |                                                                                                                                  |
| 16   | Mu Yuan will ensure both solid and hazardous wastes are segregated and dispose off per the regulatory requirements. These include general waste from the dormitory, canteen, as well as contaminated wastes (vaccines and syringes).                                                                                                                                                     | (i) Waste inventory from the various operations<br>(ii) Agreements with waste disposal contractors<br>(iii) Waste disposal records                                                                                                                                               | (i) +30 days from first disbursement<br><br>(ii) +30 days from first disbursement<br><br>(iii) +60 days from first disbursement  |
|      |                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                  |                                                                                                                                  |
|      | <b>PS4: Community Health, Safety and Security</b>                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                  |                                                                                                                                  |
| 17   | Mu Yuan will conduct a comprehensive safety assessment/ review for its feed mills operations complying with the requirements under Safety Regulation for Dust Explosion Prevention, GB 15577-95, which will cover general training and inspection, use of explosion proof equipment, fire prevention, explosion prevention, means of egress, personal protection and emergency response. | (i) Report on comprehensive safety assessment of the feed mills<br><br>(ii) Fire safety control measures/ improvement plan, including responsible personnel, resources required and timeline for completion<br><br>(iii) Documentation of the closure of the assessment findings | (i) +90 days from first disbursement<br><br>(ii) +90 days from first disbursement<br><br>(iii) +180 days from first disbursement |