

ENVIRONMENTAL AND SOCIAL ACTION PLAN (ESAP) FOR FORESTAL DEL CARIBE

Arbaro Advisors

Version: 16 September 2022

IFC PS Nr.	Measure and/or Corrective Actions (Action Description)	Responsibility	Deliverable (Report/Measurement)	Deadline (Date/Event) after signing
	FSC			
	Prepare a road map for FSC certification	ES manager	Road map to be approved by Forestal del Caribe Advisory Committee	Within 12 months from Closing [Closing means the date when the transaction signature become effective, and control of the assets is transferred to Forestal del Caribe]
	Certify the forests with FSC	ES Manager with support from the Forest manager	FSC certification	Within 36 months from Closing
	Gender			
	Conduct a gender assessment and develop a gender action plan	ES manager with help of an external consultant	ToR for the Gender Assessment to be approved by the company's Advisory committee. Action plan to be approved by the Company's Advisory committee	18 months from Closing for the assessment 24 months from Closing for the action plan
	Permits and approvals			
	Develop an environmental instrument (EIA or Initial Environmental Assessment IEA) and request approval at the national environmental authority - MARN (the level of detail depends on the classification of the project by the national authority). Each farm or unit (Rio Frio and Agroman) must develop its own environmental instrument and	ES manager in close cooperation with legal counsel(s), and with support of external consultants (authorised by the national authority)	EIA or IEA approved by the MARN (Ministerio de Ambiente y Recursos Naturales) Environmental licence granted by the MARN	For the environmental instrument and licence: Immediately but in any case, prior to starting any operations on the field. For the wastewater technical study and licence: Once the

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	<p>request for approval (either EIA or IEA). If applicable (for projects B1 and A under the Guatemalan law), carry out a public participation process as part of the licencing.</p> <p>Request Environmental Licence at the MARN (after approval of EIA or IEA)</p> <p>Carry out a wastewater technical study for the sawmill operations and infrastructure.</p> <p>Obtain plantations harvesting authorization.</p> <p>Register the Sawmill in the national forest registration.</p>		<p><i>Wastewater technical study emmited by expert authorised by the national authority.</i></p> <p><i>Authorization for plantation harvesting granted by the Forest National Institute (Instituto Nacional de Bosques)</i></p> <p><i>Registration of the sawmill in the national forest registration</i></p> <p><i>This list of permits will be updated based on legal advice, approved by the relevant authority and reviewed by the Company's Advisory committee.</i></p>	<p>details of the sawmill operation and location are known.</p> <p>For the plantation forest harvest: prior to any operations in the field.</p> <p>For the sawmill registration: prior to any operations</p>
PS 1	<i>Assessment and Management of Environmental and Social Risks and Impacts</i>			
	<i>Policy and capacity</i>			
	Recruitment of competent ES manager.	<i>Interforest in cooperation with Arbaro E&S Coordinator</i>	<i>ES manager is hired by the forest operator (Interforest), the person to be acceptable to the Company's Advisory committee</i>	Immediate, however no later than 2 months from Closing
	Develop an ESMS according to Arbaro's requirements. The ESMS should include an ES policy approved by the Company's Advisory committee, designated staff and resources, and management plans, programs and procedures to mitigate and monitor the identified risks	<i>ES Manager</i>	<i>ESMS approved by the Company's Advisory committee.</i>	Within 6 months from Closing

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	Formulate a Sustainability Policy which provides values, compliance, targets and verification mechanisms (e.g. FSC, ILO, etc.)	<i>ES Manager</i>	<i>Sustainability Policy to be approved by the Company's Advisory committee</i>	Within 12 months from Closing
	<i>Management Plan</i>			
2	Develop a Environmental and Social Management Plan (ESMP) that is site and component specific compliant with national legislation, IFC PS and FSC requirements. The ESMP should contemplate all items identified in the strategic ESIA and to include (i) risks and impacts identification, (ii) Emergency Preparedness and Response procedures (EPRP) to address emergencies, (iii) EPRP collaboration with the potentially affected communities including traditional risks and climate hazards, and iv) analysis of alternatives. The ESMP should be descriptive and include roles, timelines and resources, as well as consider its implementation and monitoring effectiveness.	<i>ES Manager and Forest Manager</i>	<i>ESMP to be approved by the Company's Advisory committee</i>	Prior to starting operations on the ground
	Develop a complete Forest Management Plan that fully complies with FSC requirements.	<i>ES Manager and Forest Manager</i>	<i>Forest Management Plan to be approved by the Advisory committee</i>	Prior to starting operation on the ground
	Stakeholder Engagement Plan			
	Prepare a Stakeholder Engagement Plan (SEP) including among other: 1) Regulations and requirements (national and international) 2) A map locating the area of influence of the project 3) A map locating the communities within the areas of influence.	<i>ES Manager with external consultant support (stakeholder mapping and engagement plan)</i>	<i>SEP approved by the Company's Advisory committee</i>	Within 6 months from Closing

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	<p>4) Detailed analysis of stakeholders in the area including vulnerable peoples (including indigenous peoples) and other stakeholders such as media, NGOs, universities</p> <p>5) Updated social baseline data that covers affected communities, nearest receptors to the Project and Project site</p> <p>6) Impacts to stakeholders (including positive impacts correctly as to manage expectations)</p> <p>7) Communications plan (establish culturally appropriate formal communications and consultation process with the Indigenous communities)</p> <p>8) Community development activities and timebound of engagement activities</p> <p>9) Budget/Resources and responsibilities.</p> <p>10) Monitoring activities to follow up on grievances and closures, and effectiveness of community development activities</p> <p>11) A link to the community grievance mechanism, the emergency response plan, the HR plan especially on employment opportunities.</p> <p>All plans, engagements, consultations and communications with local communities should foster respect, equity and sustainable development, considering gender, language, culture, religion, spiritual beliefs, and local institutions.</p>			
	<i>Grievance Mechanism</i>			

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	Develop and implement a community grievance mechanism including disclosure of its details to local communities prior to development and throughout the Project lifecycle. Implement and maintain a mechanism that includes methods to (i) receive and register external communications from stakeholders (ii) screen and assess the issues raised and determine how to address them. (iii) provide, track, and document responses, if any; and (iv) adjust the management program, as appropriate. The grievance mechanism should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should be disclosed and explained during the stakeholder engagement process.	ES Manager with external help if required	Grievance mechanism approved by the Company's Advisory committee	Within 6 months from Closing
	<i>Baselines and impact assessment</i>			
	Environmental baseline and impact assessment. Develop an environmental baseline and mitigation measures related to potential presence of protected species and to potential ecosystem services in the defined area of influence.	ES Manager with external consultants support	TOR to be approved by the Company's Advisory committee Final assessment and any additions to this ESAP to be approved by the Company's Advisory committee	Within 12 months from Closing
	Social baseline and impact assessment. Develop a socioeconomic characterization (baseline) of the surrounding communities, including mitigation measures against any potential impacts thereto. Special attention must be given to indigenous peoples and vulnerable communities.	ES Manager with external consultants support	TOR to be approved by the Company's Advisory committee Final assessment and any additions to this ESAP to be approved by the Company's Advisory committee	Within 12 months from Closing

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PS 2	<i>Labor and Working Conditions</i>			
	<i>Internal capacity and HR Policies, procedures and manuals</i>			
	<p>Formulate, establish, and register the Internal Labour Regulations (Reglamento Interno de Trabajo), including:</p> <ul style="list-style-type: none"> - Working relationship - Working conditions and terms of employment - Workers' organisations - Non-discrimination and equal opportunity - Retrenchments - Workforce protection (child / forced labour), and - other key elements required by the national legislation 	<i>ES Manager with CFO, CEO and Lawyers</i>	<i>Internal Labour Regulations approved by the Guatemalan government</i>	Within 2 months from Closing
	<p>Formulate HR policies, procedures and manuals, and induction information that includes company structure, reporting, and required competency requirements.</p> <p>Develop policy and HR guidance on reducing risks associated with Child Labour.</p>	<i>ES Manager in consultation with lawyers</i>	<i>HR Policies, procedures and manuals approved by the Company's Advisory committee.</i>	Within 6 months from Closing
	Develop, implement, and disclose a workers' grievance mechanism. Develop a grievance feedback loop system for incorporation of improvements into the employers' operations.	<i>ES Manager in consultation with HR</i>	<i>Grievance mechanism (including the feedback system and responsibilities of its management) agreed and approved by the Company's Advisory committee</i>	Within 9 months from Closing
	<i>Occupational Health and Safety</i>			

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	Prepare an occupational health and safety plan (OHP)	<i>ES Manager in consultation with forest and sawmill managers</i>	<i>OHP approved by the the Company's Advisory committee</i>	For forest operations: within 6 months from Closing For industry: prior to any operations on the ground.
	Develop a contractor monitoring plan	<i>ES Manager with support from HR</i>	<i>Contractor monitoring plan approved by the Company's Advisory committee</i>	Prior to any third-party contract
PS 3	<i>Resource Efficiency and Pollution Prevention</i>			
	<i>Policies and procedures for the forestry operations</i>			
	Prepare management procedures for resource efficiency and Sustainable Forestry Practices including: 1) Water management and pollution prevention procedures 2) Waste management procedure 3) Hazardous materials and hazardous waste management plans. 4) Pesticide management procedure.	<i>ES Manager</i>	<i>Procedures to be approved by the Company's Advisory committee</i>	For any specific operations, prior to starting operations
	Develop a methodology, monitoring and reporting plan for soil impact and water bodies monitoring	<i>ES Manager in collaboration with the Forest manager</i>	<i>Methodology and plans approved by the Company's Advisory committee</i>	18 months from Closing
	Develop, implement and monitor an Integrated Pest Management (IPM) program targeting use and effectiveness of agrochemicals to avoid over-reliance.	<i>ES Manager in collaboration with the Forest Manager</i>	<i>IPM to be approved by the Company's Advisory committee</i>	Within 18 months from Closing
PS 4	<i>Community Health, Safety, and Security</i>			

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	Prepare a community health, safety and security plan.	<i>ES Manager</i>	<i>Plan approved by the Company's Advisory committee</i>	Within 16 months from Closing
	Prepare a hazardous materials safety Management Plan	<i>ES manager in consultation with the Forest manager</i>	<i>Management plan approved by the Company's Advisory committee</i>	Within 12 months from Closing
	Develop specific plans and procedures for protection of water sources including erosion control during planting, harvesting and paying careful attention to roading and river/stream crossings	<i>ES Manager in collaboration with the forest manager</i>	<i>Plans and procedures approved by the Company's Advisory committee</i>	Within 12 months from Closing
	Establish procedures and security plan for workforce and community safety (e.g. during pandemic)	<i>ES Manager</i>	<i>Procedures and plan to be approved by the Company's Advisory committee</i>	Within 12 months from Closing
	Develop an integrated fire prevention, detection, and suppression program	<i>ES Manager in collaboration with the Forest Manager</i>	<i>Fire program to be reviewed and approved by the Company's Advisory committee</i>	Within 18 months from Closing
PS 5	<i>Land Acquisition and Involuntary Resettlement</i>			
	Develop a land acquisition policy and procedure which are in compliance with Arbaro ESMS and national law. Policy and procedure to include legal, social and technical safeguards (including among others: willing buyer-willing seller policy, habitat assessment and preliminary community consultations)	<i>CEO in consultation with the ES Manager and lawyers</i>	<i>Policy and procedure to be approved by the Company's Advisory committee</i>	Prior to any new land acquisition
	Establish livelihood restoration plan that include measures in the event of economic displacement, including:	<i>ES Manager with external consultancy assistance</i>	<i>Livelihood restoration plan and measures to be approved by the Company's Advisory committee</i>	Prior to new acquisitions

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	<ul style="list-style-type: none"> - policy for residual obligations to displaced or recurrent tenants - routine procedure for contacting displaced property owners as necessary - grievance mechanism for displaced or neighbouring property owners 			
PS 6	<i>Biodiversity Conservation and Sustainable Management of Living Natural Resources</i>			
	<i>Habitat assessment</i>			
	Conduct HCVA and habitat assessments and define priority Ecosystem Services and management plan that includes monitoring [If impacts are significant, consider, avoidance, mitigation, compensation and offer other assistance that meet the objectives of IFC PS].	<i>ES Manager with external consultancy help</i>	<i>TORs and management plan to be approved by the Company's Advisory committee</i>	Assessment prior to starting any operations on the ground. Management plans within 6 months from Closing
	Establish a procedure for rapid biodiversity and HCVA assessment for the Land Acquisition Plan	<i>ES Manager</i>	<i>HCVA procedures to be approved by the Company's Advisory committee</i>	Prior to new land acquisition
	Assess whether critical habitats are present and accurately map the current land use, identifying modified and natural habitats (and critical habitats, if found present), and map each in GIS accordingly.	<i>ES Manager</i>	<i>Procedures and maps to be approved by the Company's Advisory committee</i>	Prior to starting any operations on the ground
	Develop and implement clear procedures for legally required set-backs from watercourses and map those in the company GIS system	<i>ES Manager</i>	<i>Procedures and maps to be approved by the Company's Advisory committee</i>	Within 6 months of closing
PS 7	<i>Indigenous Peoples</i>			

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	Carry out a community consultation to inform about the project. This consultation will feed into the SEP, providing comprehensive information from the surrounding communities in Rio Frio and Agroman.	<i>ES Manager with external consultancy help</i>	<i>Consultation outcomes to be reviewed by the Company's Advisory committee</i>	Immediately, but in any case, prior to starting any operations in the ground
	Include participation and consultation from all members of communities including members or concentrations of Indigenous people within the Stakeholders Engagement and Land Acquisition Plans.	<i>ES Manager using external consultancy resources</i>	<i>SEP and LAP to be approved by the Company's Advisory committee</i>	Within 6 months from Closing. For LAP, prior to new land acquisition
	Develop an Indigenous Peoples Policy (IPP), including how benefits and opportunities will be promoted regarding indigenous peoples	<i>ES Manager with support of external consultants</i>	<i>IPP to be approved by the Company's Advisory committee</i>	Within 12 months from Closing
PS 8	<i>Cultural Heritage</i>			
	<i>Cultural Resources Baseline</i>			
	Establish Chance Find procedures (archaeological procedures if previously unknown heritage resources are found during the operations) as part of the Forest Management Plan and the Land Acquisition Plan.	<i>ES Manager with external help</i>	<i>Procedures to be approved by the Company's Advisory committee</i>	Within 6 months from Closing.
	Prepare an assessment of cultural resources. If any cultural resource sites exist within the impact areas, consult with relevant stakeholders and develop a Cultural resource management plan. The project is not to impact any areas of critical cultural heritage. All cultural resources must be mapped, and appropriate protection must be ensured.	<i>ES Manager using external consultancy help</i>	<i>Cultural resources assessment and cultural resource management plan (if applicable) to be approved by the Company's Advisory committee</i>	Within 6 months from Closing and prior to starting operations in any new areas

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	<i>Monitoring</i>			
	Develop and implement a Monitoring Plan	<i>ES Manager</i>	<i>Plan to be approved by the Company's Advisory committee</i>	Within 6 months and continuous updates according to advance in the ESAP
	Annual review and update of policies and procedures.	<i>ES Manager</i>	<i>Overview and approval of substantial changes by the Company's Advisory committee.</i>	Every 12 months
	Reporting of KPIs, other ES indicators, ESAP development, claims, serious accidents and other relevant updates to the Company's Advisory committee	<i>ES Manager</i>	<i>Reports to be approved by the Company's Advisory committee</i>	Every 12 months
	Follow up, monitoring, update and reporting of: <ul style="list-style-type: none"> - Policies and procedures - FSC certification and audits - Local laws (for example in terms of OHS or waste management) 	<i>ES Manager</i>	<i>To be approved by the Company's Advisory committee, FSC or the national government</i>	Every 12 months or less depending on local requirements