

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE DISCLOSURE REPORT

AFRICA – IFRIA

Project Description

IFRIA Cold Chain Development Company (“Company” or “IFRIA”) is an integrated cold chain logistics development platform that develops and operates temperature-controlled logistics (“TCL”) assets in North and West Africa where cold chain logistic operations are immature. These assets range from added-value cold storage logistic warehouses for perishable products to first-mile cold chain at the production and farm level.

The newly established platform aims to address the significant gaps in the TCL market by developing green field facilities and acquiring and expanding existing facilities to provide a network of temperature-controlled warehouses that will support the local, import and export market in each country by providing access to cold chain services that meet international standards. Locally, this will allow small producers / farmers to reduce waste, improve the quality of their products and enable access to international markets via access to preservation and storage services. Depending on the location, these hubs will act as a logistics platform for importers and exporters improving access and trade within the African Continent.

Investment Case

Pegasus Capital Advisors is considering an equity investment with specific use of proceeds to support IFRIA’s first round of investments in Morocco and Senegal between 2023 and 2025. These may include brownfield (acquisitions) and greenfield (new developments/ construction) assets.

All facilities will (initially) connect to the national grid but also have a programme of rooftop solar in the site development plans which are expected to (in-part) replace the grid power. With these investments IFRIA is looking to provide (i) warehousing (storage, handling), (ii) transportation¹ (long haul, distribution) and (iii) value added services (e.g., classification, pre-cooling, labelling, packaging, picking, documentation) to a variety of customers in the modern grocery retails, hotels & restaurants, pharmaceutical industries, agriculture production and fishing companies.

Intended beneficiaries

The lack and immature nature of TCL in North and West Africa causes high post-harvest losses for farmers and small producers resulting in loss of income, increased food insecurity, lower quality produce, poor resource efficiency, etc. In Morocco and Senegal, food waste includes agricultural products such as fruit, vegetables, poultry, red meat, dairy products and fish. In addition, this lack of service results in an uncompetitive environment for exports of perishable goods as international standards are often not met.

The Company helps to solve these issues by providing the opportunity to create a coherent network of highly efficient cold chain logistic hubs in Africa built to international standards. The platform will utilize

¹ Current strategy in Morocco is for Ifria to outsource transportation to reliable suppliers rather than own vehicles in house and in Senegal there may be some initial ownership of vehicles, but the intention is again to outsource as reliable providers are identified.

a market systems approach to meet the needs of farmers who do not have access to cold chain solutions in order to help keep their products fresh, increase shelf life, and reduce post-harvest losses.

The investment aims to build a capable TCL platform in Africa that will develop and operate a network of efficient temperature-controlled warehouses to help reduce food wastage, improve local farmer and small producer livelihoods as well as increase food security, food quality and export competitiveness.

The platform will start with projects in Senegal and Morocco, and aims to expand to other African countries. Beneficiaries include the people that have access to the platform and cold chain solutions, such as agricultural producers and distributors that benefit from improved market access and livelihoods, as well as citizens and communities that benefit from products for local consumption in terms of quantity and quality of food produced to ensure food and nutritional security. In addition, reduced food loss leads to reduction of waste and emissions from landfills. Key benefits for intended beneficiaries of the project are expected to include:

- **Climate & Sustainable Cities / Communities:**
 - Platform expected to mitigate greenhouse gas and carbon emissions via (1) reduction in methane emissions from landfills by reducing post-harvest losses and food wastage by providing cold chain logistics and storage solutions currently not widely available; and (2) reduce emissions from transportation where the current solution for several perishable products is to be shipped and stored in Europe, and then shipped back.
 - Energy efficient solutions (insulation, renewable, operational, processes, etc.) to be installed and implemented in all facilities (acquisitions & greenfield).
- **Improve local sustainability and job creation:**
 - Platform will create direct jobs for development, construction, operations, and maintenance as well as indirect jobs (i.e., value add services, transport, handling, distribution etc.).
 - Increased agriculture yield (for farmers) and shelf life of perishable products (for stores/supermarkets) thus reducing production/post-harvest loss and wastage. This boosts both farmer and store incomes through efficient use of inputs.
 - Improved resource efficiency from production to use consequently reducing pressure on the ecosystem.
- **Citizens with improved living conditions via food security, enhanced safety, and quality retention:**
 - Improved product life cycle and ensures that products maintain their freshness and quality for the longest duration through proper handling and storage.
 - Improved nutrient retention / quality of perishable goods and food safety via use of international processes to store food. This leads to improved nutrition.
 - Reduce public sector health cost and improve healthcare offering of pharmaceuticals via appropriate storage methods.
- **Sustainable economic growth:**
 - Value-added goods/services (e.g., food processing, labelling, goods handling, packaging, pre-cooling, etc.) will help local farmers access international markets.
 - Offer improved quality products and international food handling standards that will help farmers meet international market requirements boosting exports.

Duration of the proposed sub-project

Ifria is a platform investment, rather than a single project, that SCF expects to develop, grow, and provide equity financing for during the holding period, expected to be between 7 to 10 years. The investment team estimates to maintain the investment in Ifria throughout the development, construction and expansion of the facilities and exit the platform once full operational utilization has been achieved, depending on market appetite. It is assumed that the platform acquirer would continue to operate and maintain the facilities as a going concern. Nevertheless, SCF has the flexibility to maintain the investment for a longer period given that the facilities have a life of 30 years or more.²

Scope of Review

Pegasus' environmental and social due diligence (ESDD) and appraisal included:

- A review of environmental and social (E&S) documentation (incl. EHSS Guide, Warehouse Guides, Stakeholder Engagement documentation, etc.) and due diligence by an independent third-party consultant
- A Reputational Risk Review (RRR)
- Amendment of the Environmental and Social Action Plan (ESAP)
- Review of existing Environmental and Social Impact Assessments (ESIAs), including mitigation measures for greenfield projects
- ESDD questionnaire and interviews with the management and employees

The appraisal focused on reviewing the E&S documentation, ESIAs, E&S mitigation measures and ESAP, corporate policies and procedures vis-à-vis federal, state, and municipal applicable legislation, IFC Performance Standards and applicable World Bank Group (WBG) EHS Guidelines, and Gold Standard.

A potential co-investor of this transaction has already conducted its Environmental and Social (E&S) virtual appraisal in November – December 2021 and included (i) meetings with IFRIA management team, including the Executive Managing Directors of Operations, Executive Director Investments, the Project Manager and two equipment suppliers; (ii) review of key E&S documents provided by IFRIA; and (iii) a virtual tour of brownfield facilities. Pegasus also reviewed the co-investors' due diligence materials.

Environmental and Social Categorization and Rationale

This is a Category B project according to the Subnational Climate Fund's Environmental and Social Management System, which is aligned with IFC' risk categorization. Based on information reviewed during appraisal, the project is designed, as described in the sections below, to avoid, minimize and manage E&S risks and impacts of the company's operations in compliance with national legal and regulatory requirements, IFC Performance Standards, and its own corporate policies.

Key E&S issues associated with this investment relate mainly to (a) company's E&S management systems and staffing to ensure development and operations of assets in line with IFC Performance Standards; (b) adequate E&S risk screening and assessments for proposed acquisitions and operations; (c) assurance of fair, safe and healthy working conditions for employees and contracted workers during construction and operation; (d) management of air emissions and wastewater from proposed operations; (e) workers and

² There can be no guaranty that the duration of the sub-project will have the duration described as transactions will be conducted on attractive terms.

community grievance mechanism; (f) security and traffic management; and (g) energy efficiency of the operations.

Reputational Risk Review

A RRR's objective is to assess a company's E&S Reputational issues using free public sources of information (Internet) in a methodological way. The Methodology includes:

- Google search using key words (such as "Company + Morocco + gas leak", "Company + Senegal + labour litigation", "Data center + Morocco + human rights", etc.)
- The screening of a set of strategic web sites (Land matrix, Environmental Justice Atlas, Global Forest Watch, WWF, Greenpeace, Human Rights Watch, Amnesty International etc.)
- Screening of Social Media platforms including Facebook and Twitter.

The RRR can extend to a particular sector and geography that are relevant for the target company. It can also extend to other specific matters that are relevant for the assessment (Corruption Perception Index, Human Development Index, etc.).

The RRR of the Project covers the activities of IFRIA in Morocco and Senegal. There were no direct or indirect hits.

Environmental and Social Assessment and Mitigation Measures

The Subnational Climate Fund's appraisal considered the environmental and social management planning process and documentation for the project and gaps, if any, between these and the Subnational Climate Fund's requirements. Where necessary, corrective measures, intended to close these gaps within a reasonable period of time, are summarized in the paragraphs that follow and (if applicable) in an agreed Environmental and Social Action Plan (ESAP). Through the implementation of these measures, the project is expected to be designed and operated in accordance with IFC Performance Standards objectives.

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

Environmental and Social (E&S) Policies and Management System: IFRIA has a corporate level Environmental Health, Safety and Social (EHSS) guide that serves as the E&S framework. The EHSS guide includes policies on construction phase mitigation measures, management of ammonia refrigerant gas, solid waste management, facility effluent management, carbon dioxide mitigation and ozone depletion mitigation, and environmental management systems. Social policies include gender equality, labor security, employee compensation, and contractor qualification and management. The policies will apply to all IFRIA operations and third-party suppliers and contractors. While these policies commit the organization not to undertake projects that unnecessarily harm the environment and have strong social attributes, IFRIA will amend the current E&S framework to meet the requirements of an Environmental and Social Management System (ESMS) aligned with IFC Performance Standard 1 and commensurate to the level of risks associated with the company's business activities. Specifically, the ESMS will include: an overarching policy statement; objectives and targets; the definition of an organizational structure and relevant roles and responsibilities. Corporate E&S management procedures to be developed and implemented as part of the ESMS include: (i) Labor and Human Resources Manual; (ii) Environmental Health and Safety (EHS) procedure; (iii) Occupational Safety and Health procedure; (iv) Waste Management procedure; (v) Emergency Preparedness and Response procedure; (vi) Stakeholder Engagement procedure that includes an External Communication and a Grievance Mechanism); (vii)

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Security Management Procedure, (vii) E&S Risks and Impacts Screening and Assessment Procedure, and (ix) Contractor E&S Management Procedure incl. integration of E&S clauses into the bidding and/ or contracting process. The corporate procedures will guide the development and implementation of the required E&S assessments and management plans at the project level, both for acquisitions and for new facilities during construction and operations (ESAP #1).

Identification of Risks and Impacts: General Environmental and Social risks are outlined in IFRIA's EHSS guide. Furthermore, IFRIA will identify site-specific E&S risks and impacts through an E&S assessment process for construction and operation of the proposed greenfield facilities (ESAP #2). IFRIA will ensure that social aspects are included in the risk and impact identification and assessment to be carried out in compliance with PS1 and applicable national requirements in Morocco and Senegal. Disclosure and consultation will be carried out per local requirements and in line with the requirements of PS1 and will be reflected in the Stakeholder Engagement Plan for the project (see ESAP #1 for the corporate procedure).

At the present time, the ESIA and ESMP exist for the following greenfield assets that are already identified:

- Souss-Massa (Morocco):
 - ESIA/ ESMP in French:
https://d1xeoqaogyzc9p.cloudfront.net/app/uploads/2023/04/230331.Ifria_.ESIA_.Study_.OuledTeima_FR.pdf
 - ESIA/ ESMP in English:
https://d1xeoqaogyzc9p.cloudfront.net/app/uploads/2023/04/230331.Ifria_.ESIA_.Study_.OuledTeima_EN.pdf
 - ESIA/ ESMP in Arabic:
https://d1xeoqaogyzc9p.cloudfront.net/app/uploads/2023/05/230331.Ifria_.ESIA_.Study_.OuledTeima_AR.pdf
- Diamniadio (Senegal):
 - ESIA/ ESMP in French:
https://d1xeoqaogyzc9p.cloudfront.net/app/uploads/2023/04/20230331.Ifria_.ESIA_.Study_.DMO_FR.pdf
 - ESIA/ ESMP in English:
https://d1xeoqaogyzc9p.cloudfront.net/app/uploads/2023/04/230331.Ifria_.ESIA_.Study_.DMO_EN.pdf

IFRIA will conduct an ESIA and ESMP for all greenfield projects in compliance with national regulations and laws, and the reference framework of the Subnational Climate Fund at least 90 days prior to construction. For disclosure and transparency reasons, ESIA's and ESMPs are also disclosed on Ifria's and Pegasus' website.

In addition, IFRIA will conduct E&S assessments against IFC PS to identify any potential legacy E&S issues from brownfield operations to be acquired (ESAP #2). Given that the brownfield assets have limited adverse environmental and social risks and/or impacts, a full-scale environmental and social impact assessment is not required by the host country's environmental assessment laws and regulations. For these assets, IFRIA will conduct limited or focused environmental and social assessments that are narrower in scope than a full-scale ESIA and focus on potential legacy E&S issues from the existing facility that are specific to potential environmental and social (including labor, health, safety, and security) risks and/or impacts identified as associated with the project. For some of these assets, confirmation, and documentation of the application of environmental siting, pollution standards, design criteria, or

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construction standards should be appropriate and required. Limited analyses and assessments have to be delivered 30 days prior to the actual acquisition of the brownfield assets. The scope will include:

1. Existence of an environment, social and health (EHS) management systems;
2. Labor and working conditions against IFC Performance Standard 2, especially on retrenchment, freedom of association, and occupational health and safety (working in cold conditions, etc.), labor audits;
3. Pollution prevention including solid & hazardous waste management, and effluent management;
4. Land contamination investigations and assessments, resettlement evaluations;
5. Traffic studies along transport corridors;
6. Impact of facilities on communities if the facility is with outside the industrial zone.

At the present time, there are no brownfield acquisitions.

Organizational Capacity and Competency: IFRIA is a new company, although the four partners have many years of experience in TCL. In the current set up, the Executive Managing Director Operations and the Project Manager are responsible for E&S during operations and maintenance (O&M). The company does not have a trained environmental, health and safety professional to effectively discharge this function and coordinate with other responsible officers in implementing the ESMS. Given the planned operational expansion across various countries, IFRIA understands the need for a more formal E&S management organization and will assign a corporate level E&S Manager, to coordinate the implementation of the ESMS and effectively oversee E&S risk and impact assessment and management during project development and implementation and during routine operations and to carry out contractor E&S supervision. IFRIA will also ensure each facility has an EHS officer. (ESAP #3).

Emergency preparedness and response plan: IFRIA has an emergency management policy that requires the company to have (i) an evacuation plan, (ii) fully stocked first aid kits that are easily accessible for all offices, and warehouses, (iii) designated workers to perform leadership roles, and (iv) designated assembly points. IFRIA will further operationalize this policy by developing an emergency preparedness and response plan at each facility as part of ESAP #1. The plan for the warehouses will include (i) the designation of an emergency committee responsible for first aid and fire prevention, (ii) identify areas where accidents and emergency situations may occur, the response procedures (for fire, earthquake, flood and hurricanes, civil unrest and theft), (iii) provision of periodic emergency preparedness training (annual) and fire drill (semester) to personnel and contractors, including the participation of the Local Fire Department, and (iv) ensuring existence of clear marking of evacuation routes and assembly points as part of the evacuation plan.

Monitoring and Reporting: As part of the draft EHSS guide, IFRIA intends to develop environmental and social monitoring indicators to be calculated and audited on a yearly basis. As part of ESAP #1 and the ESMS, IFRIA will develop an internal monitoring system which will include the monitoring of key KPIs such as air emissions (point source and ambient), energy utilization and refrigeration gases, compliance with national OHS requirements, including accident rates (lost-time accidents), primary suppliers risk assessment and management, and contractors' EHS performance.

Stakeholder Engagement Plan: As part of ESAP #1, the company will develop a stakeholder engagement plan and consultation in accordance with the Subnational Climate Fund's stakeholder requirements. Further, IFRIA will develop and implement a documented grievance mechanism for local community to receive and address any concerns or complaints from interested or affected stakeholders. IFRIA will

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ensure the mechanism is able to receive anonymous complaints and provide confidentiality to any community member who registers grievances, and in particular, respond in a survivor centered way on any complaints of Gender Based Violence (GBV).

PS 2: Labor and Working Conditions

Human Resource Policy & Procedure: During operations, IFRIA is envisioning a workforce of about 260 direct and indirect workers, incl. during construction phase (50% male and 50% female). IFRIA has prepared a social and human resources guide. The guide has policies on employee rights, code of conduct to be signed by every employee, disciplinary procedures, grievance management and a monitoring process of social indicators. The HR policy commitments include, fair, safe, and hygienic working conditions, fair living wages, working hours and benefits, non-discrimination, or harassment (including sexual harassment), prohibition of child and/or forced labor, etc. While the policies are consistent with the requirements of PS2 and national labor laws, the company will develop an HR Manual and relevant Procedures guided by its policies and IFC PS2, also including respect for collective bargaining and freedom of association, workers' access to grievance mechanism, equal opportunity, and measures to prevent and address gender-based violence (ESAP #4).

Workers' Organizations and Grievance Mechanism: IFRIA's social and human resources guide commits the organisation to comply with national legislation and to provide workers with freedom of association. The company will not discourage workers from electing representatives, forming, or joining employee organizations of their choice, nor will it discriminate or retaliate against workers who participate or seek to participate in such organizations and collective bargaining agreements. Various staff communication channels for grievances are listed in the guide. However, IFRIA will develop and implement a worker grievance procedure compliant with PS2 as part of ESAP #4. The procedure will apply to all operations, and accessible to contracted workers, and will include (i) alternative platforms for submitting a grievance, (ii) provision for both anonymous and gender specific complaints and (iii) provision for third party mediation and arbitration should it not be possible to resolve the grievance internally.

Occupational Health and Safety: Occupational health and safety (OHS) risks associated with TCL and distribution are largely limited to forklifts accidents, working in cold temperatures, slips/ falls and road safety. IFRIA has made a strong commitment to ensure safe working conditions of all its workers and contractors in warehouses in its EHSS guide. To operationalize its policy, the company will develop a corporate Occupational Health and Safety (OHS) procedure aimed at (i) achieving a safe and accident-free workplace in all offices, warehouses, and during transportation of goods, (ii) incorporating OHS principles in project planning and work activities, (iii) ensuring identification and management of OHS risks in the workplace, including incident reporting and tracking, (iv) monitoring and reviewing implementation of OHS management measures and corrective action plans and (v) worker OHS training programs. The scope of the procedure will include both employees and contracted workers. (ESAP #5). The warehouse managers will be trained and tasked with enforcing OHS requirements and ensuring employees and contracted workers' health and safety.

Fire prevention, protection, suppression, and control measures will be included in the design of the warehouses, which will be designed, constructed, and operated by competent professionals in accordance with design standards and GIIP, taking into consideration safety risks. IFRIA will commission a local L&FS expert to conduct annual L&FS audits and ensure the warehouse managers implement any corrective action plans from the L&FS inspection. (ESAP #6)

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The company will commission contractors for the construction of the new warehouses in Morocco and Senegal. IFRIA will develop and monitor the implementation of EHS management plans by the contractors, in line with national's OHS laws and IFC PS2 as part of ESAP #5. The plans, among other measures, will include procedures for managing and monitoring OHS performance of the construction contractors by IFRIA team and will ensure that such requirements are contractually binding for the contractors. IFRIA will also ensure that contractors do not hire child or forced labor.

Workers Engaged by Third Parties: The company has developed a contractor management guide that provides for documentation of contractor information, however, does not provide any detail on how potential third-party service providers are vetted or monitored. Furthermore, it does not detail how IFRIA's E&S policies and procedures are applicable to third party service providers. As part of the project, IFRIA will develop and implement a contractor selection and management process that will include the vetting and ongoing monitoring of contractors' safety, compliance with labor law, and compliance with IFRIA policies. In addition, IFRIA will ensure that all contracted workers have access to the IFRIA worker grievance mechanism should the contractors not have a suitable internal procedure available. (ESAP #7)

PS 3: Resources Efficiency and Pollution Prevention

Resources Efficiency and Greenhouse Gas (GHG) Emissions: As the IFRIA's warehouse facilities under the proposed investment will be located in industrial zones, electricity will be provided by the national distribution grid. IFRIA also intends to install solar panels. There will be back-up generators in case of power outage. Energy consumption will be monitored closely, and data on electricity and diesel/gas consumption will be reported annually. The company aims at implementing energy efficiency measures to reduce its operational cost and, as part of ESAP #1, will develop a Resource Efficiency and Refrigerant Gas Management Plan which will include measures to reduce energy, water and material consumption (including refrigerants).

The annual total greenhouse gas (GHG) emissions of the proposed acquisitions and greenfield based on electricity use (scope 2) are estimated at 2,283 tons of CO₂-equivalent. GHG emissions are attributable mainly to the use of refrigeration units; and secondarily to the use of fuel for vehicles (as many of them are equipped with natural gas engines). In the cold chain sector, refrigerants play a vital role but pose environmental risks. Some refrigerants contribute to global warming and ozone depletion, leading to severe consequences. Natural refrigerants like ammonia and hydrocarbons have low GWP but may pose toxicity and flammability risk. The most commonly used refrigerants in the past, such as chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), have been phased out due to their harmful impact on the ozone layer. Both Morocco and Senegal are signatories to the Montreal Protocol and are committed to phase-out of CFCs and HCFCs by 2030. IFRIA aims to only use natural refrigerants and mostly ammonia which is a natural refrigerant. Natural refrigerants are generally considered to have low or zero Global Warming Potential (GWP) compared to synthetic refrigerants like HCFCs and hydrofluorocarbons (HFCs), which have much higher GWPs. For the two identified greenfield projects, the company proposes to install new equipment which will use ammonia gas, which is more energy efficient. The company considers coefficient of performance (COP) to choose the highest efficiency/lowest energy consumption refrigerants. IFRIA has not yet formalized a corporate policy or procedure that would be applicable to both greenfield and brownfields projects. Therefore, IFRIA is required to develop a corporate Resource Efficiency and Refrigerant Gas Management Plan (ESAP #8) for both greenfield and brownfield investments which includes policies and procedures for (i) overall resource efficiency strategy for refrigerant gas usage and leakage reduction, (ii) regulatory compliance (e.g. Montreal protocol and Kigali amendment), (iii) assessment of refrigerants to avoid high GWP

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refrigerants, (iv) refrigerant inventory and tracking incl. usage, storage, and disposal, v) OHS risks mitigation measures. With the Resource Efficiency and Refrigerant Gas Management Plan, IFRIA can effectively address risks, mitigate environmental impacts, and ensure compliance while maintaining efficient operations.

As part of the IFRIA's management of ammonia refrigerant gas guide, the company has indicated to undertake two inspections per day and regularly checks of the refrigeration equipment. An automatic monitoring system will be installed, and a dashboard will display any anomaly. The staff responsible for refrigerator maintenance will undergo relevant training, including safety instructions. IFRIA will ensure that the regular service of refrigerating equipment will be outsourced to a licensed company. All the relevant procedures, including monitoring and control of leakages and safety procedures, will be included in the Resource Efficiency and Refrigerant Gas Management Plan.

Pollution Prevention: Wastes from the IFRIA warehouses are and will be characterized as organic waste, mainly food wastes, solid waste (cardboard, nylon, packaging materials, metal, plastic, etc.), and hazardous waste (light bulbs, used oil and clothes, diesel tanks, chemical containers, batteries, refrigerant waste etc.). IFRIA has developed a standard solid waste management guide to provide on how solid waste is stored in designated areas, collected periodically, and disposed by authorized service providers. During construction, the EHS management plan for the construction phase will include the relevant waste management measures. Under ESAP #1, the company will develop a corporate Waste Management Procedure and relevant plans at the facility level. This should also include appropriate management and storage of chemicals.

The facilities will be located in zoned industrial area with established sewer lines and a water treatment facility. Sanitary effluents at the warehouses will be connected to the sewer lines. IFRIA's E&S guide includes an upgrade to all brownfield facilities programme which includes investment in water treatment facilities (in partnership with industrial zones tenants).

PS 4: Community Health, Safety and Security

As indicated under PS1, IFRIA's warehouse facilities will be located in industrial zones. As an integrated cold chain company, IFRIA will provide warehousing and storage solutions for the cold chain and will support transportation and distribution logistics. As such, risks and potential adverse impacts to surrounding communities are expected to be limited, and mainly related to an induced increase in road transport between the warehouses and point of sale. IFRIA will ensure drivers of its transport contractors will undergo defensive driver training and will ensure that a road safety plan is implemented, including vehicle maintenance and inspection program. (ESAP #9).

In addition, HACCP and ISO 22000 requirements include putting in place safeguards and procedures in order to ensure the proper management of food safety issues associated with storage operations. IFRIA has put in place a comprehensive framework as part of its quality control measures and E&S guide, ensuring the establishment of procedures aimed at recall of products, control of the respect of storage conditions in terms of space, separation of products and temperature control.

Security Personnel: IFRIA facilities will be within industrial zones which will have their own security, including security forces provided by the Government. IFRIA will employ unarmed security personnel for access control and guarding of property. As part of this project, and guided by safety and security management guidelines, the company will assess risks posed by the proposed security arrangements and

develop and implement a Security Management Plan (SMP). The SMP will include a training module for company's management and security personnel and be aligned with PS 4 (ESAP #10).

PS 5: Land tenure and Physical/ Economic resettlement

According to the IFC PS 5, IFRIA must ensure that the completion of resettlement processes is effective, and that no ulterior litigations or claims to land property are at risk of being made by potential affected parties in the future. However, such a procedure is not in place in IFRIA's E&S guide or other documentation such as the ESIs. Even though IFRIA's projects are in industrial zones and resettlement issues are low, ESAP#2 should make sure that IFC PS 5 is addressed.

Gender assessment

Gender Action Plan: In Africa, the vast majority of women work in the informal sector, with precarious and poorly paid jobs, and only a small minority of them reach high positions. There is also a high unemployment rate in Africa among young people. IFRIA will conduct a gender assessment and develop a Gender Action Plan to meet at least one 2x challenge criteria for entrepreneurship, leadership, employment or consumption. The Gender Action Plan will outline targets, performance indicators, and measures. (ESAP #11).

Climate change related risks

A vulnerability risk assessment was conducted as part of the due diligence. The following natural hazards in the context of climate change were discovered:

- High risks of wildfire (Ouled Teima, Diamniadio)
- High risks of extreme heat (Ouled Teima)
- Medium risks of water scarcity (Ouled Teima, Diamniadio)
- Medium risks of coastal flood (Diamniadio)
- Medium risks of landslide (Ouled Teima)
- Medium risks of extreme heat (Diamniadio)

IFRIA should take climate change related risks into account when developing or acquiring projects. Risks and insights can be further assessed when interacting with stakeholders.

Local Access of Project Documentation:

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ENVIRONMENT AND SOCIAL ACTION PLAN (ESAP)

ESAP #	Task Title & Description	Indicator of Completion	Required Completion Date
1.	<p><u>PS1: Environmental and Social Policies:</u> Amend existing E&S framework and/ or develop a corporate level Environmental and Social Management System (ESMS) aligned with IFC Performance Standard 1 and commensurate to the level of risks associated with the company's business activities. Specifically, the ESMS will include: an overarching policy statement; objectives and targets; the definition of an organizational structure and relevant roles and responsibilities. Corporate E&S management procedures to be developed and implemented as part of the ESMS include: (i) Labor and Human Resources Manual (incl. ensuring human rights enforcement); (ii) Environmental Health and Safety (EHS) procedure incl. a dedicated sound chemicals management plan to ensure both environment and community safety; (iii) Occupational Safety and Health procedure (incl. safe chemical storage procedure); (iv) Waste Management procedure; (v) Emergency Preparedness and Response procedure; (vi) Stakeholder Consultation and Engagement procedure that includes an External Communication and a Grievance Mechanism and is in accordance with SCF requirements); (vii) Security Management Procedure, (viii) E&S Risks and Impacts Screening and Assessment Procedure (incl. procedure of check of the completion of resettlement/ compensation processes prior to land occupation if needed), and (ix) Contractor E&S Management Procedure.</p>	<p>EHSS Management System Manual</p> <p>Management Procedures # 1-9.</p>	<p>31 January 2024</p> <p>31 January 2024</p>
2.	<p><u>Identification of Risks and Impacts:</u> IFRIA will identify E&S risks and impacts through a E&S assessment process for construction and operation of the proposed greenfield facilities. IFRIA will ensure social aspects are included in the risk and impact identification and</p>	<p>(i) ESIA Reports for the facilities in Morocco and Senegal</p>	<p>31 October 2023 (at least 90 days prior to planned construction)</p>

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	<p>assessment to be carried out in compliance with PS1 and the relevant and applicable national requirements in Morocco and Senegal. This also includes the assessment of IFC PS 5 to ensure completion of resettlement processes is effective, and that no ulterior litigations or claims to land property are at risk of being made by potential affected parties in the future. Pegasus' comments in ESIA's need to be addressed.</p> <p>Conduct an E&S due diligence to identify any E&S legacy issues from potential brownfield operations to be acquired.</p>	<p>(ii) Implementation of ESMP</p> <p>(iii) E&S Due Diligence Report for brownfield acquisitions</p>	<p>31 December 2023</p> <p>at least 30 days prior to acquisition</p>
3.	<p><u>PS1: Organizational Capacity and Competency:</u></p> <p>Ensure each facility has an EHS officer once a facility is operational, to coordinate the implementation of the ESMS and effectively oversee E&S risk and impact assessment and management during project implementation and during routine operations and to carry out contractor E&S supervision. During construction phase an "Ifria Staff" will be assigned as an E&S Manager to implement and monitor the mitigation measures. Ifria will share with SCF the CV of the assigned person by December 31st 2023.</p>	<p>Job Descriptions CV for the candidate.</p>	<p>31 December 2023</p>
4.	<p><u>PS2: Human Resource Policy and Procedure:</u></p> <p>Develop an HR Manual and relevant Procedures guided by its policies and PS2, also including respect for collective bargaining and freedom of association, workers' access to grievance mechanism, equal opportunity, and measures to prevent and address gender-based violence</p>	<p>HR Manual of Procedures including a workers grievance mechanism</p>	<p>31 October 2023</p>
5.	<p><u>PS2: Occupational Health and Safety:</u></p>	<p>OHS Policy</p>	<p>31 October 2023</p>

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	Develop a corporate Occupational Health and Safety (OHS) procedure in line with PS2 aimed at (i) achieving a safe and accident-free workplace in all offices, warehouses, and during transportation of goods, (ii) incorporating OHS principles in project planning and work activities, (iii) ensuring identification and management of OHS risks in the workplace, including incident reporting and tracking, (iv) monitoring and reviewing implementation of OHS management measures and corrective action plans and (v) worker OHS training programs.	Contractor EHS Management procedure	31 October 2023
6.	<u>PS2: Life and fire safety:</u> Commission a local L&FS expert to conduct annual L&FS audits and ensure the warehouse managers implement any corrective action plans from the L&FS inspection.	Corrective Action plans Local fire certification.	31 December 2023
7.	<u>PS2: Workers Engaged by Third Parties</u> Develop and implement a contractor selection and management process that will include the vetting and ongoing monitoring of contractors' safety, compliance with labor law, and compliance with IFRIA policies. In addition, IFRIA will ensure that all contracted workers have access to the IFRIA worker grievance mechanism should the contractors not have a suitable internal procedure available	Contractor selection and management process Worker grievance mechanism	31 October 2023
8.	<u>PS3: Resource Efficiency and Pollution</u> Develop a Resource Efficiency and Refrigerant Gas Management Plan which includes policies and procedures for (i) overall resource efficiency strategy for refrigerant gas usage and leakage reduction, (ii) regulatory compliance (e.g. Montreal protocol and phase out of HCFCs), (iii) assessment of refrigerants to avoid high GWP refrigerants, (iv) refrigerant inventory and tracking incl.	Resource Efficiency and Refrigerant Gas Management Plan Disclosure and list of refrigerants	31 October 2023

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	usage, storage, and disposal, (v) OHS risks mitigation measures.		
9.	<u>PS4: Traffic Management Plan</u> Ensure drivers of its transport contractors will undergo defensive driver training and will ensure that a road safety plan is implemented, including vehicle maintenance and inspection program.	Drivers training Plan	31 December 2023
10.	<u>PS 4: Security Personnel</u> Assess risks posed by the proposed security arrangements and develop and implement a Security Management Plan (SMP). The SMP will include a training module for company's management and security personnel and be aligned with PS 4	Security Management Plan Security Training Plan	31 December 2023
11.	<u>Gender</u> Conduct gender assessment and develop Gender Action Plan to meet at least one 2x challenge criteria for entrepreneurship, leadership, employment or consumption.	Gender Action Plan (incl. targets, indicators, measures)	31 October 2023