

Public Information Summary

Host Country	The Philippines
Name of Borrower	Agri Exim Global Philippines, Inc. (the Philippines)
Project Description	Capex and working capital financing to expand the Borrower's organic coconut processing operations.
Proposed DFC Loan	\$20,000,000, 8-year loan
All-Source Funding Total	\$25,000,000
Policy Review	
Developmental Objectives	<p>This Project is expected to have a highly developmental impact by increasing farm incomes, rural employment, food security, and agricultural competitiveness. Agriculture's contribution to the Philippine economy is estimated to be 40% of GDP, while the sector accounts for an estimated 75% of the country's employment. The Philippines is also the second largest coconut producing country in the world, yet most coconut farmers are still living at or below the poverty line. This Project will help generate additional demand of coconut products which will benefit farmers and the agriculture industry.</p>
Environment and Social Assessment	<p>SCREENING: The Project has been reviewed against DFC's categorical prohibitions and has been determined to be categorically eligible. Loans to small scale construction projects for agricultural facilities are screened as Category B projects under DFC's environmental guidelines because impacts are site specific and readily mitigated using good international industrial practices. Environmental issues associated with the Project include the need for a robust environmental and social management system to manage potential environmental and social risks from construction, occupational health and safety measures during construction and operations, food safety protocols, and fire prevention and control measures. Social issues associated with the Project include the need for strong labor management, particularly in respect to the management of child and/or forced labor in the supply chain.</p> <p>In accordance with DFC's Environmental and Social Policy and Procedures (ESPP), this Project has been classified as Special Consideration as a result of heightened risks of child and/or forced labor associated with coconut processing in the Philippines.</p> <p>The Project is required to comply with applicable local and national laws and regulations related to environmental and social performance. DFC's</p>

environmental due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS):

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

PS 2: Labor and Working Conditions;

PS 3: Resource Efficiency and Pollution Prevention; and

PS 4: Community Health, Safety, and Security.

Based on DFC's desktop review, the Project site was purchased through a voluntary transaction at marked rates in an industrial zone. No additional clearing of land is required as the production building is already partially created and in use. Significant adverse impacts with respect to land acquisition and resettlement, biodiversity conservation, and indigenous peoples are not anticipated. Therefore, PS 5, 6, 7, and 8 are not triggered at this time.

The Project will be required to meet applicable provisions of the International Finance Corporation's (IFC) General Environmental Health and Safety (EHS) Guidelines (30 April 2007) and the IFC EHS Guidelines for Food and Beverage Processing (30 April 2007).

Environmental and Social Risks and Mitigation: The Borrower has components of an Environmental and Social Management System (ESMS) but does not address social risks, does not include procedures for identifying risk and impacts, and does not have its own Environmental and Social Policy. The Project will be required to develop and implement an ESMS that addresses these gaps. The Borrower's Food Safety Management System is aligned with the Global Food Safety Initiative (GFSI) under its recognized standard of BRC Version 8 Global Standard for Food Safety and the Food Safety Modernization Act of United States Food and Drug Administration. BRCGS is an international Food Safety Management Systems standard and is one of the Global Food Safety Initiative (GFSI) recognized certification systems. BRCGS requires Hazard Analysis and Critical Control Point (HACCP), food safety and quality manual, document control, records, audits, traceability, personal hygiene, medical screening, and protective clothing. The Borrower has a Solid Waste Disposal Management policy that outlines procedures for segregating and proper disposal of solid waste. The policy describes different types of waste from operations, office waste, light bulbs/fluorescent light bulbs, correction fluid, used oil, batteries, paint, and empty laboratory chemical bottles and how they should be disposed of. Coco shells used in the boiler produce ash and can be sold to buyers. Funds will be used to construct a wastewater treatment facility that will have three stages, the first a pre-treatment screening, then the primary chemical treatment, and finally the secondary biological aerobic process. Current air pollution control systems are being

	<p>installed. This will include a boiler system that will have air pass through a multi-cyclone dust collector, then to a water scrubber to remove particulates before going outside. With the new expansion Agri Exim plans to acquire two diesel generators (1.5MVA) with consumption of 221 liters/hour at 75% loading consideration. The Borrower estimates diesel consumption at 6000 liters/year, with an estimated GHG emission of less than 100 tons of CO₂per year.</p> <p>The Project has in place elements of social management, including human resources policies and employment contracts; however, it will be required to develop an external grievance mechanism in alignment with IFC Performance Standard 1; security management and training in alignment with IFC Performance Standard 4; and an anonymous channel for its internal grievance mechanism and supplier management system in alignment with IFC Performance Standard 2.</p> <p>Under Special Consideration, the Project will be required to demonstrate compliance with specific requirements set forth in the loan agreement through the following measures: 1) labor compliance site auditing by a third-party with a focus on the supply chain; and 2) social-specific compliance reporting, at least annually, that summarizes non-compliance issues, supply chain management, including any incidents of child and/or forced labor, internal and/or external grievances, and general working conditions.</p>
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