1. Overview of Scope of IIC E&S Review The Inter-American Investment Corporation (IIC) and the Netherlands Development Finance Company (FMO) teams carried out an initial due diligence of the project between August 22 - 26, 2016 and the environmental and social due diligence took place between September 12-16, with the support of Arcadis, an environmental consulting firm. The assessment was made based on the review of information from primary and secondary sources against IFC Performance Standards (PS). Specifically, the IIC reviewed the different Environmental and Social Impact Assessment (ESIA) reports and Fichas Ambientales (environmental files), internal official documents about Oleana's policies and procedures, and carried out on-site visits to plantations and operations, and interviews with stakeholders inside and outside Oleana (managers, workers, suppliers and neighbors of Oleana's premises). 2. Environmental and Social Categorization and Rationale This is a Category A project according to the IIC's Environmental and Social Sustainability Policy because it could result in potentially significant and diverse environmental and social impacts. 3. Environmental and Social Context Sudavesa is located in the vicinity of the town of Tachina, Province of Esmeraldas. At present the town has a population of 4,600 inhabitants who dedicate their efforts to agriculture, fishing and livestock as well as labor force for the city of Esmeraldas. Las Golondrinas is also located in Esmeraldas Province but near the town of Simón Bolívar. There are around 2,700 inhabitants currently in the town and the majority of the population is engaged in agriculture (palm, cocoa, passion fruit, banana, cassava and other crops). The population also depends on the employment generated by the companies La Sexta, Palmeras de los Andes and Botrosa. Extracosta is located in the town of Pueblo Viejo, Los Ríos Province. Pueblo Viejo region is the main producer of bananas in the province of Los Ríos, but it also produces cacao, tropical fruits, coffee and short cycle products such as rice, corn, soy, and tomato. 4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures 4.1 Assessment and Management of Environmental and Social Risks and Impacts Oleana has submitted the Environmental and Social Impact Assessments (ESIAs) to the Ministry of Environment for Sudavesa, Extracosta and Las Golondrinas. Oleana, with the assistance of Arcadis, IIC and FMO, have reviewed the ESIAs to ensure that the Project will comply with the IIC Environmental and Social Sustainability Policy. As required by IIC, Oleana will update the ESIAs in order to comply with the best international standards. Oleana will be required to develop a corporative Environmental and Social Management System (ESMS), which includes several components, some of which have already been developed and implemented. The Company has already developed an environmental and social (E&S) policy, emergency preparedness plans and are developing other components, such as E&S management programs, organizational capacity, stakeholder engagement, external communication procedures and grievance mechanisms, reporting and monitoring procedures. The Company's ESMS will be required to be verified by ISO 14001 certification. Oleana has a group of corporate policies, specifically: environmental, OH&S, human rights at work and sustainability. A wide process of disclosure should be considered as part of the launch of the new branding. Currently their procedures for assessing E&S risk seem to be based on local law 'Ley de Gestión Ambiental' (which includes procedures to obtain an environmental license), and as part of IIC loan, Oleana will develop procedures to assess E&S impacts of their operations in line with international best practices. Environmental Management Plans should be developed that include procedures for more robust monitoring and review which is currently not conducted regularly, other than as required by the Ecuadorean Ministry of Environment, primarily related to meeting regulatory requirements for air and water emissions. The plans should also include the compilation of periodic reports to ensure that Oleana's management can be informed of the program results in a timely fashion and can support the decision making process in a reliable, objective and science-based way. Emergency and contingency plans appear to be properly established and good signage for evacuation routes and meeting points were observed during the tours of the extraction plants. Review of the information indicated that the personnel was properly trained. In addition, it was noted that in most cases, good housekeeping was observed and the passages were not blocked with material not associated with production. Monitoring plans are in the very early stages of development and are not conducted

regularly at the extraction plants and the plantations. Monitoring plans for emissions, efficiency levels in compliance with IFC standards, solid waste management and OH&S need to be upgraded. Oleana has built a strong environmental team in the last year that handles the day-to-day operations of the extraction plants. The same team is also responsible for Organizational Health and Safety (OH&S), as well as for the sustainability programs. They participate in training activities on a regular basis. The team would benefit from training on community relations and hiring a social/community engagement specialist that will be a requirement from the IIC. One of the major gaps concerning the social aspects of the management system is the definition and presence of a Community Engagement Plan. Disclosure of information and ongoing proactive consultation are different actions and both should be considered in the Plan; a grievance mechanism needs to be developed for external stakeholders. The work of Unidades de Servicio al Proveedor (USP) has helped the company build a close relationship with suppliers, so it is recommended in this regard to extend this work to other stakeholders, especially to communities that are neighboring the extraction mills. There is an opportunity to enhance existing communication channels to share sustainability expertise and aspirations in the supply chain. Oleana recently launched a preliminary version of their new webpage in which they are reporting environmental and social performance. As per the IIC's requirement, the company will increase its reporting and communication with senior managements, as well as with communities adjacent to the extraction plant. 4.2. Labor and Working Conditions Oleana has a comprehensive set of human resources policies, all of them included in the 'Manual de Políticas Internas'. It was verified that Oleana complies with contract obligations, payment of social security, freedom of association and other requirements included in the Ecuadorean labor legislation. Oleana has not implemented a grievance mechanism system at the corporate level; nevertheless, some initiatives were found. As the company is advancing in standardizing procedures, the company needs a system that not only responds to all questions and complaints, but analyzes workers concerns in order to be able to continuously improve. Oleana has made a commitment to only employ people older than 18 years of age and does not employ forced labor, but there are no tools for assessing and monitoring these commitments among its suppliers. At the IIC's request, Oleana will promote and monitor suppliers are in compliance with Oleana's policy about forced labor and underage worker. The OH&S dedicated personnel is focused on achieving full compliance with the recently established Ecuadorean regulations. Oleana is currently using a methodical approach to track down the progress of the different elements which include Administration, Technical, Human Talent and Basic Operating Procedures. Oleana will develop and implement an OH&S Management System at the corporate level that will be used for each operational facility and construction related activities based on OHSAS 18001. In addition to preparing an OH&S System, Oleana should continue to work towards developing a strong program in appropriate monitoring, checking and taking corrective actions and reporting to senior management. In compliance with Ecuadorian regulations, Oleana reports any accident occurring at any of the operating facilities where time loss is experienced. The company maintains a database and follows up with these activities in detail. However, an important practice related to recording the number of accidents and/or incidents where workers receive first aid or medical treatment and go back to work the same day or the next day, i.e., without time loss and also near misses, are not being recorded. Establishing a database with this information should be implemented, since the analysis of these events can result in significant opportunities for performance improvement, lessons learned and knowledge sharing with other workers, training, etc. Because of the labor intensive nature of the operations, current practices employed in all aspects of tree management and fruit harvesting provide numerous opportunities for injury through sudden falls (e.g., during fruit loading and unloading), accidents with cutting tools and falling materials and interactions with poisonous snakes. The potential for repetitive strain injury of shoulders and backs is also high due to physical activities involving transferring of heavy fruit bunches by hand. This potential is compounded by inconsistent use of protective equipment. Analyses of these physical activities and the identification of best practices (including ergonomic training) needs to be undertaken. Such analyses are, in fact,

specified by Oleana as part of company policy in regards to worker health and safety ("Política de Seguridad y Salud en el Trabajo") The company has developed USP offices, to work with private producers assisting them in the development of new plantations, providing banking advice, transferring technology, providing training, and increasing productivity. Every plantation owner interviewed commented positively on the support provided by USP and noted recent training activities provided by USP. 4.3. Resource Efficiency and Pollution Prevention a. Resource Efficiency At present, it is not clear if the client's GHG emissions exceed 100,000 tons CO2 annually per plant. By far, the main potential contributor to GHG is the methane being generated at the wastewater treatment lagoons at each of the extraction plants. Plans are being reviewed to collect the methane and produce power from it. All mills measure air emissions every six months. According to Ecuadorean legislation, the parameters for compliance are: particulate matter, pollutant emissions (SOx, NOx, CO2), ozone and noise.[1] Best Available Techniques (BAT) requires the application of techniques to ensure that emission levels are 5-20 mg/Nm3 for particulate matter. Despite Oleana's efforts to improve air emissions control and prevention, the company will be required to implement further measures to ensure compliance with international best practices[2]. All processes at La Sexta comply with BAT guidelines to reduce noise emissions, including designing, operating and maintaining select equipment. The other two plants have not shown evidence of tests and results for noise by the sterilization, clarification and threshing processes. Even though the proposed plans for the new projects make them compliant with EU BAT specifications for noise control, monitoring should be conducted every six months with measurements taken at each of the processes. Oleana's operations currently utilize fiber in a boiler for steam generation only. Electric power is purchased from the grid and diesel fueled generators are used as a backup. This is the system for energy provision at all the extraction mills at Oleana. Overall, it appears that electrical energy utilization at all of Oleana's operations is efficient, though there appears to be room for improvement. BAT guidelines for energy generation and use recommend the use of CHP (Combined Heat Power) in the food sector and this is lacking in all present facilities and proposed facilities. Presently, energy in Ecuador is subsidized by the government, this makes cogeneration a more expensive option in comparison. Nevertheless, if cogeneration is implemented in a palm oil mill, it could translate to even higher efficiencies of overall energy utilization. Oleana will be required to conduct a technical and financial assessment for developing an integrated approach towards energy supply, preferably with CHP integrating biomass residues and methane from the waste water treatment. The source of water capture at all mills is via wells. It is then treated at a water treatment plant and used for processes and human consumption. On average, Oleana utilizes 0.7 m3/ton FFB, which is considered within normal range. However the water quality and quantity is not assessed or monitored. Oleana will be required to develop water management plans and establish water quality and quantity monitoring programs (surface and ground water). Regarding wastewater treatment in all the extraction plants, the effluent treatment system includes two main parts, the anaerobic section and the aerobic stabilization process before the final discharge of treated Palm Oil Mill Effluent (POME) onto the plantation for palm tree irrigation. Biogas capture is not considered at any of the mills. Although all three mills comply with BAT requirements for the correct method of wastewater, none of them meet BAT FDM wastewater quality treatment guidelines. BAT for FDM does not consider the recycling of POME in plantations. Ecuadorean legislation does not permit treated wastewater discharge into watercourses, thus POME recycling is the only viable alternative. All the plants should capture methane through the proper management of POME. The best practice would be to utilize the methane for electricity production or other value added products, but even if not beneficially utilized, the captured methane could be flared to avoid GHG emissions. It is recommended that a feasibility study should be undertaken for CHP production from fiber and shells for both steam generation and electricity self-sufficiency. The palm oil by-products generated through the extraction mill process are not fully utilized beneficially. Trunks and leaves are left on the plantation for nutrient recycling purposes, but were observed to be rotting and it appeared that nutrient recycling was not being done in a proper manner. Empty Fruit Bunches (EFB) are

sometimes taken to the plantation or left piled on a field. Palm press fiber is combusted as fuel in the boilers at the mills. Good practices to convert these wastes into useful products through shredding, chipping and pelletizing for size reduction, are not utilized at Oleana. b. Pollution Prevention There is no specific Solid Waste Management Plan or evidence that good practices are being implemented. The current focus of the waste management program is to deal with local requirements associated with hazardous wastes. A more comprehensive plan will be required including all the different waste streams oriented with the 3Rs (Reduce, Reuse and Recycle). The primary international standards (including IDB Policy OP-703 and RSPO) is the avoidance of Class 1a (extremely hazardous) and Class 1b (highly hazardous) substances (active ingredients). RSPO also recommends that Paraquat not be used, but a few products were observed in the farms. 4.4. Community Health, Safety and Security a. Community Health and Safety The emission of pollutants from the boiler resulting from the utilization of biomass poses public health and environmental impacts primarily due to the release of particulate emissions. All boilers should be modified and air pollution control systems should be placed in existing installations. Measures are to be taken so that existing and all new installations, comply with international best practices. Traffic is an important impact during peak hours of operation for the extraction mills and fruit gathering centers (Centros de Acopio). There are no clear and specific signage on the roads for proper management of traffic in some of the mills. It is recommended to incorporate management measures, to address potential impacts on the routes related to safety. From the perspective of all interviewees, the extraction mills and plantations were a source of positive economic impact in the territory, offering numerous job opportunities. Oleana was also considered a good workplace. In addition, small businesses have developed around the plant, promoting entrepreneurship and spurring the local economy. b. Security Personnel Oleana uses internal personnel for security and also contracts security services at some Oleana's premises. Oleana will be required to adopt the principles of proportionality and good international practice in relation to hiring, rules of conduct, training, equipping and monitoring of such workers and by Ecuadorian law. c. Corporate Social Responsibility Among the sustainability actions observed and reported by Oleana, the work of USP is especially highlighted. This work is developed to support the extraction mills and associated suppliers and it aims at contributing to the development of small producers, as they are part of the Oleana's supply chain. Professionals from this unit give technical and financial advice to producers, collaborate with them in the application for environmental licenses, and provide training in various issues. 4.5. Land Acquisition and Involuntary Resettlement The land currently used by Oleana is all zoned agricultural and has been owned by them in average for more than 10 years. There are no pending resettlement or economic displacement issues that need to be resolved and there is no presence of indigenous people in the project area. Oleana is not currently planning to purchase new farms for conversion to palm oil plantations since it will have to apply for a compensation of 1 to 1 or even 1 to 2 acording to the RSPO guidelines. However, if there is a good opportunity, Oleana could buy converted land with the compensation in mind. If native forest habitats need to be converted, then compensation will have to be done considering biodiversity offset according to PS.6. Oleana is crafting together with the Ministry of Environment, Conservation Internacional, UNDP and REDD+ a program for sustainable commodities where they are looking in conversion of grassland to palm, cacao, coffe and cattle raising. This conversion may include land that was coverted after 2005. The idea with this project is to reduce the pressure on the forest and create sources of income to locals, including a program to stop deforestation. In addition, the company is focusing on improving productivity on existing farms, including those owned by private producers through its USP Program. This includes providing direct support in all aspects of plantation management and improvement including direction on the use of hybrids, technology transfer and training. It is anticipated that potentially only one family may have to be resettled. However, the company is in the process of meeting with the family to reach an agreement regarding the resettlement options in line with the IFC requirements for resettlement. 4.6. Biodiversity Conservation and Natural Habitats Oleana's operations lie in three principal regions: North Coastal (Zona Costa Norte); South Coast (Zona Costa Sur) and the Amazon (Zona Oriente), serviced by

extraction plants at Teobroma, La Sexta, and Río Coca, respectively. The majority (>80%) of the supply of palm fruit to these plants are derived from private producers that include over 2,000 landowners with approximately 44,000 ha of plantations in total. Company plantations within the Oleana group are operated by Agrícola Entreríos and Alcopalma consisting of 12 farms totaling almost 3,500 ha of plantations. The agricultural input to the palm oil industry is very labor intensive with minimal use of mechanization. Specific on-farm operational procedures are governed by an excellent set of procedures produced by Oleana (e.g., Manual de Procesos Agrícolas (MPA)); however, these have not been consistently implemented especially on private producer farms supplying Oleana. Most farms operate as they have since they were established. Protection and conservation of biodiversity is addressed through the national Environmental License requirements (Ecuador Ministry of the Environment), which requires that each farm obtain an Environmental License (≥75 ha) or an Environmental Ficha (<75 ha). Most of Oleana's farms have obtained these and Oleana is currently working with private producer farms to ensure compliance. Additional requirements will need to be implemented as part of Oleana's certification process. At the present time, Oleana does not undertake a formal social and environmental process for existing or new farms; 1) biodiversity is not specifically addressed other than through the environmental licensing process; 2) management of natural habitats on farms is identified as part of the environmental licensing requirements, however there is no on-going or overall assessment of these habitats (other than potential license follow-up) in terms of landscape functions (e.g., corridors), there is no assessment of adjacent natural habitats nor does there appear to be any stakeholder consultation; 3) alien species identification and control is not undertaken. However, during 2017, Oleana has committed to develop a High Conservation Value Asesment (HCV) required by RSPO, which includes a Management Plan for the areas that may qualify as HCV; therefore the management of biodiversity, natural habitats and species identification and control will be addressed through these documents. a. Sustainable Management of Living Natural Resources The extraction process separates raquies/tusas from the fruit and this material is returned to the farms to place in the tree corona for fiber, nutrient supply and insect control. Trimmed palm leaves are also used for fiber and weed control on farms. There is no independent certification of sustainable management of aquatic resources and the use of Ecuadorian or RSPO standards for use of natural vegetation in riparian zones is not consistently applied. In addition, Oleana has yet to use appropriate GIS-based management systems. These are now a standard in plantation development, operation, and management, especially in the forestry and plantations industries. b. Supply Chain Oleana operates an efficient and consistently utilized supply chain management system. This includes the production of waybills (facturas) from the originating farm; condition/value of fruit bunches on delivery; and transmission of data on origin, date, fruit condition, and weight to the mill. The only weakness of this supply chain management system is the lack of any auditing or back-up mechanism to ensure proof-of-origin of the fruit. c. RSPO Oleana and private producers supplying Oleana do not fully conform to most RSPO requirements. By far the largest gap in these non-conformities is the absence of documentation with regard to all aspects of plantation management and operation including: health and safety and operational training; records of number, location and type of worker accidents/incidents; amounts of agrochemicals used on the farm and the fate of the chemicals and packaging; farm maps and plans showing soil characteristics, fragile terrain types; farm activities including harvesting schedules, etc.; soils type and nutrient assessments; and land use change analysis of farms recently developed by private producers. Other gaps include the absence of a systematic audit/review process by Oleana for company-owned farms and private producers; non-standardized first aid materials readily available on all farms; lack of first responder training; absence of wildlife/native vegetation studies and monitoring; and absence of water quality and quantity assessments or monitoring. Oleana and its providers do not use fire to prepare for planting, howeverthere is a lack of information in regards fossil fuel use/greenhouse emissions balance. Oleana will design and implement a framework towards RSPO certification. 4.7. Indigenous Peoples No indigenous settlements were identified in the areas of influence. During the on-site visits

(operations, project sites and plantations) no evidence was found about any effect of Oleana's activities and operations on indigenous communities or peoples. Oleana's current projects (Sudavesa and Extracosta) are not located near indigenous people or groups. Additionally, Ecuadorian law doesn’t allow to use, buy, rent or undertake any practice on ancestral land, as well as communal land. 4.8. Cultural Heritage The Ecuadorian environmental legislation considers the issuance of the Certificate of Intersection, by the Ministry of Environment, through which it certifies whether a project, work or activity intersects or not the existence of places of natural and cultural significance. This Certificate is the first requirement to begin the process of environmental regulation and the issuance of the environmental license. In the case of Oleana, all operations and just over half of the plantations (according to the data, 19 out of 36) already have the Certificado de Intersección. No evidence was found about Oleana's operations or plantations placed in areas where cultural heritage is expected; however Oleana will develop a chance finding procedure in which regular monitoring will be in place, so in the event of an archaeological find, a report is to be made and measures are to be taken.