

**Environmental and Labor Issues:**

This is a category B project according to the IIC's Environmental and Social Sustainability Policy because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, or design criteria. The main environmental and labor considerations related to the project are: assessment and management of environmental and social risks and impacts; efficient resource management and pollution prevention; workplace and labor conditions; and social issues.

During the environmental and social review of the project, a growing area known as El Festejo was toured in Tuxpan, Jalisco. The packing, quality control, and refrigeration areas were also visited, along with the greenhouses, an agricultural development center, and the facilities of two independent producers located in the same area. At its headquarters in Guadalajara, Jalisco, the company's environmental and social management documentation was reviewed, and the staff in charge of these areas were interviewed.

**Assessment and Management of Environmental and Social Risk and Impacts:** The company's operations are certified by the national food and agriculture health and quality service (Servicio Nacional de Sanidad, Inocuidad y Calidad Agroalimentaria, SENASICA). The company also has an international GLOBALG.A.P. certification. GLOBALG.A.P. is a good agricultural practices protocol that also covers environmental and labor issues. Good agricultural practices include all the steps involved in the production, processing, and transportation of high-quality fruit. In order to obtain certification, priority is given to protecting human health and the environment using the most hygienically acceptable and ecologically safe methods, including limits on the use of pesticides. The land that will become new croplands as part of the project is currently being used for agriculture, meaning that the project does not involve any changes in soil use. Berries Paradise will also obtain GLOBALG.A.P. certification for the lands converted into new croplands as part of the project with the IIC.

Berries Paradise encourages the use of good agricultural practices among the main suppliers in its supply chain. In fact, the GLOBALG.A.P. certification also covers the company's independent suppliers, who are periodically inspected and audited for compliance. Berries Paradise has a team of technicians and professionals that reports to the company's production director. This team includes agricultural and agronomy engineers, who play an important role in providing technical assistance to the company's independent suppliers. The Berries Paradise technicians periodically visit the suppliers to offer assistance in the practical application of the procedures necessary to obtain good agricultural practices certification. To date, the majority of the 32 independent producers have obtained GLOBALG.A.P. certification, while the rest are on their way to obtaining it.

**Efficient Resource Use and Pollution Prevention:** The fruit is grown in greenhouses equipped with drip irrigation systems for efficient water use. Irrigation water quality is monitored to ensure that the water does not contain pollutants. The fruit is picked, packed, and stored. During the harvest season, refrigerated trucks visit the growing areas daily to collect the fruit and take it to cold storage rooms. The fruit is also inspected in the cold storage rooms for quality control purposes. The cold storage rooms are certified for food safety by the international firm PrimusGFS.

Berries Paradise's food safety management is certified by third parties with respect to good agricultural practices. In line with its good agricultural practices certification, Berries Paradise has systems in place for quality control and managing environmental and social impact. The management system includes handling policies, plans, and programs, with staff responsible for preventing and monitoring these impacts. Berries Paradise's operations manager and person in charge of food safety are responsible for accompanying auditing visits made by outside parties

(customers and certification firms).

Crops are protected from insects, disease, and weeds with the minimum amount of pesticides necessary. Only chemicals that have been registered in Mexico for use on a particular crop and that comply with the specific regulations of the destination country are used. Each application of pesticide is recorded with the name of the crop, the place and date of application, the product brand, and the name of the operator. All pesticides are stored in appropriate, secure facilities, and access to them is restricted.

The company and its independent producers make sure that waste is handled properly to prevent pollution, avoiding disposal in open-air landfills or by incineration. Empty pesticide containers are handled appropriately and not reused. Empty agrochemical containers are rinsed with water three times, punctured to ensure they are not reused, and kept in a restricted-access temporary storage area until they can be returned to the supplier for proper final disposal. Organic waste (leaves and other crop waste) is used to make fertilizer, thereby reducing organic waste. The cold storage rooms used by Berries Paradise to keep its products fresh have refrigeration systems that do not use ammonia or chlorofluorocarbons.

**Workplace and Labor Conditions, and Social Issues:** The company provides all its workers with the benefits required under Mexican labor law. All workers have medical coverage from the Mexican social security institute (Instituto Mexicano de Seguro Social, IMSS). The company and its independent producers comply with Mexican regulations on minimum working age, freedom of association, and freedom to bargain collectively. Mexico is a signatory to the International Labour Organization conventions on child labor and workers' rights. Its workers belong to a union, and collective bargaining agreements negotiated between Berries Paradise and its workers are in place. GLOBALG.A.P. certification also requires that working conditions comply with local and national regulations.

Occupational safety and health procedures are in place that include providing workers with personal protective equipment. Those who handle and apply pesticides are trained and provided with appropriate clothing, as indicated on the instructions on the product labels, depending on the health and safety risks involved. The facilities where agrochemicals are handled have first-aid kits, along with an emergency shower and eye wash station. Berries Paradise technicians provide independent producers with assistance and written instructions on how to set up their systems for good agrochemical handling practices.

The company provides workers with transportation to the fields and other facilities and transports them back to their communities at the end of the work day. Workers have a dining area where they can heat up and eat their food. The facilities visited had bathrooms, and workers were also provided with potable water. The dining area has a complaint and suggestion box that workers can use to express any concerns or complaints to the company's management. The facilities have safety signs, evacuation routes, fire extinguishers, and emergency response plans.

**Monitoring and Reporting:** Berries Paradise will prepare an Environmental and Social Action Plan (ESAP) that will include a calendar and program for monitoring and providing information in order to obtain GLOBALG.A.P. certification for the land to be converted to new croplands as part of the project with the IIC. During execution of the project with the IIC, Berries Paradise will submit yearly reports summarizing the company's performance in terms of the environmental protection, occupational safety and health, and labor and social issues cited herein. The IIC will monitor compliance with its internal environmental and labor review guidelines throughout the life of the project through evaluations of the annual monitoring reports submitted by the company and periodic field visits conducted as part of the project supervision process.