

1. Overview of Project's Scope of Review The environmental and social review of the proposed project included: (i) interviews with the Senior Management, Administrative Manager for Distribution Centres (DC's), the Safety Engineer and the Human Resources Manager of NS AGRO; (ii) written responses to an Environmental and Social (E&S) questionnaire; (iii) desk review of the latest Human Resources, Occupational Health and emergency response procedures, submitted by the company, and (iv) field visits to Distribution Centers (Sucursales San Felipe and Buim, San Fernando, San Vicente, and Los Lirios. The latter included a meeting with farmers). IIC's appraisal considered the environmental and social management planning process and documentation for the project, as described above, and gaps, if any, between these and IIC'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 in an agreed Environmental and Social Action Plan (ESAP). Through implementation of these measures, the Project is expected to be designed and operated in accordance with Performance Standards objectives. NS AGRO S.A. ("NS AGRO" or "the Company"), is one of Chile's leading crop input distributor and agronomy services company providing agricultural inputs (agrochemicals, fertilizers), agricultural machinery (ECSA) and technology dissemination to farmers. NS AGRO operates 24 Distribution Centers (2 in Peru, 22 in Chile from the IV to the XI region), all located near major cropping regions to guarantee a rapid delivery of inputs and efficient customer service to its clients. The Company's strategy is to develop strong on-the-ground relationships with farmers providing integral services. While all Performance Standards (PS) are applicable to this investment, IIC's environmental and social review of project information indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards: - PS1: Assessment and Management of Environmental and Social Risks and Impacts - PS2: Labor and Working Conditions - PS3: Resource Efficiency and Pollution Prevention - PS4: Community Health, Safety and Security Issues related to PS5: Land Acquisition and Involuntary Resettlement, PS6: Biodiversity conservation and Sustainable Management of Living Natural Resources, PS7: Indigenous Peoples, and PS8: Cultural Heritage were not identified during appraisal, as NS AGRO's distribution centers are located in industrial zones or rural centers.

2. E&S Categorization Rationale This is a category B project in accordance with IIC's Policy on Environment and Social (E&S) Sustainability. Based on information reviewed by IIC, this investment will have limited adverse E&S impacts that are few in number, site-specific, and largely reversible and readily addressed through mitigation measures, as outlined in the Environmental and Social Action Plan (ESAP) attached to this ESRS.

3. Environmental and Social Context The key E&S issues include: (i) handling, storage, distribution and transportation of hazardous materials, (ii) compliance with FAO's International Code of Conduct on Pesticide Management; (iii) compliance with pesticide management as required under PS3, and promote the use of Integrated Pest/Disease (IPDM) Control Programmes amongst its clients; (iv) labour and working conditions, including occupational health and safety and Life and Fire Systems, (v) emergency preparedness including management of accidental spills, and (vi) Stakeholder (neighbors) engagement, health and safety, and external grievance mechanisms.

4. Environmental and Social Mitigation Measures

4.1 PS1 - Assessment and Management of Environmental and Social Risks and Impacts Environmental and Social Assessment and Management System: The NS AGRO staff conducted a group self-assessment of the nine elements of the Corporate ESMS of the Company as defined in 2012 Performance Standards under PS1. As set forth in the ESAP, NS AGRO shall upgrade its existing ESMS to achieve parity with all the elements of PS1 requirements. To demonstrate compliance of the ESMS with the applicable requirements of PS1, NS AGRO will provide to IIC its upgraded Procedures Manuals, evidencing that is operational. This will be verified by IIC through site supervision visits. Policy: The Company has developed a policy statement that describes the corporate commitments to continuous improvement of ESHS performance, and that the project business activities will be in compliance with all applicable country laws and regulations. As set forth in the ESAP, the ESMS overarching Policy statement will be revised and updated to fully align with the 2012 IFC Performance Standards, and list environmental and social issues to be

addressed, minimize the operational risks associated with labour, working conditions, occupational health and safety, external engagement, spills of agrochemicals to the environment, etc. Once updated, the policy will be communicated internally to employees, contractors, suppliers, and externally to stakeholders, using best available communication procedures.

Identification of Risks and Impacts: NS AGRO has identified the main social and environmental impacts of its operations, and addresses the issues in full compliance with country laws. As set forth in the ESAP, the Company is required to update its risk management process to (i) review its risk assessment whenever there is a change in legal regulations, processes, technology, activities or an expansion; (ii) improve identification of risks and impacts of its operations to communities on a periodic basis.

Management Programmes: NS AGRO has developed basic environmental and human resources manuals and policies, and other manuals for example guiding on the safe transportation of materials, use of personal protective equipment, and fire prevention. However documented procedures to operationalize policies at the locations where the company operates and improve E&S performance are necessary. As set forth in the ESAP, NS AGRO shall: a) Formalize ESMS management procedures for external engagement and an external grievance mechanism; b) Implement ESMS management procedures for compliance with pesticide management as required under PS3 and to promote integrated pest and disease management; c) Implement ESMS management procedures for a Code of Conduct for the security personnel at the Company facilities, and manage each identified risk in alignment with the Voluntary Principles (VPs) on Security Forces and Human Rights of the United Nations.

Organizational Capacity and Competency: NS AGRO has staff devoted to occupational health and safety and management at the DC's. As set forth in the ESAP, the Company will present to IIC a copy of the internal memorandum appointing a corporate level environmental and social person with managerial responsibilities exclusively for environmental and social issues, reporting to a senior manager. Environmental and Social responsibilities will be shared with the local managers of each distribution center for evidence of empowerment and responsiveness towards environmental and social issues at each distribution center and throughout the company.

Emergency Preparedness and Response: The Company has in place emergency response plans for all its distribution centers. Emergency preparedness and response planning accounts for inside-the-fence response, and requires emergency planning to involve communities. As set forth in the ESAP, the Company will update its emergency preparedness and response procedures to: a) account for emergency planning to involve communities or residents from immediate neighboring households; b) implement progressive on-going training programmes for all employees on Emergency Preparedness and Response, and training of managers on risk identification, planning and management; c) conduct mock drills with performance reports; d) demonstrate gradual implementation of multi-emergency equipment (connected to a sustainable energy source), such as early warning systems, alarms, and chemical emergency spills equipment; and, e) review its emergency response procedures whenever there is a change in processes, technology, activities or an expansion.

Stakeholder engagement, External communication, and External Grievance Mechanism: NS AGRO's operations involve rural as well as urban areas where storage of inputs and offices are located. Currently, the Company does not have a systematic approach to external communications with immediate neighbors. Consistent with the ESAP, the ESMS procedures at NS AGRO will involve a) mapping of stakeholders (neighbors), communicating and informing them of risks, mitigation and monitoring efforts, and keeping a robust external grievance mechanism throughout the life of the project, to be used by neighbors to express concerns about the company operations and impacts. In addition, the Company will: b) formalize the external grievance mechanism (GM), and will develop and implement a grievance documentation system for logging grievances and their follow-up. NS AGRO will demonstrate to IIC that there has been proactive dissemination of the procedure to employees and neighbors; c) the implemented mechanism shall include dissemination of the GM, training of workers on the GM, and how external individuals may register grievances publicly or anonymously, brought to the attention of senior management, and resolved; d) review and revise its existing website to keep external parties informed and include a clearly visible tab and name of

contact person at NS AGRO for accessing a grievance mechanism's contact points and associated information to express concerns and complaints about Company operations; e) Any event with neighbors will be recorded in the Annual Report to IIC. Monitoring and Review: NS AGRO has protocols for monitoring and reporting performance of operations to senior management. The results of monitoring are used as an input for risk assessment. Management systems procedures are required to monitor, measure, and evaluate its performance, and to implement corrective measures needed to ensure continuing compliance with environmental and social management laws and standards.

4.2 PS2 - Labour and Working Conditions Human Resources (HR) working conditions, and terms of employment: NS AGRO has adopted a Human Resources Policy that has a number of management procedures available for administrative and human resources affairs that ensure full respect of the national labour legislation and related international law. The policy outlines rights and responsibilities of the employees and those of the Company. NS AGRO has 343 employees, 101 are women, a number of which hold positions ranking from administration, technical, and as labourers. The national law governs all labour standards and addresses all aspects of employment relations, including unacceptable forms of work, occupational health and safety (OHS), freedom of association and working conditions. The HR function is part of the senior management team at all operations and has documented procedures for hiring, selection, age verification, disciplinary practices and termination, terms of employment and for avoiding child labour. The HR framework includes a strong policy on equal opportunity with a zero tolerance stance on discrimination and harassment of any form. Working conditions and terms of employment are communicated to employees during induction. NS Agro has no migrant workers and no worker accommodations. No retrenchment is anticipated. Workers' Organizations: The employees of NS Agro do not belong to workers' organizations or unions, and there has not been such request among the employees. The management team confirmed that they would not prevent employees to organize or participate in workers' organizations. Grievance Mechanism (GM): HR procedures include an employee grievance mechanism that allows for workers to express their concerns and also to provide suggestions for improvement. Due to the relative small size of the teams, communication is quite direct and employees can raise concerns directly to Human Resources or to the Management staff. As set forth in the ESAP, the Company will: a) revise and review the procedure to ensure that worker grievances can be presented anonymously. Also, b) records will be maintained on actions taken by NS AGRO, feedback provided, and signed agreement by the employee on resolution of each grievance. Workers Engaged by Third Parties: NS AGRO's day to day activities are mostly conducted by direct employees; however, transportation services, as well as specialized tasks such as maintenance or construction works are sub-contracted. All HR principles at NS AGRO including induction, safety measures, access to facilities and legal compliance with labour law and PS2 requirements, are equally applicable to workers engaged by contractors. Occupational Health and Safety (OHS): NS AGRO conducts workplace/job hazard analysis which is used to prioritize mitigation actions. Employee training focuses on hazards associated with specific workplace and understanding of the hazard analysis and reporting accidents and near misses. OHS elements in NS AGRO have been oriented to the safe handling, storage and transportation of the products. The Company has documented some safety procedures including emergency response during storage and transportation; investigation of accidents; use of personal protective equipment (PPE), and site inspections among others. The distribution centers are designed with eye and body washers, containment kits, and natural and forced ventilation systems. Audits in DC's are carried out by the Servicio Regional Ministerial Salud (SEREMI), and nonconformities are handled by the Company through actions plans. As set forth in the ESAP, NS AGRO shall: a) provide PPE to employees at the Distribution Centers, based upon MSDS and/or ICSCs for the materials being handled, providing documentary and photographic evidence to IIC of compliance; b) present to IIC documentary evidence of the training of employees handling pesticides specifically in the use of adequate Personal Protective Equipment (PPE) based upon MSDS and/or ICSCs; c) will continuously monitor the cholinesterase levels in workers handling pesticides at the DC's and report annually to IIC; d)

will review and update the operating of emergencies involving stations for eye and body washers, and handling of accidental spills, including containment kits. Life and Fire Safety: The distribution centers have updated fire suppression equipment. As set forth in the ESAP, NS AGRO will ensure that once per annum each DC's will carry out a fire mock drill with participation of all employees, the local fire department, and if applicable, residents from immediate neighboring households. Performance reports will be shared with the Fire Department and any non-conformities will be addressed by NS AGRO and reported to IIC annually.

4.3 PS3 - Resource Efficiency and Pollution Prevention

Resource Efficiency:

NS AGRO operations do not require intense use of resources. The Company sources electric power from the national grid. The distribution centers use mostly natural illumination and do not require water use other than for sanitary purposes. Research is conducted by NS AGRO to reduce the volume of water used in field applications of products, which has a positive environmental effect in water resource use, which is at premium in Chile. No industrial liquid effluents are generated by NS AGRO. Air emissions are associated with the distribution of products and vehicles used for sales purposes. Technical services are provided by qualified and certified professionals, and NS AGRO has in place controls to ensure quality in the service and retention of its clients, which includes a proper guidance in the safe management and application of products. There is no evidence that NS AGRO is overselling chemical inputs of any kind by suggesting additional application. The company stores and transports the materials according to local regulations. Measures include the existence of transportation procedures, and compliance with registration and permits required to import and distribute the products. To deliver best available in-country technical agricultural support to clients, NS AGRO has created a Research and Development (R&D) Department, staffed with agronomists. The R&D is in charge of conducting adaptive research to validate, modify or calibrate new products on specific soil, climate, and social economic or environmental characteristics of a given area within the regions in Chile served by NS AGRO. Each year some 90 on-farm and research station trials are conducted by the Company. Roughly 30% of the trials are conducted by internal staff, and 70% making use of technical consultants and the scientific links developed with national agricultural research systems in Chile, including university systems such as Universidad de Chile. As part of the R&D activities, the Company has developed bridges between national Foundations and agricultural technical schools to facilitate practical training of students. The Company arranges local meetings, presentations and seminars for clients when launching a new product on the market. "Field Days" are held in test fields for technology dissemination, and presentation of crop protection techniques and results of adaptive research. Farmers at Los Lirios reported always able to timely obtain technical support from NS AGRO staff and from external consultants provided by the Company. Farmers also indicated that their international clients were increasingly requesting more attention to improved operational safety for employees and the environment and to reduce risks of pesticide residue of export products. These include selecting low risk pesticides (pesticides with low Environmental Impact Quotient, EIQ) and relying, to the extent possible, on preventive measures, such as biological and cultural control, that are target-pest specific and rigidly applied within an Integrated Pest and Disease Management Programme (IPDM), to keep pest and disease incidence low.

Greenhouse Gas Emissions:

Greenhouse gas (GHG) emissions of the current operations are estimated not to exceed 25,000 tps CO₂-equivalent/annum, most of which is derived from fuel for transportation purposes. Electricity contribution to GHG is minimal, due to the hydroelectric source of energy in Chile.

Solid Waste Management:

Waste generated from the operations is basically domestic waste. Reuse of bags and cardboard is done by the company. NS AGRO recommends and promotes the triple wash and puncture of containers to reduce the risk of these being re-used by the clients or their workers. Final disposal and recycling of solid waste is done at all DC's through licensed third-party paper or plastic contractors.

Hazardous Materials Management and Safety:

Warehouses at the DC's have the infrastructure required for safe handling of products. NS AGRO has a plan for the management of hazardous materials (SUSPEL). Vehicles transporting agrochemicals have information regarding the products being transported. As set forth in the ESAP, the ESMS procedures for materials

management and safety will adhere to the provisions of the Food and Agriculture Organization's International Code of Conduct on Pesticide Management which is a standard for the manufacture, distribution, sale and advertising of pesticides. Pesticide Use and Management: The Company only markets products registered and certified by the local authorities and follows the national requirements for its distribution. Information provided by NS AGRO shows that 10 products contain active ingredients listed under categories Ia (6 products, Extremely Hazardous) and Ib (Highly Hazardous), based on the World Health Organization (WHO) Classification of Pesticides by Hazards. As set forth in the ESAP, NS AGRO will provide IIC for approval, a plan to address compliance with pesticide management as required under PS3. The Company has appropriate controls on management and distribution of Class II (Moderately Hazardous) pesticides. Integrated Pest and Disease Management Programme (IPDM): NS AGRO has in its portfolio some biological products which are key components in an IPDM strategy. IPDM emphasizes the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms. As set forth in the ESAP, NS AGRO will: a) identify ways to promote the use of the IPDM programmes amongst its clients, making use of the Company's own technical team or through the involvement of local and/or international advisers in plant health systems. The IPDM Programmes shall include crop management cultural practices, insect/disease monitoring, pest/disease ecology, biological control, and other control components, and use of pesticides only after other pest management practices have failed or proven inefficient. If a pesticide chemical formulation is also required as part of the IPDM, then this component will aim to carry a less significant weight than the other components of the full IPDM programme. Also, b) NS AGRO will fully incorporate integrated pest and disease management procedures into the ESMS Procedures Manual; and c) Report each year the number of clients where IPDM is implemented.

4.4 PS4 - Community Health, Safety and Security Community Health and Safety: Storage of products is minimized by coordinating the purchase with the direct delivery to clients. The principal potential risks related to the immediate neighbors from the company's operations include (i) the potential for accidental spills to water bodies, (ii) fire and associated risks at the distribution centers next to immediate neighbors, (iii) the potential for accidents due to an increasing truck fleet and volume of traffic used to transport products. As set forth in the ESAP, NS AGRO will: a) develop a Company Code of Conduct for engagement of neighbors; b) further enhance ESMS procedures to ensure transport minimizes neighbor's health and safety risks, including accident prevention measures, such as appropriate speed limits and safe driving practices. As described under PS1, the company will develop an external grievance mechanism (GM) for neighbors to express concerns. Security Personnel: NS AGRO has security contractors at the distribution centers. The security personnel conduct routine checks at the gates and security monitoring. Operating procedures consistent with the ESAP, NS AGRO will manage security forces in accordance with PS4 requirements as described in paragraph 12 - 14, and will provide a means for neighbor's or channel complaints about the Company's security arrangements or personnel. The Company will prepare a corporate level procedure to address and manage each identified risk in alignment with the Voluntary Principles (VPs) on Security Forces and Human Rights of the United Nations. An incident response system involving security forces will be implemented to ensure that all incidents are registered and responded to using correct disciplinary actions where required. Contact Information For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see Investment Summary tab), or IDB Invest using the email requestinformation@idbinvest.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.