

1. General information on the scope of the ICC Environmental and Social Review

During the project's environmental and social due diligence (ESDD) process, the environmental and social information made available by the borrower was reviewed and telephone interviews were conducted with the Chairman of the Board of Directors and General Manager, and those responsible for the HR and Operations areas

2. Environmental and social classification and rationale

It is expected that the investment will produce low magnitude and reversible environmental and social impacts, so that the operation has been classified as a category "C" project in accordance with the IIC Sustainability Policy. The main environmental and labor aspects related to the project are the handling of chemicals and workplace health and safety.

3. Environmental and social context

The Rivera Group has implemented and certified a Quality Management System certified under ISO Standard 9001:2008 with effect until August 2018. This certification covers all design, printing, and fabrication processes for stapled, stitched, and university notebooks. The company produces notebooks on a seasonal basis starting on May 15 and ending on March 15 of the following year. The permanent staff includes 54 employees, which increases to a maximum of 136 in the period of high production (10 months). It has its own facilities located in an industrial area in the city of Managua, Nicaragua. The company has a system for managing recyclable solid waste resulting from the process of transforming the main raw materials (paper and cardboard) into notebooks. It complies with the requirements of local environmental and social regulations.

4. Environmental risks and impacts and proposed mitigation and compensation measures

The following performance standards applicable to the borrower's operation were analyzed: i) Performance Standard 1: Social and Environmental Management Assessment and System; ii) Performance Standard 2: Labor and Working Conditions; and iii) Performance Standard 3: Pollution Prevention and Abatement. The environmental risks and impacts evidenced under each of these standards as well as the proposed mitigation measures are summarized in point 5. Environmental and Social Action Plan (ESAP).

5. Environmental and social action plan

Item	Observation (gaps related to Performance Standards - IFC)	Actions Proposed	Deliverable	Deadline
1	No Environmental and Social Management System for appropriate management of the operation's risks.	The company will develop and implement an Environmental Safety and Occupational Health (ESOH) Management System based on ISO 14001 and OHSAS 18001 standards. The system must include the following components: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competence; (V) emergency preparation and response; (Vi) stakeholder participation; (vii) monitoring and evaluation.	Internal approval of the ESOH Management System	6 months after disbursement

2	Lack of mechanisms for handling and recording internal and external communications	Development of a communications procedure that includes a complaints mechanism for interested parties, both internal (workers) and external (suppliers, clients, etc.) and dissemination of the mechanism inside and outside the company.	Internal procedure and evidence of dissemination	Before disbursement
3	Lack of written procedures for emergency preparation and response	Develop an emergency preparation and response plan, assigning those in charge, functions, and actions to address the main risk scenarios (fire, natural disasters, medical emergencies, etc.).	Dissemination plan and records, training and simulations.	3 months after closing
4	Lack of training on environmental and social issues for relevant employees and contractors.	The client will train the employees and contractors directly responsible for activities related to the social and environmental performance of the project so that they have the knowledge and skills needed to perform their work, including updated knowledge on the country's regulatory requirements and the applicable requirements of the IFC Performance Standards. The training will also address the specific measures and actions required according to the management program, including the Action Plan and the methods required to execute all the components of the actions competently and efficiently.	Evidence of training sessions.	Before disbursement

PS2 -Labor and Working Conditions

5	Handling and storage of chemicals used in the production process is not adequate to the degree of toxicity and flammability indicated in the products' Safety Sheets (MSDS).	<p>a. Implementing the use of adequate Personal Protective Equipment (PPE) for staff performing tasks in direct contact with the products is a priority.</p> <p>b. Implement measures for transportation, storage, handling, discarding, and final disposal of the containers for chemicals used in the production process.</p> <p>c. Development of specific procedures, training, and provision of PPE.</p> <p>d. Assessment of risks by job position.</p> <p>e. Specific occupational medical examinations including specific BTX exams for the population of workers exposed to this risk.</p> <p>f. Installation and maintenance of eyewash showers.</p> <p>g. Installation of area for proper storage to minimize fire risks.</p> <p>h. Improvement in terms of order and cleaning and delimitation of areas of risk.</p>	<p>a. Records on provision of PPE to workers appropriate to the job position. Before closing</p> <p>b. Risk assessment and impact mitigation matrix.</p> <p>c. Specific procedures.</p> <p>d. Records on training and instruction. 1 month after</p> <p>e. Implementation of specific occupational medical examinations. disbursement</p> <p>f. Evidence of installation of specific area appropriate for storing chemicals.</p>
PS3 - Pollution Prevention and Abatement			
6	Deficiency in emergency generator facilities.	Adapt facilities with a containment tray with a minimum capacity equal to 110% of the volume of the fuel used to operate the generator.	Evidence of adaptation. 3 months after closing