



## **ENVIRONMENTAL AND SOCIAL POLICY**

The following policy statements reflect the role that Verde Beef Processing Ltd (“Verde Beef”) seeks to play within Ethiopia as a responsible corporate entity. Verde Beef has committed to these statements as part of its alignment with OECD, IFC and industry standards such as Global GAP. All staff will be made aware of Verde Beef’s policies on these matters and will be held accountable for compliance within their specific remit or role.

### **1. Statement**

Verde Beef is committed to acting ethically and responsibly in all areas of its operations and as a consequence this E&S Policy will inform Verde Beef’s decisions and actions.

Verde Beef sees the adoption of this Policy as enhancing its core values of integrity, respect, social involvement, collegiality and independence.

Verde beef recognizes that it has a responsibility to the environment and neighboring community beyond legal and regulatory requirements. We are committed to reducing our environmental impact and continually improving our environmental and social performance as an integral part of our business strategy and operating methods, with regular review points. We will encourage customers, suppliers and other stakeholders to do the same.

The Compliance and Certification Manager is responsible for ensuring that the environmental and social policy is implemented. However, all employees have a responsibility in their area to ensure that the aims and objectives of the policy are met.

This document summarizes Verde Beef’s position on environmental and social matters. Such a position is reflected in policies, guidelines and processes which help ensure that consistent standards are applied when identifying, assessing and managing environmental and social risks in relation to our own operations and business relationships with our clients across corporate finance, including project, supply, trade etc. Verde Beef’s management, the board of directors, also acknowledges the importance of environmental and social aspects.

### **2. Purpose of This Policy**

This environmental and social policy aims to integrate a philosophy of sustainable development into all the Verde beef’s activities and to establish and promote sound environmental and social practices in our operations.

This will be accomplished by highlighting the environmental and social principles and practices to which Verde Beef Processing aspires, so that Verde Beef can achieve the highest standards of responsible business practice and sustainability, and produce a positive overall impact on the environment and society.

Given the main purpose of this policy is to operate in an environmental and social friendly way Verde Beef will not engage in any activities or relationships where there is clear evidence of severe human rights violations and/or damage to the environment. To this end, we will not be involved in:

- activities and/or clients that use child or forced labour as defined by the core conventions of the International Labour Organization;



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- activities within or in close proximity to a World Heritage Site unless there is a prior consensus with the government that our operations will not adversely affect the outstanding universal value of the site;
- projects or activities located in or involving the clearing of primary tropical moist forests, illegal logging or uncontrolled and/or illegal use of fire; or

### 3. Impact assessment

We will continuously assess and address in decision-making the actual and potential impacts of our operations, processes, goods and services over their full life-cycle with a view to avoiding or, when unavoidable, mitigating adverse impacts. Impact assessments should involve a representative number of all relevant stakeholder groups.

Across our operation with a potential for significant environmental and social impacts, we aim to identify the issues that require attention. Some of these issues will be cross-sectoral, while others will be sector-specific. We regularly review our approach and understanding of issues through continuous dialogue with our peers, NGOs and other relevant stakeholders. Accordingly, our environmental and social policy framework is reviewed annually – or as events occur – to reflect changes in the environment in which we operate.

Our approach to manage environmental and social impacts is based on our Values and Beliefs. Applicable to all employees, as well as interactions with internal and external stakeholders, it emphasizes that sustainability is at the heart of our corporate responsibility (CR) principles; that we will consider the environmental and social impacts of our actions; and that we will apply high standards to our business to support a sustainable future. In order to comply with this policy, employees must ask themselves whether or not a proposed transaction or initiative presents any risks to the environment or society.

### 4. Disclosure

We will disclose timely and accurate information related to foreseeable risk factors and our response to particular environmental, social and human rights impacts to potentially affected communities, at all stages of the investment cycle. We will also provide accurate, verifiable and clear information that is sufficient to enable consumers to make informed decisions.

### 5. Consultations

We will hold good-faith, effective and meaningful consultations with communities through their own representative institutions before initiating any operations that may affect them, and we will continue to hold consultations with them during and at the end of operations. We will bear in mind the different risks that may be faced by women and men.

We will hold effective and meaningful consultations with indigenous peoples through their own representative institutions in order to obtain their free, prior and informed consent consistent with achieving the ends of the United Nations Declaration of Rights of Indigenous Peoples and with due regard for particular positions and understanding of individual states.

### 6. Benefit sharing

We will ensure that our operations contribute to sustainable and inclusive rural development, including, as appropriate, through promoting fair and equitable sharing of monetary and



non-monetary benefits with affected communities on mutually agreed terms, in accordance with international treaties, where applicable for parties to such treaties, e.g. when using genetic resources for food and agriculture.

## 7. Grievance mechanisms

We will provide for legitimate, accessible, predictable, equitable and transparent operational-level grievance mechanisms in consultation with potential users. We will also co-operate in other non-judicial grievance mechanisms. Such grievance mechanisms can enable remediation when our operations have caused or contributed to adverse impacts.

Regular and meaningful stakeholder dialogue with shareholders, clients, employees and society at large is fundamental to how we conduct our business responsibly. It allows us to:

- understand stakeholder concerns;
- prepare for potential future impacts on our business model caused by global trends or regulation;
- minimize risks and detect business opportunities early on;
- make informed decisions when dealing with clients and community;
- define or improve standards and voluntary commitments across our operations;
- explain our position on sensitive topics; and
- promote mutual learning by recognizing the complexity of global issues.

The results of our dialogue feed into our sustainability management as well as our environmental and social risk management and annual reporting. They also help us respond constructively to critics, articulating our position on key issues and explaining the functionalities and limitations of our products and services. We are aware that the interests of shareholders, clients, employees and the general public are sometimes in conflict, and that we have to negotiate between these interests. We remain open to meet critical stakeholders and consider their input with care and attention.

Our communication with stakeholders follow a threefold strategy: running our own events and activities on sustainability themes; taking part in forums, events and working groups; and exchanging with critical stakeholders on ad hoc issues.

## 8. Core Commitments

### 8.1. Gender

We will help eliminate discrimination against women, enhance their meaningful participation in decision-making and leadership roles, ensure their professional development and advancement, and facilitate their equal access and control over natural resources, inputs, productive tools, advisory and financial services, training, markets and information.

Through this policy Verde Beef seeks to promote equal realization of dignity and human rights for men and women. Specifically, this policy is intended to improve the explicit incorporation of gender in programmatic and company practices. Verde Beef is committed to:

- Promote gender equality as an explicit internationally recognized human right.



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- Address systemic and structural practices that create barriers to the realization of women's rights and gender equality; including prevention and response to gender based violence and sexual exploitation and abuse.
- Engage and coordinate with partners, governments and civil society organizations to promote and support effective, creative and impactful ways to promote gender equality.
- Monitor, evaluate and institutionalize company learning regarding specific gender equality results.
- Actively hold ourselves and others accountable to gender equality standards.
- Ensure that key company policies, systems and practices including but not limited to budgeting, human resource recruitment, training and management, and decision making support women's rights and gender equality.
- Ensuring adequate funding to realize company commitments.
- Apply these commitments within Verde Beef Processing Plc and across all project areas using integrated planning approaches and recognized gender sensitive tools and techniques.
- Make all HR systems and policies gender-sensitive and responsive, and integrating gender indicators into staff performance appraisal systems.
- Incorporate and explicitly mention gender sensitivity as an essential element in the tasks/job profiles in all terms of reference, including terms of references for external consultants.
- Ensure that the conceptual clarity and sensitivity on gender issues will be one of the important selection criteria in recruitment processes and capacity building efforts of staff.
- Initiate and build the advocacy around gender balance and make efforts to integrate gender concerns into the scaling up and mainstream company programs.

Verde Beef aims at mainstreaming gender by creating an enabling working environment that in turn attracts and helps to retain gender sensitive staff. Gender is an integral part of all its organizational policies, programmes and projects and involves building a culture that understands the issues and policies, with respect to diversity and gender related concerns. Towards achieving the above objectives, clear indicators are defined in this policy to evaluate and assess the company's commitment towards gender equity on a periodic basis.

### 8.2. Human rights

Within the framework of internationally recognized human rights, the international human rights obligations of the countries in which we operate as well as relevant domestic laws and regulations, we will:

- Respect human rights, which means avoid infringing on the human rights of others and address adverse human rights impacts with which we are involved.
- Within the context of our own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.
- Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to our operations, products or services by a business relationship, even if we did not contribute to those impacts.
- Carry out human rights due diligence as appropriate to the size, nature and context of our operations and the severity of the risks of adverse human rights impacts.
- Provide for, or co-operate through legitimate processes in, the remediation of adverse impacts on human rights when we identify that we have caused or contributed to these impacts.



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- Within the context of our own activities, ensure that all persons' human rights are respected, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

Our long-standing commitment to human rights is reflected in our Human Rights Statement on the HR manual available since 2017. To address this complex topic, we are guided by a wide range of international standards and principles, including the UN Guiding Principles on Business and Human Rights. We focus on our and/or client's measures to avoid any involvement in child and/or forced labour, and the policies and procedures to protect the health and safety of employees and subcontractors. Further, Verde Beef understands that our activities may impact the communities we operate in, and we expect to have processes in place to minimise any negative impact. In particular, during the due diligence we focus on policies and procedures that:

- protect the health and safety of affected communities;
- ensure respect for land rights and cultural heritage; and
- address engagement with communities, including responding to community concerns (for example through grievance mechanisms).

We recognize the vulnerability of indigenous peoples and the connection to ancestral lands, as defined by the UN Declaration on the Rights of Indigenous Peoples. In cases where we can identify potential impacts on indigenous peoples, we act in alignment with the objectives and requirements of the IFC PS 7 on Indigenous People. For circumstances outlined in the IFC PS 7, we also work to obtain the Free Prior and Informed Consent of affected communities for our operations.

Verde Beef also recognizes that in certain circumstances our activities may be exposed to security risks due to the socio-economic environment. Where necessary, we review our approach to the use of security forces for site protection and whether the established processes have been informed by international standards such as the Voluntary Principles on Security and Human Rights.

### **8.3. Labour rights**

We will respect international core labour standards in our operations, namely the freedom of association and the right to collective bargaining, including for migrant workers, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation.

In our operations, we will also:

- Ensure occupational health and safety.
- Ensure decent wages, benefits and working conditions, that are at least adequate to satisfy the basic needs of workers and their families, and strive to improve working conditions.
- Promote the security of employment and co-operate in government schemes to provide some form of income protection to workers whose employment has been terminated.
- Seek to prevent abuses of migrant workers.



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- Adopt approaches, measures, and processes to enhance women's meaningful participation in decision-making and leadership roles.

We will contribute to the realization of the right to work, by:

- Striving to increase employment opportunities, both directly and indirectly.
- Ensuring that relevant training is provided for all levels of employees to meet the needs of the enterprise and the development policies of the host country, including by increasing the productivity of the youth and/or their access to decent employment and entrepreneurship opportunities.
- Ensuring maternity protection at work.

Further details of this procedure are identified in our Human Resources Policy and Procedures Manual.

#### **8.4. Health and safety**

Verde Beef values its employees, contractors, customers, suppliers, the environment and communities in which we operate and live in. We are committed to complying with health and safety laws and the voluntary standards to which our organization subscribes. We act on our responsibilities to identify and remove potential and recognized risk to a healthy and safe workplace.

Verde Beef's integrated health and safety management system provides the framework for health and safety management and continual improvement throughout all our businesses, products and activities from design, construction and operation. Through the implementation of our health and safety management system Verde beef is committed to the following principles:

- The maintenance of a safe workplace and the protection of the environment, including the prevention of pollution
- Strong leadership and accountability in framing and driving desirable health and safety outcomes
- Ongoing evaluation of compliance with health and safety laws and other requirements to which we subscribe
- Reducing, where possible eliminating both human and financial costs of injuries and illnesses through early intervention and rehabilitation support
- Adopting ecologically sustainable development principles
- Consultation on issues that may affect an individual's health and safety
- Performing in accordance with the Ethiopian government proclamation on occupational health and safety
- Proactively identifying and managing health and safety risks, and implementing effective controls and systems of work
- Effective management of the processes around land access and statutory approvals
- Reducing our energy, water and natural resources consumption and waste generation



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- Identification and development of critical risk controls
- Integrating health and safety in the planning, design, importing and utilization of goods
- Providing all necessary supervision, training, instruction, equipment and information to employees and visitors to our workplaces
- Setting and achieving health and safety objectives, targets and improvement plans to drive continual improvement
- Measuring and evaluating our health and safety performance through regular audits, inspections and internal reporting
- Recognizing outstanding health and safety performance
- Seeking and respecting views of our stakeholders, including community views
- Maintenance of certification to Global GAP and ISO 22000/2005 for the future abattoir.

All employees, contractors and visitors are accountable for behaving in a safe and environmentally responsible manner at all times. Every employee, contractor, and visitor has a personal responsibility to comply with this policy and to notify their manager or guide if there is a compliance issue or question.

- It is the responsibility of Verde Beef's management team to ensure sufficient resources are available to implement this policy.

Managers are responsible for:

- Ensuring that employees are provided with adequate training, information and supervision to perform their jobs safely and have the appropriate equipment
- Complying with relevant health and safety legislation
- Ensuring that any unsafe practice is eliminated
- The day-to-day management of environmental issues that directly impact their area of responsibility
- Encouraging environmental awareness within their area of responsibility.

Employees, consultants and contractors are responsible for:

- Performing their work in a safe manner
- Taking reasonable care that their acts do not adversely affect the health and safety of themselves, others or the environment in which we operate
- Reporting any incidents or hazards
- Undertaking their day to day work in compliance with this policy and relevant health and safety legislation
- Ensuring that any visitors that they are responsible for are advised of the requirements of this policy.



### **8.5. Food security and nutrition**

We will strive to ensure that our operations contribute to food security and nutrition. We will give attention to enhancing the availability, accessibility, stability and utilization of safe, nutritious and diverse foods.

### **8.6. Tenure rights over and access to natural resources**

We will respect legitimate tenure right holders and their rights over natural resources, including public, private, communal, collective, indigenous and customary rights, potentially affected by our activities. Natural resources include land, fisheries, forests, and water. To the greatest extent possible, we will commit to transparency and information disclosure on our land-based investments, including transparency of lease/concession contract terms, with due regard to privacy restrictions.

We will give preference to feasible alternative project designs to avoid or, when avoidance is not possible, minimize the physical and/or economic displacement of legitimate tenure right holders, while balancing environmental, social, and financial costs and benefits, paying particular attention to adverse impacts on the poor and vulnerable.

We are aware that, subject to their national law and legislation and in accordance with national context, states should expropriate only where the rights at issue are required for a public purpose and should ensure a prompt, adequate and effective compensation.

When holders of legitimate tenure rights are negatively affected, we will seek to ensure that they receive a prompt, adequate and effective compensation of their tenure rights being negatively impacted by our operations.

### **8.7. Animal welfare**

We will support animal welfare in our operations, including by:

- Striving to ensure that the 'five freedoms' for animal welfare are implemented, i.e. freedom from hunger, thirst and malnutrition, physical and thermal discomfort, pain, injury and disease, fear and distress, and freedom to express normal patterns of behavior.
- Ensuring high standards of management and stockmanship for animal production, that are appropriate to the scale of our operations, in accordance with or exceeding OIE's principles.

Verde Beef intends to achieve Global Gap in 2017 and will maintain ISO22000 for its abattoir practices (whether contracted or delivered within Verde's operational mandate).

### **8.8. Environmental protection and sustainable use of natural resources**

Verde Beef will help to protect and enhance natural habitats and wildlife, take appropriate opportunities to enhance them and be sensitive to landscape issues. We will look to minimize impact on local wildlife, and to look for opportunities to work with the local community in caring for the local environment. Verde Beef will endeavour to be aware of local planning developments and take appropriate action where these are potentially damaging to the environment.

We will establish and maintain, in coordination with responsible government agencies and third parties as appropriate, an environmental and social management system appropriate to the nature and scale of our operations and commensurate with the level of potential environmental and social risks and impacts.





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We will continuously improve our environmental performance by:

- Preventing, minimising and remedying pollution and negative impacts on air, land, soil, water, forests and biodiversity, and reducing greenhouse gas emissions
- Avoiding or reducing the generation of hazardous and non-hazardous waste, substituting or reducing the use of toxic substances, and enhancing the productive use or ensuring a safe disposal of waste
- Ensuring the sustainable use of natural resources and increasing the efficiency of resource use and energy
- Reducing food loss and waste and promoting recycling
- Promoting good agricultural practices, including to maintain or improve soil fertility and avoid soil erosion
- Supporting and conserving biodiversity, genetic resources and ecosystem services; respecting protected areas, high conservation value areas and endangered species; and controlling and minimizing the spread of invasive, non-native species
- Increasing the resilience of agriculture and food systems, the supporting habitats and related livelihoods to the effects of climate change through adaptation measures.

Verde Beef recognizes that activities may have material impacts on areas of international or national biodiversity value and high-sensitivity ecosystems and habitats. We identify, assess and mitigate these risks by applying widely accepted international guidance and best practices. This means implementing the mitigation hierarchy with regard to areas of high biodiversity and/or high-sensitivity ecosystems/habitats. The mitigation hierarchy requires primary impacts to be avoided through site selection, design or scheduling of activities.

Where avoidance is not possible, impacts should be minimised by reducing their duration, intensity and extent of the impacts; on-site restoration should be implemented for impacts that cannot be completely avoided and/or minimized; and, as a last resort, significant residual impacts can be offset through implementation of measurable conservation outcomes.

#### **8.9. Governance**

We will prevent and abstain from any form of corruption and fraudulent practices.

We will comply with both the letter and spirit of the tax laws and regulations of the countries in which we operate.

We will refrain from entering into or carrying out anti-competitive agreements among competitors and will co-operate with investigating competition authorities.

To the extent to which they apply to enterprises, we will act consistently with the Principles contained in the OECD Recommendation of the Council on Principles of Corporate Governance.

#### **8.10. Technology and innovation**

We will contribute to the development and diffusion of appropriate technologies, particularly environmentally-friendly technologies and those that generate direct and indirect employment. Our approach will be to maximize the demonstration effect of our operations and support



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replication with the appropriate stakeholders and where evidence demonstrates job creation and livelihood improvements.

### **9. Integrity**

We shall operate ethically, with integrity and cultural sensitivity in employing clear standards of corporate governance, respecting the rule of Law and striving to achieve the most ethical standards of normative international corporate behavior;

### **10. Continuous Improvement**

We shall continue to develop Verde Beef's procedural policies taking into account the changing nature of the beef industry to ensure that it strives to achieve the highest standards in all its broadcasting, online and other publishing activities.

### **11. Human Rights - Respect**

We shall respect fundamental human rights and the dignity of people by actively promoting equal opportunity, equality and diversity irrespective of race, ethnic or national origins, gender, sexuality, disability, marital status and religious belief. Our Human Resource Policies and Procedures Manual sets out how we shall meet our obligations on human rights and ensure discriminatory practices are not accepted and mitigated.

### **12. Accountability and Transparency – Trust**

- Be accountable and transparent and, subject to privacy and other obligations, prepared to publicly disclose our performance and experiences in the management of our social and environmental impacts, using internationally recognized frameworks for CSR and sustainability.
- Integrate CSR and sustainability principles as a core component of business activity, through the Strategic Plan and Divisional Business Plans, so that the principles form part of the objectives and decision-making processes of all management and staff at Verde Beef;