

ESG Due Diligence Report

Sistema.bio

Oct 2024

1 - Purpose of this report

The purpose of this ESG due diligence report is to provide a comprehensive assessment of Sistema.bio's environmental, social, and governance (ESG) practices to ensure that the company's operations align with Novastar's principles of responsible investing and to identify material non-financial risks and opportunities that may impact the company's long-term viability and attractiveness as an investment.

2 - Business Overview

Problem	400 million family farms produce 70% of the world's food, manage the majority of arable land and are home to a quarter of the World's people. They collectively represent one of the largest carbon mitigation, sequestration and adaptation opportunities on Earth. There is a high economic, health and environmental cost of current waste, energy, and agriculture systems of family farms and farmers face a high risk from climate change. These factors threaten the global food system.
Company & solution	Working together with farmers worldwide, Sistema.bio delivers high -quality carbon mitigation, sequestration and climate change adaptation programs using innovative technology, training and financing. Sistema.bio technology offers biogas infrastructure that provides reliable clean cooking fuel, productive energy and supports regenerative agriculture. Sistema.bio was founded in 2010, in Mexico.
Geographies	<ul style="list-style-type: none">• Sistema.bio has operations (i.e. employees, premises, and subsidiaries) in 4 countries including Kenya, India, Mexico & Colombia. Sistema.bio currently supplies products and services to 27 countries including 10 in Africa (Benin, Ghana, Kenya, Madagascar, Malawi, Morocco, Senegal, Togo, Uganda, Zambia).
ESG Leadership	<ul style="list-style-type: none">• The ESG function is structured as follows:<ul style="list-style-type: none">○ The highest level of direct accountability for ESG in the company is at the executive level, by the Chief Strategy Officer. However, there is no one on the board that is responsible for ESG.○ There are 9 staff members that are currently tasked with managing the organisation's ESG performance.
Business model	<ul style="list-style-type: none">• Sistema.bio manufactures, distributes and installs biodigester reactors to family farms in emerging markets. These biodigesters enable the farmer to manage livestock waste and convert the waste to clean cooking gas and other byproducts. The company utilises carbon credits to improve the affordability of the biodigesters for

	<p>farmers. Sistema.bio's core capabilities include: manufacturing (in India & Mexico) and distribution of a core line of products including biodigester reactors and accessories, sales & financing, and customer care.</p> <ul style="list-style-type: none"> • At the point of purchase a Sistema.bio kit contains a prefabricated modular biodigester connected to a range of accessories including biogas stoves/burners, biogas generators, biogas water heater, biogas heating lamps to heat up animals during cold nights, and biogas burner. (Refer to the Appendix for images of the biodigester system) • At a customer's premises, the biodigester system is installed by a trained technician. Cow dung or other farm animal waste is added to the inlet, at the outlet is a tank into which the biofertilizer accumulates, and other accessories including biogas cookers are connected to the biogas exit. Depending on the size of the biodigester, the customer is guided on the volume of manure to add daily. For example, on a daily basis, the popular Sistema-12 bio reactor requires the volume of cow dung produced by up to 5 cows. • Customers are trained on the proper use of the biodigesters at installation, and in demonstration centres and via partners or events. They receive a 1-year warranty for any material defect and installation work and a 10-year warranty for the biodigester geomembrane including repair or replacement of damaged part or product. The company has ISO certifications demonstrating the safety of the household biogas and appliances.
Employees	<ul style="list-style-type: none"> • Sistema.bio has 402 full time employees and 511 externals across their global operations. Externals fall into 3 categories :independent contractors e.g. technicians; sales agents paid by commission in Kenya; employees from 3rd party manpower agencies eg in the factory in India. • 28% of all employees are females; however, females hold 46% of management positions. • Sistema.bio has field agents that can install and manage service, training and monitoring. A team of trainers and quality control experts train and manage external partners.
Key suppliers	Suppliers of the polyethylene geomembrane, suppliers of fittings for the biodigester who are usually local businesses located within each market
Customers	Sistema.bio's target customers are small holder farmers & other agribusinesses.

3 – Executive Summary

Investment Policy Conformance

Sistema.bio neither operates nor intends to operate in any of Novastar's excluded business activities. The company will sign onto Novastar's Mandatory Provisions and ESG Action Plan.

Overall ESG Risk Category

Environmental and Social Risk^a B MEDIUM RISK
Limited potential adverse social or environmental impacts that are site-specific and readily addressed through well-known mitigation measures. Only brownfield land, minimal health and safety, labour rights or emissions risks.

We are impressed with Sistema.bio's commitment and efforts in managing ESG risks. The leadership team recognizes the need to adhere to international ESG standards across all operations. The nine team members assigned ESG responsibilities demonstrates its commitment to investing resources in robust ESG practices. Sistema.bio also follows an ESAP and continues to implement improvements in its ESG management systems and processes. Many of the actions we've included in the ESAP were aligned with actions the organization was already considering, and they expressed enthusiasm about enhancing their ESG performance.

Environmental and Social (E&S) Risk Assessment

Benchmark	Summary of findings
IFC Performance Standard 1: Assessment and Management of Environmental and	Sistema.bio's ESG responsibility lies with the CFO, CSO, and 7 other key staff, including specialists in carbon management, health, and safety. HR managers support social ESG aspects, and the company began recruiting an ESG Manager in October 2024. ESG policies align with international frameworks like the IFC performance

Social Risks and Impacts	standards, with implementation driven by executive leadership. ESG principles are integrated into the company's vision, budgets, and operations. Sistema.bio partners with third parties, such as Vukani, to enhance ESG efforts and publicly commits to sustainability through environmental activism and impact reporting.
IFC Performance Standard 2: Labor and Working Conditions	Sistema.bio's HR policy aligns with IFC performance standards, covering hiring, grievances, working conditions, and retrenchment, with a focus on non-retaliation. Employees receive housing and travel allowances, and while no unions are currently active, the company supports freedom of association. Sistema.bio enforces equal opportunity, tracks discrimination cases, and addresses sexual harassment, in some cases, with external support. Its health and safety policy covers risks across operations, with PPE, training, and incident tracking. The company also manages third-party performance and applies ESG criteria in procurement, conducting regular audits and monitoring supplier practices.
IFC Performance Standard 3: Resource Efficiency and Pollution Prevention	Sistema.bio monitors resource use, emphasizing water conservation. Manufacturing does not consume significant water. The Indian factory consumes the most energy. The company promotes efficiency through water-saving practices and climate adaptation efforts. GHG emissions are minimized through recycled materials and biogas operations. Waste management includes recycling geomembrane and using geotextil from recycled materials. Farmers receive guidance on safe disposal of biodigester components and biofertilizer use, ensuring positive impacts on soil health and reduced land degradation.
IFC Performance Standard 4: Community Health, Safety, and Security Performance	Sistema.bio follows performance standards by ensuring safe equipment design, mitigating health risks, and preparing for emergencies. Hazardous waste, including geomembrane and geotextil, is managed through recycling, with customer training provided on biodigester disposal. While manufacturing has minimal ecosystem impact, biodigester start-up requires significant volumes of water. Farmers receive manuals and training on hazard prevention. Sistema.bio offers credit with clear terms and follows client protection principles. Operating across four countries with low human rights scores, the company uses third-party security at its India and Mexico facilities, ensuring personnel receive human rights training but lacks internal monitoring or policies for responsible security practices.
BII Gender-based	Sistema.bio has a sexual harassment policy tailored to each country,

Violence and Harassment (GBVH) Standards	<p>reviewed by the Head of People and approved by regional directors. GBVH training is mandatory for all employees and managers, with annual refreshers tracked through the Learning Management System. In serious cases, the company collaborates with experts and offers psychological support, including therapy. An investigation committee, led by the Head of People, handles reported incidents. Victims may receive compensation for damages and can access counseling. Employees can report incidents confidentially through various channels, including anonymous links, or escalate them to external authorities like the police.</p>
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4.1 - Environmental and Social (E&S) Risk Review

IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts

<i>IFC PS 1.1: Environmental and Social Assessment and Management System</i>	
Company performance	<ul style="list-style-type: none"> Overall ESG responsibility been allocated to a C-Suite members of staff including the CFO and CSO. There are 9 full time staff members including with authority for EnS issues. These include CFO who has extensive ESG experience (more than 10 years) with compliance, financial, governance audits, and internal operational processes. <ul style="list-style-type: none"> Chief Strategy Officer 10 years of experience at Sistema.bio with deep knowledge of finance and operational processes. Senior Quality Health and Safety (QHS) Coordinator Experience as ESH and Compliance Manager. Carbon and Impact Senior Associate Expertise in carbon data management. COO with strong technical and operational expertise. Global People Director with ESG experience and policy ownership. HR Managers below don't have direct ESG experience but they are highly suited to implement ESG policies due to their roles in managing the social aspects of ESG (employee welfare, diversity, and ethical practices) and their expertise in policy execution and cultural change. Experienced third parties such as Vukani have assisted Sistema.bio to strengthen its ESG efforts.

IFC PS 1.2: Policy

Company performance

- Sistema.bio has a Social and Environment Policy that outlines their principles with respect to managing employees and the communities they're part of. The policy is split between compliance (commitment to legality) and proactiveness (commitment to promoting human rights, helping communities, and protecting the environment). The company supports the respect of relevant principles as contained in the United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Bill of Human Rights, International Labour Organization (ILO) instruments and Conventions; the IFC performance standards on social and environmental sustainability. The company has a policy defining the environmental and social objectives and principles guiding the company's ES performance. The policy is driven by executive buy-in, and in accordance with this, specifies that the Chief People Officer is the executive responsible for policy implementation, along with the People team across different countries.
- Health & Safety training for employees and managers is mandatory for all new hires. Sistema.bio provides an annual refresher for all employees, and this is tracked through their Learning Management System.

IFC PS 1.3: Identification of Risks and Impacts

Company performance

- Typical for a company at this stage, Sistema.bio does not currently have a formal system for proactively identifying and rating ESG & BI risks and needs to develop clear communication channels and processes for mitigating risks and keeping the risk register up to date. However, every year, global department heads review the risks of their department.

IFC PS 1.4: Management Programs

Company performance

There is evidence of management commitment to ESG as follows:

- ESG has been incorporated into the company's vision, mission and values which refer to environmental activism, business integrity and waste reduction.
- The organisation has made a public commitment to sustainability which is clearly prominent in their website. Commitments include commitment to managing ESG risks, performance, and/or impacts; making a positive economic contribution. The organisation reports on key milestones, outcomes, and impacts in relation to the commitment such as GHG emissions. It can be seen here: <https://sistema.bio/esg-strategy/>

	<ul style="list-style-type: none"> ESG considerations have been built into the operating and capital budgets of the company such as hiring an ESG Manager. The company will kick off a search for an ESG Manager in October 2024. The job description & responsibilities of the ESG Manager have been thoughtfully detailed to reflect the company's ESG priorities has a detailed workplan with projects and monitoring activities to continue to improve ESG across different functions
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IFC PS 1.5: Organisational Capacity and Competency

Company performance	<ul style="list-style-type: none"> The company has designated 9 specific in-house personnel, including management representatives, with clear lines of responsibility and authority for ES issues including the CFO, Chief Strategy Officer, People Director Overall ESG responsibility been allocated to 2 C-Suite members of staff, including the CFO and Chief Strategy Officer. The company has allocated leadership time and resources to support its ESG functions, working with Vukani over 2 years so far on an ESG action plan With respect to relevant training programs in place for the ESG personnel: 76% of employees have been trained on the company's sustainability strategy The company has outsourced some of its ESG support to a qualified third party(ies) such as Vukani.
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IFC PS 1.6: Emergency Preparedness and Response

Company performance	<ul style="list-style-type: none"> Office/field emergencies: risks identified in the Health and Safety policy document and some emergency response processes such as in case of fire included in the Health and Safety training slides Biodigester emergencies: risks identified in the User Manual shared with farmers but emergency response process description and training materials not available Factory (Production) emergencies: risks identified in the Health and Safety policy document but emergency response process description and training material not available
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IFC PS 1.7: Monitoring and Review

Company performance

- The company has procedures in place to track and evaluate ESG performance of its operations on a regular basis. Internal dashboards such as the Accident & Near Miss Log 2024, and the Health & Safety Dashboard 2024 are utilized.
- ESG performance information is reported as needed via email to the board when serious incidents arise, however there is no reporting of ESG matters during board meetings nor is there periodic update to the board on progress against the ESG action plan.

IFC PS 1.8: Stakeholder Engagement

Company performance

The main stakeholders are customers, employees.

- Sistema.bio reports that the most effective channels in engaging stakeholders include employee surveys, customer surveys, conferences, social media releases/website, and sustainability reports.
- Customers: Customers have a clear way of complaining/raising issues. The last page of the user manual for the biodigester has the contact information of the Sistema.bio Customer Care line. Also included is the website url, and once there, customers can easily navigate to pages where they can report complaints including anonymously. The office address is also included to allow customers to physically visit it if needed.
- Employees: Employees have a clear way of complaining/raising issues. Various policy documents reference contacting HR, and provide links to the anonymous reporting channel
- Sistema.bio does not yet have a formal stakeholder engagement plan and yet stakeholder identification and engagement is a powerful tool for early risk identification, building trust, and developing relationships.

IFC PS 1.9: External Communications and Grievance Mechanisms

Company performance

- Sistema.bio has a procedure to receive and process communications from external stakeholders including a Whistleblower Policy that states that Sistema.bio is committed to protecting the confidentiality of reporters, prohibits retaliation
- An anonymous online reporting platform that is easily accessed via their

	website. It can be accessed here: https://sistema.bio/anonymous-concerns-complaints/
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IFC Performance Standard 2: Labor and Working Conditions

<i>IFC PS 2.1: Working Conditions and Management of Worker Relationship</i>	
Company performance	<ul style="list-style-type: none"> • HR Policy: The company has a staff handbook that provides details aligned with IFC performance standards including hiring policy, work structure and attendance policy, performance evaluation, retrenchment, grievance policy and more. Full time staff can access the handbook and other policies via the Bamboo HR platform • Grievance: The company has established a grievance mechanism for workers to express their complaints including an anonymous reporting option. The staff handbook details both and so does the Grievance policy which specifically refers to non-retaliation. The head of People in the different countries is the person an assigned person responsible to review complaints and effectively follow up on them, and employees are also advised to report to their line managers if they wish • Working conditions/employment terms: The staff handbook lays out the terms of employment including working hours, rest days, overtime procedures, and sick and maternity leave, vacations and more. No employee is covered by collective bargaining agreement so this does not affect terms and working conditions. • Worker accommodation: All staff get a housing allowance. When staff travel, the company provides an additional allowance and per diem. • Equal opportunity: In the staff handbook, the company documents transparent procedures (including retirement, discipline, performance procedures) to ensure that employment decisions are not made on the basis of personal characteristics unrelated to job requirements. The company doesn't have any preferential employment policies in place and the policy states that only merit and business needs will be take into account when hiring • Discrimination: The company is transparent and tracks all incidents including sexual harassment reports by staff, where they had at least one case this year during which they systematically investigated and took action including working with a specialised consulting firm and

	<p>offering the victim psychosocial support.</p> <ul style="list-style-type: none"> • Retrenchment: The company's staff handbooks lay out the retrenchment process. The process involves first finding viable alternatives internally to retain the staff member before retrenchment is considered <p>Externals (workers that are not full time)</p> <ul style="list-style-type: none"> • Sistema.bio has 402 full time employees and 511 externals across their global operations. Externals fall into 3 categories: independent contractors e.g. technicians; sales agents paid by commission in Kenya; employees from 3rd party manpower companies e.g. in the factory in India. • Externals receive training and have access to training materials and OHS policy documents via the LMS (learning management system) where policies and training materials are saved for them • Even though Sistema.bio has less influence over the working conditions of workers working for 3rd parties such as in the factory, they have surveyed them in the pasts to gauge their working conditions, provide training to them, but the workers are not part of internal HR system
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IFC PS 2.2: Protecting the Work Force

Company performance	<ul style="list-style-type: none"> • Child labour: The company strictly prohibits the use of child labour and adheres to relevant international standards related to children's rights, such as the ILO C138-Minimum Age Convention, 1973 (No. 138), the ILO C182-Worst Forms of Child Labour Convention, 1999 (No. 182) and the United Nations Convention on the Rights of the Child (UNCRC). When differences or conflicts in standards arise, Sistema.bio applies the highest standards. • Forced labour or slavery: The company defines this in accordance with the 1926 Slavery Convention of the League of Nations, and prohibits a person's economic and social exploitation by another for personal and/or commercial gain, forced and compulsory/ involuntary labour as defined in the ILO C029-Forced Labour Convention, 1930 (No. 29), the use of prison labour and any forms of slavery or servitude, including bondage labour and human trafficking.
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IFC PS 2.3: Occupational Health and Safety

Company performance

- Sistema.bio has a comprehensive Health and Safety policy that identifies and addresses risks and hazards across the company's operations including in the field when visiting customers, in the offices, in R&D and in manufacturing facilities, on farms, and for partners. The policy covers staff, farmers and externals
- Use personal protective equipment (PPE): The Health and Safety policy and the Training materials including for farmers reference the use of PPE including helmets when on motorbikes for staff, gloves for handling waste around the biodigester, fire extinguishers and first aid kits in company vehicles etc
- The company tracks and reports on rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities. Tracking of incidents is via an Accident and Near Miss log & incidents are reported via a google form. In the 2023 financial year, the company reported 0 fatalities and 7 workdays lost due to injury
- The company has training programs in place for workers on occupational health and safety which are customised for each country and cover a range of issues including road safety, and responding to fires
- With respect to safety risk on the **farms** due to the biodigester system,
 - Sistema.bio provides an extensive user manual to farmers, provides training for farms on safety, and had multiple safety measures built into the biodigester system. The manual is a physical user manual which addresses the risks that the customers/users are exposed to. Sistema.bio also provides videos on YouTube to highlight some of the risks and how customers can mitigate them.
 - The main H&S risks associated with the biodigester include: inhalation of hydrogen sulphide (component of biogas), fire, ingestion of bioslurry/biofertilizer and risk of falling into biofertilizer tanks. These risks are addressed by conducting risk assessments to identify the risks and institute control mechanisms to either reduce or eliminate the risks. These controls include trainings for staff and independent contractors through a Learning Management System (LMS) and provision of checklists for work activities.
 - Trainings for staff and independent contractors is done through an

	<p>LMS. There is a specific Health and Safety module that addresses risks on the road, risks associated with the biodigester and general risks associated with installation and maintenance of the biodigester system. There also is a physical user manual which addresses the risks that the customers/users are exposed to.</p> <ul style="list-style-type: none"> • With respect to safety of field staff <ul style="list-style-type: none"> ○ Sistema.bio's Health and Safety policy identifies risks and how to address them. Risks include: road safety, customers that demonstrate violent or aggressive behaviour, robbery. ○ Road safety is a significant risk for Sistema.bio staff in the field and the company monitors and tracks incidents in an incident log. The company has a road safety policy, tracks road safety incidents via a thorough incident and resolution log that tracks the root causes of the incidents. Health and Safety training decks include a detailed section in road safety including the use of helmets when using motorbikes, and refresher training is carried out once per year. • With respect to safety in factories <ul style="list-style-type: none"> ○ Sistema.bio's Health and Safety policy identifies risks and how to address them including the use of PPE, rest, and proper training. Risks include: burns from handheld plastic welding tools; repetitive strain injuries from use of hand cutters; electrical hazards from the use of handheld plastic welding tools; cuts and lacerations from use of hand cutters. ○ An Admin Associate is tasked with managing OHS risks in the factory
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IFC PS 2.4: Workers Engaged by Third Parties

Company performance	<ul style="list-style-type: none"> • With respect to managing and monitoring the performance of third-party manpower agencies: <ul style="list-style-type: none"> ○ The company works with a category of externals who are employed by a third party manpower agency, in the factory in India. These employees are trained in OHS matters by Sistema.bio and have access to the Learning Management System and to Sistema.bio policies. ○ The company works with distribution partners such as in countries like Malawi who in turn have their own staff. These staff members are not trained by Sistema.bio and do not have access to the
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	<p>LMS, however they sign Sistema.bio Safeguarding commitments. Sistema.bio onboards these partners to ensure they meet Sistema.bio standards but doesn't ask for supporting ESG related documentation / policies</p> <ul style="list-style-type: none"> The company has a Procurement Policy where the supplier selection process is detailed and includes ESG criteria such as fair labor practices. This policy is publicly accessible on their website. It can be seen here: https://sistema.bio/esg-strategy/
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IFC PS 2.5: Supply Chain

Company performance	<p>The material inputs for Sistema.bio's manufacturing process are: Geomembrane polyethylene, Geotextil (recycled PET) and PVC (connectors) - there is no elevated risk of child labour or forced labour in the primary supply chain</p>
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IFC Performance Standard 3: Performance Standard 3: Resource Efficiency and Pollution Prevention

IFC PS 3.1: Resource Efficiency

Company performance	<ul style="list-style-type: none"> Tracking use of resources and material inputs: The company monitors water quality and management. They don't use significant water amounts in the manufacturing processes, and conduct internal water audits in their offices to ensure savings on water consumption. The company operations use limited amounts of water. The manufacturing process of the biodigesters does not use significant amounts of water and the facility in India has a water treatment facility. However start-up of the biodigester (once off) does require large volumes of water (6000L are required to start up the popular Sistema 12 biodigester) although this is a once-off process. Energy consumption is mainly concentrated in the Indian factory (Measures for improving efficiency in its consumption of energy, water and other resources and material inputs include: Measuring water usage by source and setting targets for reduction; Reducing general water use in operations through behaviour change' and they developed water tanks as potential products for water conservation in the south of Mexico. The clients, smallholder farmers are impacted by climate change such as facing water scarcity, and the company is constantly working to adapt to these situations either through R&D and training such as using the right amount of water. Greenhouse gases: The company is not operating in an energy intensive
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	<p>industry – most energy is consumed in the manufacturing process of the biodigesters. To reduce GHG emissions, the company uses various strategies such as using recycled PET geotextil. Furthermore the core operations related to using biogas and biofertiliser result in reduction in GHG emissions. The company quantifies GHG emissions on an annual basis since it monetises the emissions saved.</p>
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IFC PS 3.2: Pollution Prevention

Company performance	<p>Land contamination:</p> <ul style="list-style-type: none"> • The company has no historical incidents of land contamination • The company has a positive impact on soil including regeneration of earth and water pollutions thanks to the nutrient present in the biofertilizer; reduce deforestation, and reduce land degradation. • The company engages consultants who study Sistema's biofertilizer and actively measure impact of the biofertilizer on various soils, seeds and plants. <p>Waste management</p> <ul style="list-style-type: none"> • Significant potential hazardous waste in the operations includes the geomembrane (used to make the biodigester) and geotextil. The company actually partially uses geotextil made of recycled PET which supports the waste minimisation efforts. The manufacturing plant in India is based in an industrial park which has a central wastewater treatment facility. • On farms: the company provides training and a user manual with guidelines proper disposal of the biodigester at the end of its life and the packaging of the biodigester kit by advising that they're taken to nearby recycling centres, and also asks customers to contact Sistema.bio for information in nearest recycling centres. The steel wool used to scrub hydrogen sulphide from the biogas is beneficial to farmers and Sistema.bio advises that it is added to compost to enrich it with nutrients. • With respect to hazardous materials such as handling animal waste to feed the biodigester, and the biofertiliser, the company provides detailed instructions to the farmers in the manual and during training.
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IFC Performance Standard 4: Community Health, Safety, and Security Performance

IFC PS 4.1: Performance Standard 4: Community Health, Safety, and Security Performance

Company performance

This performance standard is relevant because Sistema.bio sets up biodigesters for farmers and has manufacturing facilities. These are in areas surrounded by local communities. Sistema.bio would adhere to this standard by ensuring infrastructure and equipment design meets safety standards, mitigates impacts on ecosystem, avoid adverse health and safety risks and prepares for emergencies.

IFC PS 4.2: Security Personnel

Company performance

This standard is relevant because the company has 4 countries of operation in which they have ca. 10 field offices & 2 manufacturing facilities and 3 main warehouses. All countries of operation have human rights concerns and rank below 0.5 on WJP Rule of Law Index which tracks concerns across a number of factors including corruption, fundamental rights, and criminal justice.

- The company uses private security at their 2 manufacturing facilities in India and Mexico.
- The security is provided via third party companies – by contracting reputable 3rd parties, Sistema.bio ensures that the security personnel is trained on human rights
- With respect to responsible use of security personnel, Sistema.bio does not have a policy in place, nor does it provide training, monitoring or target setting.

BII Gender-Based Violence & Harassment (GBVH) Standards

BII GBVH1: Overarching Principles

Company performance

- There is a Sexual Harassment policy per country, that is reviewed by the Head of People and Approved by the Regional/Country Director.
- GBVH training is part of Health & Safety training for employees and managers which is mandatory for all new hires. Sistema.bio provides an annual refresher for all employees, and this is tracked through our Learning Management System.

BII GBVH2: Assessing GBVH Risks, company capacity and resources

Company performance	<ul style="list-style-type: none">• With respect to assessing GBVH, the sexual harassment policy gives examples of various forms of GBVH including (cyber)stalking, physical violence and verbal conduct comments• GBVH training is part of Health & Safety training for employees and managers which is mandatory for all new hires. Sistema.bio provides an annual refresher for all employees, and this is tracked through our Learning Management System.• The policy details the investigation process. The people team is tasked with investigations, and at the time an incident is reported, the Head of People constitutes an investigation committee that includes and executive team member and a people representative• Support for victims includes: compensation if a victim has suffered damages, such as a demotion or denial of a promotion; compensation for any monetary loss arising from a denial of employment-related benefits rightfully due to him/her and the victim will be recommended for counselling therapy.• With respect to legal compliance, the People Team is tasked with notifying the police and following up on the police investigation
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BII GBVH3: Preventing GBVH and encouraging reporting

Company performance	<ul style="list-style-type: none">• The sexual harassment policy communicates the company's approach to creating a harassment free workplace by preventing sexual harassment, including training employees and providing refresher training annually; details the responsibilities of managers and the People team in swiftly taking action when incidents are reported• Employees who experience harassment have the right to report it confidentially through various channels such as the suggestion box, emails to managers or HR, or an anonymous link. Reports can also be made to external authorities such as police.
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BII GBVH4: Responding to reports of GBVH

Company performance	<ul style="list-style-type: none">• The Sexual harassment policy lays out the step by step process of investigating reports.
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	<ul style="list-style-type: none"> When needed, Sistema.bio works with experts to handle cases.
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BII GBVH5: Monitoring GBVH

Company performance	Sistema.bio tracks GBVH incidents, investigates, and tracks their root causes in order to identify areas of improvements. An area of improvement that arose from monitoring was having workers employed by distributors sign the Safeguarding commitment
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5 – ESG Action Plan (ESAP)

Measure or Corrective Action	Deadline
Recruit a dedicated ESG Manager	Mar 2025
Develop an environmental and social management system (ESMS) manual	6 months after the ESG Manager is hired
Develop a system for proactively identifying and rating ESG & BI risks	12 months after the ESG Manager is hired
Formally assign ESG responsibility to a member of the Board of Directors	June 2025
Provide ESG capacity building & thereafter refresher ESG training to the team members with ESG & OHS responsibilities	Mar 2025
Strengthen GBVH reporting in the Sexual Harassment Policy: Provide a Designated HR Email Address:	June 2025

<p>Update Language about reporting of cases by managers to HR/ Eliminate Informal Handling Inconsistencies in GBVH Policy:</p> <p>Revise the policy to explicitly state that all GBVH cases, regardless of severity, must be reported to HR</p> <p>Eliminate or adjust any policy wording that implies managers or supervisors can handle GBVH cases independently</p>	June 2025
Establish Capacity Building and Governance Framework for GBVH Investigation Committee	June 2025
Develop Health and Safety training material that covers content on all the priority ESG & BI risks highlighted in the Health and Safety policy for Commercial & tech operations in the field, Offices, technical operations, production, R&D, Farmers	Dec 2025
In user manual for farmers include contact information specific to whistleblowing & raising grievances	Mar 2025
Develop emergency response plans and associated training documents for the main H&S risks	Dec 2025
Ensure consistency across staff handbooks in core countries of operation by including clear statements on freedom of association and collective bargaining.	Dec 2025
<p>Ensure that all employees, receive training on GBVH and road safety: Provide all employees with access to the policies.</p> <p>Extend training to distributors: Ensure that distributor staff receive training and refresher training on GBVH and road safety. Develop and implement a risk-based monitoring approach to track the completion of training and any related incidents.</p>	Dec 2025
Develop a system to validate and monitor (as needed and commensurate with the risk and stage of Sistema.bio's business) that distribution partners adhere to fair labor practices, including the provision of contracts and compliance with minimum wage regulations.	Jun 2025