

**AGREEMENT TO CLOSE THE MEDIATION PHASE OF THE DISPUTE RESOLUTION
FUNCTION OF THE OFFICE OF THE COMPLIANCE ADVISOR OMBUDSMAN OF THE
WORLD BANK GROUP**

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**SIGNED BETWEEN CORPORACIÓN MONTELIMAR AND THE ASOCIACIÓN
MONTELIMAR BENDICIÓN DE DIOS**

1. BACKGROUND

- 1.1 The office of the Compliance Advisor Ombudsman of the World Bank Group (the “CAO”) is the independent accountability and recourse mechanism of the International Financial Corporation (the “IFC”), and the Multilateral Investment Guarantee Agency (“MIGA”) in relation to environmental and social issues.
- 1.2 In October of 2015, the CAO received a complaint formulated by the Asociación Montelimar Bendición de Dios (“AMBED”), stating its concerns about impacts on the health of its members and the environment attributed to the operations of Corporación Montelimar (“Montelimar Corporation”), client of the IFC. The CAO determined that the complaint was eligible, given that it raised social and environmental issues, it related to a project financed by the IFC, and it was presented by people who felt that they were directly affected.
- 1.3 Both parties expressed their willingness to work under the auspices of the Dispute Resolution function of the CAO to seek solutions of mutual benefit. From February of 2016 until now, the parties have held twenty-two dialogue meetings convened and mediated by the CAO, at which all points raised in the complaint presented by AMBED were addressed. On January 26, 2017, the parties signed a first agreement that addressed some of the points raised in the complaint, and since then, they have continued to work together to implement it and reach new agreements. The CAO has monitored the implementation of the first agreement and has facilitated the negotiations to arrive at supplementary agreements.
- 1.4 In April 2018, a social, political and economic crisis arose which made it difficult to continue with the dialogue process owing to difficulties in moving freely on the country’s roads. Nevertheless, the parties managed to continue working together and implementing the agreements that they had achieved.
- 1.5 In this Closing Agreement, the parties gather together the first agreements reached and supplement them with the progress achieved by the parties since then. The AMBED representatives submitted the central elements for this agreement for consideration by its Assembly of members in the presence of the CAO, and have their approval for its signing. Similarly, the representatives of the Montelimar Corporation have the approval of their Board of Directors for signature.

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2. THE PARTIES

- 2.1 For the purposes of this agreement, “the parties” is understood to refer to AMBED and the Montelimar Corporation, and “beneficiaries,” to those members of AMBED who meet the requirements established in this agreement to be eligible for access to a specific benefit.

3. PURPOSE

- 3.1 This Agreement brings to a close the Mediation phase of the CAO’s Dispute Resolution function. As such, it gathers together and sets forth in detail the agreements reached by AMBED and the Montelimar Corporation, as well as progress achieved in their implementation up to now.
- 3.2 The parties declare that they have reached agreements on all points included in the complaint filed by AMBED before the CAO, as well as supplementary agreements that are set forth in detail in the following sections of this document.

4. SUPPORT FOR FORMER WORKERS BY THE CURRENT MANAGEMENT OF THE MONTELIMAR CORPORATION

- 4.1 As an integral part of the first agreement reached, the parties signed a Collaboration Agreement that expanded the actions that the Montelimar Corporation has been performing based on its Strategy of Corporate Social Responsibility (CSR) to benefit its former workers who worked under the current management (from 2002 forward), who are prevented from continuing to work due to illness, accident or old age, and who meet the requirements of the support programs of the Montelimar Corporation. The Collaboration Agreement combined temporary, short-term benefits concerning health and food with sustainable, medium-term actions to implement employment and income generating projects, and to collaborate with national authorities to improve health care services in communities in the vicinity of the Montelimar Plant (*Ingenio Montelimar*).
- 4.2 As a result of the implementation of this agreement, the following results were obtained:
- 4.2.1 Twenty AMBED members became eligible for the Montelimar Corporation’s Health Support Program. Of these, four regularly availed themselves of the benefit of access to medical appointments and medications, and seven received their pension. These same twenty members became eligible for a monthly food package originally agreed upon for a maximum period of four months, which was voluntarily extended by the Montelimar Corporation. Those who have not yet received their pension are still getting support from the Montelimar Corporation to qualify for it.

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- 4.2.2 Furthermore, twenty-four people have free transportation service to Managua for their medical appointments and hemodialysis services, as well as support with food allowances and in some cases, transportation vouchers to leave their communities to get to the bus stop for transportation to Managua.
- 4.2.3 The Manantial de Agua Viva Multiple Service Garment Cooperative, R.L. (COSEMUNAV, R.L. – *Cooperativa Textil de Servicios Múltiples Manantial de Agua Viva, R.L.*) was created, made up of one hundred and seventy two members, who now have up and running the Manantial de Agua Viva Garment Workshop (*Taller Textil Manantial de Agua Viva*) where uniforms and other textile items are produced for the Montelimar Corporation as its principal client. The workshop has found new clients, employs twelve permanent workers, and three to four part-time or temporary workers when production volumes increase. The Montelimar Corporation has undertaken to continue the same support that it has been providing until the unit becomes self-sufficient. The agreement signed between the Montelimar Corporation and COSEMUMAV is attached hereto as Annex II.
- 4.3 The only commitment assumed which could not be achieved, due to the country's social, political and economic crisis, was the establishment of an Inter-institutional Commission to improve the health services in the zone. The parties recognize that health care needs are numerous, and are beyond what it has been possible to achieve up to now. Nevertheless, the parties reaffirm their commitment to keep seeking opportunities to make it so that more community members can have better access to health care services in coordination with the respective institutions.
- 4.4 Since the signing of the Agreement, the parties have reached new agreements that include the management of different donations for AMBED, so far achieving the delivery of a pallet of clothing, establishing a relationship with an organization that contributes various products for their use and consumption (food, personal hygiene and cleaning products), and setting up a pilot project to support small family businesses. Accordingly, the parties have agreed to replace the Agreement signed on January 26, 2017, with a new Collaboration Agreement, which is an integral part of this agreement, and is attached hereto as Annex I.
- 4.5 With regard to a claim for indemnification, a point included in the complaint filed by AMBED with the CAO, both parties have agreed since the start of the proceeding that the issue will not be a matter of negotiation, and that the effort is to focus on improving the living conditions of AMBED members.

5. ACTIONS AGREED UPON FOR CHANNELING COMPLAINTS AND SUGGESTIONS THROUGH AMBED

- 5.1 As a result of the first dialogue meetings, the parties have agreed that several points included in the claim could be addressed through the Mechanism for Addressing Complaints and Suggestions. They also agreed that AMBED would collaborate by publicizing the existence of this

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mechanism, and would also act as an additional channel for receiving complaints and suggestions from workers, former workers and members of the community.

- 5.2 At the end of 2016, the parties established a committee made up of two members of the Montelimar Corporation (the head of Human Resources and the head of Corporate Social Responsibility), and two members of AMBED (the President and Vice President), to follow up on complaints and suggestions received through AMBED. This Committee has defined a procedure that has guided the twenty-two meetings held so far.
- 5.3 The parties have revised and amended the Procedure for the Committee for Complaints and Suggestions which, in its most recent version, is an integral part of this Agreement, superseding the previous one, and attached hereto as Annex III.
- 5.4 The Montelimar Corporation reiterates that respect for human rights is a fundamental basis of its operation, and that it has not tolerated, nor will it tolerate, any kind of reprisals against its workers or former workers. Within this framework, the Montelimar Corporation reaffirms its commitment to treat everyone who uses its Mechanism for Addressing Complaints and Suggestions ethically and responsibly, and it is committed to do the following:
- a) Continue holding talks with its workers in the communities where the operation has an effect to publicize the Mechanism to Address Complaints and Suggestions, and periodically to inform AMBED about the talks held, in accordance with the schedule for community visits of its Corporate Social Responsibility (CSR) staff.
 - b) Give timely follow-up to complaints filed with the Committee for Complaints and Suggestions, as long as they provide the required information;
 - c) Keep open the communication channels that have been functioning through the CSR department, whether via e-mail, phone calls, WhatsApp, Committee meetings and/or in-person visits to the office; and
 - d) Guarantee that no reprisals are taken against workers who file complaints or claims through any channel.
- 5.5 The parties undertake to continue collaborating so that users will end up developing ever greater trust in the Mechanism to Address Complaints and Suggestions. AMBED will immediately inform the Montelimar Corporation if a situation arises that could be interpreted as a reprisal, in order to allow for a swift response on the matter.
- 5.6 At the start of each calendar year, the parties will jointly conduct an assessment of the Committee's proper functioning, with a view to considering whether or not there is a need to make adjustments as part of continuous improvement.

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6. QUANTITY AND QUALITY OF WATER

- 6.1 In response to AMBED's concern regarding the quality of water in the area, and the possibility that it could be contaminated with agrochemicals or heavy metals, at the end of 2017 the parties agreed to add a participatory component to the water quality monitoring program that the Montelimar Corporation had been implementing at fifteen sources of surface water, fifty sources of ground water and two harvest reservoirs for the supply of water for drinking and irrigation.
- 6.2 As a result, between 2018 and 2019, twenty-one sources of water were monitored at sites selected by common agreement, with active community participation in the taking and transfer of samples. The lab results were shared with the members of each community where samples were taken.
- 6.3 Satisfied with the results of the two experiences in participatory monitoring held in 2018 and 2019, the parties have formalized the initiative through a specific Agreement for Participatory Water Quality Monitoring, which forms an integral part of this agreement, and is attached hereto as Annex IV.
- 6.4 With regard to AMBED's concerns regarding the quantity of water, the parties agree that, as has been done up to now, each specific case that arises will be addressed by the Mechanism to Address Complaints and Suggestions following the procedure established in Annex III. For its part, the Montelimar Corporation will continue to implement efficient irrigation systems to optimize the handling of water resources and, with the aim of contributing to environmental conservation, it undertakes to:
- a) Establish strategic alliances to implement measures to protect the environment and hold reforestation days in communities near water sources;
 - b) Draw up together with the Participatory Water Monitoring Committee a list of possible communities where ecological days could be held;
 - c) Conduct technical evaluations through its environmental department; and
 - d) Undertake a joint effort, in which AMBED will take part, to organize the community, and for which *Reserva Natura* ('Nature Reserve') will provide the necessary logistical support.

7. PREVENTION OF CHRONIC KIDNEY DISEASE AND RESEARCH INTO ITS CAUSES

- 7.1 The parties are aware that the cause of Chronic Kidney Disease that is affecting the population is unknown, and to find out what it is, it will be necessary to develop new scientific knowledge. They are also aware of the different research initiatives that have been carried out and are being carried out in Nicaragua and Central America to study occupational and non-occupational factors.

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- 7.2 Even though the cause of CKD is not known, the parties feel that it is appropriate to engage in all possible efforts to prevent any risk factors of an occupational nature. To this end, the Montelimar Corporation has been implementing a process of continuous improvement in its labor practices, which include the following:
- Provision of isotonic beverages and water for work that is exposed to thermal stress;
 - Scheduling rest in the shade in accordance with regulations established for labor;
 - Assigning skilled and trained Health Brigades to assist work crews that have the most exposure to thermal stress, whose function is to monitor thermal stress, providing vigilance and oversight of hydration and rest, emergency care, oversight of the use of Personal Protective Equipment (PPE), and training on health and safety issues associated with activities;
 - Conducting alcoholaemia tests before starting activities;
 - Measurement and monitoring of thermal stress;
 - Provision of appropriate PPE based on the job.

In this process, the Montelimar Corporation states that it has also incorporated recommendations made by Boston University:

i. Program for Training Workers:

- Technical information on how to perform the job appropriately, including potential risks and other hazards associated with the work being performed;
- Safe handling and operation of equipment;
- Appropriate use and maintenance of PPE;
- Protocols on what to do in the event of accidents and other emergencies;
- Keeping records of training for each worker.

ii. Work Practices Related to Agrochemicals:

- All workers should receive training on the appropriate handling and potential risks of using agrochemicals;
- Workers should receive brief orientation before starting work on what type of agrochemicals are being applied;
- Each receptacle/container containing agrochemicals must display the name of the agrochemical and the important warnings on its use, handling and application;
- On finishing work, PPE must be properly cleaned/washed and put away;
- Warehouse staff who are responsible for intake and cleaning of PPE should be given training on the appropriate cleaning of PPE and on the safe use and handling of agrochemicals;
- The face masks currently used for the application of agrochemicals are 3M-7093C; however, experience has shown us that this is not the most suitable mask for the application of agrochemicals. For this kind of work, 3M recommends the 6001 with a 5P71 filter. It is recommended to consult with 3M to determine which face mask option is best for the application of a variety of agrochemicals.

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iii. Reduction of Risks due to Thermal Stress

- The U.S. Occupational Health and Safety Administration (OSHA), based on levels of temperature, humidity and solar radiation, recommends that each worker should rest 15 minutes for each hour worked;
- Recommendation of a Program of Acclimatization at the beginning of each harvest for all workers with a risk of thermal stress;
- Rests for cane cutters are mandatory (hydration and rest in the shade are the key elements of the OSHA 2011 Prevention Campaign);
- Recommendation to incorporate a training session on thermal stress for workers exposed to this risk, including symptoms, hydration, rest in the shade, consequences, and what to do in the event that symptoms appear;
- Clothing for the application of agrochemicals is made with material that limits perspiration together with all of the applicators' PPE, and this kind of clothing increases the risk of thermal stress. It is recommended to look into other types of clothing/materials that favor perspiration during work that has a risk of thermal stress.

The Montelimar Corporation declares that, as part of its compliance with the legal rules established in Nicaragua, it is subject to inspections and audits by the Ministry of Labor (MITRAB – *Ministerio del Trabajo*) and the Nicaraguan Institute of Social Security (INSS – *Instituto Nicaragüense de Seguridad Social*), which are the entities that regulate matters relating to Occupational Health and Safety. Furthermore, it has a command structure that is trained and empowered to deal with issues of Occupational Health and Safety, and it also has a Mixed Commission for Hygiene and Occupational Safety (CMHST – *Comisión Mixta de Higiene y Seguridad de Trabajo*), duly authorized by the MITRAB.

7.3 In addition, to prevent accidents on the job, and to diminish risks of occupational diseases, the Montelimar Corporation undertakes to:

- a) Share with AMBED the matrix of PPE established for agricultural labor;
- b) Maintain its practice of medical evaluations at the beginning and end of employment contracts for cane cutters, because cane cutting is considered the work with the highest exposure to heat stress, and to give a copy of the result to each worker;
- c) Include applicators of Crop Protection Products in medical evaluations at the end of their employment contract;
- d) Maintain its program of orientation for workers before starting work, to train them in internal regulations and specific tasks of the job for which they have been hired;
- e) Share with AMBED the calendar of orientation talks held with workers before the harvest;
- f) Hold brief daily talks on occupational health and safety with its workers before starting the workday;
- g) Organize an annual gathering with Montelimar Corporation stakeholders, including AMBED, to arrange a presentation of good health and safety practices, share records of orientation sessions held and conduct a field visit;

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- 7.4 As has been done up to now, any complaint involving this issue will be taken up through the Mechanism to Address Complaints and Suggestions, following the procedures agreed upon in Annex IV of this agreement.
- 7.5 The Montelimar Corporation will share with AMBED all information within its reach concerning progress or outcomes of scientific studies conducted by Boston University on the causes of CKD.

8. RESETTLEMENT

- 8.1 AMBED is appreciative of the information provided by the Montelimar Corporation in response to its concerns regarding the procedures for resettlement carried out with the inhabitants of “El Campamento.” It is clear to AMBED that the resettlement project started in 2014, following the guidelines of the International Financial Corporation (IFC) of the World Bank, and does not involve any members of AMBED. Therefore, the subject was not a matter for additional dialogue in this proceeding, and it was handled directly between the Montelimar Corporation and the Communal Council created by the inhabitants of “El Campamento.” Even so, the Montelimar Corporation is willing to organize a joint visit with AMBED to allow it to get to know the process and the experience of the community during the process.
- 8.2 The Montelimar Corporation states that it has not contemplated executing new resettlement projects. In the event that a new project of this type should be undertaken that involves any AMBED members, the Montelimar Corporation is committed to sharing its policies for the relocation procedure, which it will carry out within the existing legal framework, and that they will strive for a negotiation that is mutually beneficial to all parties involved.

9. GRANTING TITLES TO LAND

- 9.1 The Montelimar Corporation stated during the dialogue process that, at the order of its Board of Directors, in 2007 it started a process of granting titles to land to help those people who live on land belonging to the Montelimar Corporation and who had acquired the right to possession because they had lived there for many years, but who had not been recognized by previous managements of the Plant. As a result of this process, the Montelimar Corporation made the respective demarcation and granting of titles to lots for one hundred and eleven families in Loma Alegre, and seventy one families in Los Vivas. In 2013, the Montelimar Corporation decided to continue with efforts at granting titles, giving rise to a program and also incorporating the community of El Apante. In total, it managed to benefit three hundred and forty-eight families, to whom the Montelimar Corporation delivered registered deeds and a lot plan for processing their ownership with the respective authorities.
- 9.2 AMBED is appreciative of the information presented by the Montelimar Corporation in the dialogue process. It is clear to AMBED that registration with the Registry of

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of Property of the deeds granted no longer depends on the Montelimar Corporation, but rather on the action of the beneficiaries of the Program themselves and the attention of the Public Prosecutor of the Republic (PGR – *Procuraduría General de la República*). Nonetheless, the Montelimar Corporation undertakes to do the following:

- a) support the beneficiaries of the deed program to resolve any objection of the PGR or other government institution in the registration of their properties. Nevertheless, the filing of the registration with the Registry of Property continues to be the responsibility of the beneficiary.
- b) Hold community assemblies in Loma Alegre and El Apante to inform the families on progress made by the deed program, and invite the representatives of the AMBED Board of Directors to participate; and
- c) Document steps taken before local and national government institutions concerning the deed program.

9.3 As has been done up to now, any new difference that may arise involving this issue will be addressed through the Mechanism to Address Complaints and Suggestions, following the procedures agreed upon in Annex IV of this agreement.

10. UNSCHEDULED BURNINGS OF SUGARCANE

10.1 AMBED is appreciative of the information presented by the Montelimar Corporation in the context of the dialogue process regarding the procedures it follows to carry out scheduled burnings of sugarcane and on the damages that the company incurs each year due to the impacts of unscheduled burnings. With regard to a problem that affects both the company as well as the community, the parties undertake to collaborate on the design and startup of a campaign for prevention of unscheduled burnings.

10.2 The Montelimar Corporation undertakes to do the following:

- a) Share the Harvest Plan each year for AMBED's zones of influence with the Board of Directors of AMBED;
- b) Provide an annual summary of unscheduled burnings registered during the harvest;
- c) Carry out the appropriate investigations when unscheduled burnings occur, in order to take preventive or corrective measures, even if company personnel is involved.

10.3 Given that unscheduled burnings do not constitute a condition for the hiring of labor in the communities, the Montelimar Corporation will continue to hire its workforce based on its internal policies and in the zones where it has a presence, since this ensures social wellbeing for the families of the respective communities.

10.4 For its part, AMBED, as part of its Board of Directors' plan of visits to communities where it has a presence, undertakes to collaborate in raising the awareness

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of communities on the prevention of unscheduled burnings, providing information and teaching people about its negative impact.

11. RELATIONSHIP OF DIRECT DIALOGUE BETWEEN THE PARTIES

- 11.1 The signing of this Agreement marks the closing of the Mediation phase within the CAO process and the start of the Monitoring phase, which duration is set for a minimum period of twelve months and a maximum period of eighteen months. As of the moment of signing of this agreement, the CAO staff will concentrate on ascertaining implementation of the agreements reached, supporting the parties in solving any difficulties that they may encounter, and strengthening their capacities.
- 11.2 The parties reaffirm that their relationship goes beyond the participation of the CAO, and even the financial relationship between the Montelimar Corporation and the IFC, and reaffirm their commitment to implement the agreements reached and to continue working together on short-, medium- and long-term initiatives to find sustainable solutions to the problem of CKD and the needs of the community. With this aim, they will continue in a direct dialogue in good faith that will be governed by the Protocol for Dialogue between the Montelimar Corporation and AMBED, which is an integral part of this Agreement, and is attached hereto as Annex V.
- 11.3 To address the needs that remain outstanding, the parties call upon national and international institutions, such as the Pan-American Health Organization and the International Financial Corporation, to join them and help the people who are suffering from chronic kidney disease.
- 11.4 Any difference in the interpretation of this Agreement, including all of its Annexes, shall be resolved by the parties through dialogue.

In the municipality of San Rafael del Sur, on the 10th of October 2019, three copies of this Agreement are signed.

For AMBED:

Víctor Hernández Sequeira – President	[signature]
Víctor Solórzano Flores – Vice President	[signature]
Cecilio Francisco Rojas – Secretary	[signature]
Martha Gutiérrez Morales - Treasurer	[signature]
Pedro Velásquez – Attorney	[signature]
José de la Cruz Bermúdez – Spokesman	[signature]
Kristen Genovese – Advisor to AMBED (SOMO)	[signature]
Edwin Cáceres – Advisor to AMBED	[signature]

For the Montelimar Corporation:

Oscar Montealegre – General Manager	[signature]
Oscar Téllez – Operations Manager	[signature]
Víctor Morroquín – Superintendent of Agricultural Production	[signature]
Varinia Herrera – Head of CSR and Communication	[signature]
Danelia Baltodano – Head of HR	[signature]
Franklin Rivas – Head of HSO	[signature]
Leonel Whelock – Head of Environmental Management	[signature]
Erick Prado – Coordinator of Health Program	[signature]
José David Rugama – Manager of Community Relations	[signature]

For the CAO Mediation Team:

Andrea Repetto Vargas – Specialist in Dispute Resolution	[signature]
Anne-Claire Olivera – Dispute Resolution Analyst	[signature]
Juan Dumas – Mediator	[signature]
Rogerio Cuadra – Mediator	[signature]

ANNEX I

COLLABORATION AGREEMENT BETWEEN CORPORACIÓN MONTELIMAR AND THE ASOCIACIÓN MONTELIMAR BENDICIÓN DE DIOS

BACKGROUND

The Corporación Montelimar S.A. (hereinafter referred to as the “Montelimar Corporation”) assumed, as of 2002, the management of Ingenio Montelimar, which is located 62 kilometers from Managua in the Municipality of San Rafael del Sur in the Department of Managua. The mission of the Montelimar Corporation is to contribute to the sustainable development of Nicaragua through efficient and responsible production of sugar, molasses and energy; a commitment that is upheld by 6 values that are practiced throughout its value chain: integrity, quality, innovation, responsibility, efficiency and leadership.

As part of this commitment, it established a voluntary Policy of Corporate Social Responsibility (CSR), as a new way of managing and doing business, ensuring that its operations are sustainable in economic, social and environmental terms, recognizing the interests of the different groups with which it has relationships. Furthermore, it has defined a CSR Strategy based on principles, guidelines and standards of performance established by the IFC, ISO Standard 26000 and the Global Compact, whose central pillars are: Sustainable Communities; Development and Opportunity; and the Environment. In the framework of these pillars, the company executes a variety of projects focusing on education, health and the environment, whose primary beneficiaries are communities located in its area of influence. To this end, it develops strategic alliances with other institutions, agencies and companies that support the same aims.

The Asociación Montelimar Bendición de Dios (hereinafter referred to as **AMBED**) was founded in February of 2014 with the principal purpose of seeking solutions to the problem of Chronic Kidney Disease (CKD) in the area. It is made up of three hundred and sixteen members, of whom AMBED reports that two hundred and thirteen are former workers and employees of the Montelimar Corporation. AMBED also reports that it includes fifty-two people who are widows and beneficiaries of former workers who have died from CKD. AMBED considers CKD to be an epidemic that strongly impacts the communities in the zone. People affected by Stage 3 CKD cannot continue working, their families are left without their main source of support, and they have to cover medical expenses. Not everyone who suffers from CKD manages to gain access to an INSS pension, and some only receive pensions in very reduced amounts. AMBED wishes to work with the Montelimar Corporation to conduct a joint search for solutions so that the community, workers and former workers can improve their quality of life. AMBED would also like to have the support of the Montelimar Corporation to approach other organizations that might help AMBED members to improve their situation.

Since 2008, the Montelimar Corporation has had a Comprehensive Health Program with three components: prevention, health monitoring and benevolent support for former workers and employees who suffer from chronic diseases, including CKD. After an exhaustive analysis of the positions put forward by AMBED, the Montelimar Corporation has identified the opportunity to incorporate some

of these needs into its CSR Strategy on behalf of its former workers and employees. As a result, on January 26, 2017, the Montelimar Corporation and AMBED signed a Collaboration Agreement which has been implemented for more than two years, and has entailed an investment on the part of the Montelimar Corporation of approximately 10.5 million córdobas, and which, by agreement of the parties, is to be replaced by this new Collaboration Agreement.

Having defined the background, and taking into consideration points held in common, and with the aim of incorporating the new agreements reached, the Montelimar Corporation and AMBED have decided to sign this Collaboration Agreement, which supersedes the former agreement:

ARTICLE ONE. – THE PARTIES: For the purposes of this Collaboration Agreement, the parties will be the Corporación Montelimar (the “Montelimar Corporation”) and the Asociación Montelimar Bendición de Dios (“AMBED”).

ARTICLE TWO.- PURPOSE AND SCOPE: To support former workers at the Montelimar Corporation who, as of the date of the signing of this Agreement, have worked for at least one hundred and four weeks under the current management, which extends from 2002 forwards, and who cannot continue working for reasons of illness, accident or old age.

Upon signing of this Agreement, former workers of the Montelimar Corporation who worked for at least fifty-two weeks during the five years prior to submission of their application, and who cannot continue working for reasons of illness, accident or old age, will be able to apply for the benefits set forth herein. This means that every new member of AMBED, after the three hundred and sixteen reported in its initial census, will be evaluated based on the new parameters described in this Agreement for access to the benefits set forth herein.

Those former workers who satisfy these requirements will be referred to in this agreement as “the former workers.”

ARTICLE THREE.- ACTIONS TO SUPPORT FORMER WORKERS:

1. Health Support Program

The Montelimar Corporation shall assimilate former company workers into its Health Support Program, which includes the following benefits:

- education and training about the disease that afflicts them;
- counseling on procedures for applying to receive the INSS pension;
- counseling on managing appeals before the INSS when former workers with pensions of very low amounts may so require;
- medical care at the Montelimar Corporation clinic;

- support with basic medications;¹
- transportation to doctor's appointments, medical exams and medical care for cases of hemodialysis;² and
- allowance for food based on the schedule of hemodialysis procedures.

Specifically, with respect to support for beneficiaries of the Health Support Program who are applying to the Nicaraguan Institute of Social Security (INSS – *Instituto Nicaragüense de Seguridad Social*) for pension benefits, to improve the process and secure a timely response to applications, Montelimar Corporation undertakes to do the following:

- Deliver printed Instructions for Dealing with the INSS;
- Continue to provide transport, or else, when this is not possible, granting an allowance, based on the real cost within the zone, all in keeping with established legislation;
- Monitor progress in the process of pension management for AMBED members applying to the program;
- Attend to and review each case individually to assess possible options and/or solutions; and
- Deliver to AMBED on a monthly basis, only if there has been some change, the list of members applying to the INSS for pension benefits with the accompaniment of the company.

During the process of application for their INSS pension, the Montelimar Corporation will continue to offer its former workers, a monthly nutritional package valued at C\$ 1,000.00 for a maximum period of four months, which will include food and hygiene products, validated in advance by a doctor to ensure that they contribute to balanced nutrition for beneficiaries. In addition to the requirements established in Article Two of this Agreement, those wishing to opt for this benefit must not be working or receiving additional income.

These benefits are interrupted when the former worker completes processing his or her pension application and has access to medical care and medications through the INSS or the Public Health System, or else, when the former worker is no longer engaged in the processing of his pension application.

The Montelimar Corporation also undertakes to share with AMBED an up-to-date list of former workers who have CKD and are members of AMBED, and who have been assigned to perform work that does not pose risks to their health.

Finally, in the event of the death of an AMBED member, the Montelimar Corporation will continue to provide support for his relatives, which will consist of a coffin, materials for a vault and financial assistance in the amount of C\$ 1,000.00. In those cases where the deceased was in the process of applying for pension

¹Basic medications provided through the Program are iron sulfate, calcium carbonate, Alopurinol and multivitamins. Additional medications provided through the Program are Enalapril, Etenonol and Eritroprovetina.

²This support includes provision of funds to transport members from communities of Loma Alegre or El Zapote to the place where they catch the bus.

The Montelimar Corporation will provide a basic nutritional package for the widow of the deceased until she receives a widow's pension. The process should not take more than six months. This support will be reviewed annually.

2. Improvement of health care services in the zone

Considering that the national health system has limited capacity for providing quality health care to people with CKD, the parties propose to collaborate in all things within their reach to help to improve health care services in the zone. The Montelimar Corporation undertakes to do the following:

- Coordinate meetings with directors of health care centers in San Rafael del Sur, Villa El Carmen and Masachapa to examine possibilities of support and channel medical care through these institutions.
- Support AMBED members who do not have medical coverage with a medical evaluation for patient referral to the respective health care facility; and
- Together with AMBED, arrange alliances with organizations engaged in health care issues to obtain support with medications, laboratory exams, and health care days, among other things. In the event that AMBED should set up alliances on its own, the Montelimar Corporation will evaluate the possibility of providing logistical support.

AMBED undertakes to prepare and keep up to date a list of its members who do not have medical coverage, stating the type of illness afflicting them and how long they have worked for the company.

Pursuant to said list, the Montelimar Corporation will commence coordination with the local Public Health System so that these members will have access to the appropriate medical care.

Accordingly, the Montelimar Corporation will carry out an initial assessment and will follow up on patients as needed depending on their medical condition, including exams as well as medications derived from the established list, while making referrals to the Public Health System. To this end, each individual will be given a health care card.

This will also apply to members who are currently in the Health Program.

When the country's situation improves, the parties will again take up their idea of establishing an Inter-institutional Commission to improve health care services in the zone, and to help those who do not have a pension to obtain one. When this is not possible, they will take up the matter before each governmental institution individually.

For its part, AMBED will set up a fund to cover the costs of emergency health care for its members, with contributions from its members, donations from the Textile Workshop and external donations.

3. Garment Manufacturing Self-supporting Business Development Project

With the aim of helping to improve the quality of life for its former workers and the development of their communities through creation of opportunities for employment and income, the Montelimar Corporation shall include within the pillar of “*Development and Opportunity*” of its CSR Strategy a Project for Self-Sustainable Business Development in garment production with the necessary capacity to meet the Montelimar Corporation’s annual demand for uniforms.

The proposal for this garment production project was selected taking into account the following:

- There is already a similar success story at the Monte Rosa Plant (*Ingenio Monte Rosa*);
- From the outset, the Montelimar Corporation will be able to be its first client;
- This kind of project in the zone has short-term growth opportunities because of the different companies located in the zone with this same need;
- This project can be developed in the short term, and with almost immediate impact;
- The project will allow for the development of new technical and behavioral skills;
- The project will be a source of employment and income generation for the community;
- The project will be a starting point for new business initiatives that can be identified with the experience acquired; and
- The project establishes the opportunity to create strategic alliances with the Cooperative of Multiple Love and Peace Services (COSEMUAP – *Cooperativa de Servicios Múltiples Amor y Paz*).

The project envisions the setting up of a Cooperative comprised of former workers of the Montelimar Corporation, which the Montelimar Corporation will support in the following manner:

- a) Paying all legal expenses for establishing the Cooperative
- b) Providing advice and oversight in the legal establishment of the Cooperative;
- c) Collaborating in the financial assessment of the project;
- d) Making a financial contribution to the project’s initial investment, in terms of the place, purchase of equipment and machinery, and providing the respective advance deliveries of raw materials;
- e) Providing training for members of the Cooperative on subjects such as: legal requirements, legal and fiscal responsibilities, project management, conflict resolution, cooperativism, leadership, teamwork, innovation, entrepreneurship, and continuous improvement, among other things; and
- f) Offering training to those who work as employees of the project.

The **Manantial de Agua Viva Multiple Service Garment Cooperative, R.L. (COSEMUNAV, R.L. – *Cooperativa Textil de Servicios Múltiples Manantial de Agua Viva, R.L.*)**, established on June 9, 2018, and comprised of one hundred and seventy two members, already has its garment workshop up and running.

Until the workshop achieves self-sufficiency, the Montelimar Corporation assumes the commitment to:

- g. continue temporarily supporting the initial operating costs, which are to be defined year to year depending on the financial results of the garment workshop,³and
- h. continue to cover the salary of an external accountant selected by mutual agreement between COSEMUNAV and the Montelimar Corporation.

As it has done up to now, the Montelimar Corporation undertakes to continue to offer COSEMUNAV the opportunity to participate in bidding for the order to produce uniforms for personnel of the Montelimar Corporation, meeting the conditions for competitiveness in terms of price, quality and delivery dates, like other suppliers.

The Parties express their satisfaction with the degree of progress in the implementation of this project since it got started on August 20, 2018, and reaffirm the commitments they have assumed. As of the date of this Agreement, COSEMUNAV will be the party responsible for continuing the relationship with the Montelimar Corporation. AMBED states its willingness to support the Montelimar Corporation and COSEMUNAV in every way it can for the success of this project.

4. Pilot Project to Support Small Family Businesses

The Montelimar Corporation accepts AMBED's proposal to support a pilot project to create a new sustainable alternative for generating income and healthy nutrition for families of Villa El Carmen and San Rafael del Sur. The project will consist of supporting the development of small individual or family businesses with reimbursable financial support, technical assistance and training. It will be executed together with AMBED and the Montelimar Corporation's CSR staff.

The goal of the project is for at least ten families in the municipalities of Villa El Carmen and/or San Rafael del Sur who are members of AMBED, within 18 months, to have small businesses that offer them a sustainable improvement in their income and quality of life.

The required investment is ten thousand US dollars, as well as the time that the Montelimar Corporation's CSR staff and the Board of Directors of AMBED will dedicate to the project.

The project will make it possible to determine if the model applied is viable for this beneficiary population, given the current context of the country's socio-economic crisis, to attempt a more ambitious second stage in the future.

The projected activities are:

³ Currently, the administrative support provided by the Montelimar Corporation includes payment of rent for the premises, payment of the salary of the garment workshop's manager, security for the premises and electricity.

- Selection of beneficiaries based on their interest and/or demonstrated capacity as entrepreneurs;
- Six training sessions for beneficiaries on the creation and management of small businesses, such as breeding poultry broilers, egg production, breeding and selling hogs, grocery stores, production and sale of tortillas and any other activities that can be identified with beneficiaries;⁴
- Provision of reimbursable financial support;
- Ongoing accompaniment and technical support for management of family businesses, which could encompass both productive as well as administrative issues;
- Training for good nutritional habits; and
- Evaluation every six months of progress achieved and challenges confronted to determine the feasibility of replicating the project and, if appropriate, designing a second phase.

For the development of this initiative the parties shall create a Committee that, at its first meeting, will draw up a detailed plan for implementation with the respective timetable.

5. Management of external donations to AMBED and other organizations

The Montelimar Corporation undertakes to carry on a permanent search, through its CSR Department, for strategic allies to obtain external donations for AMBED, given that such activities have yielded good results for food and provisions with the Food Bank of Nicaragua (BAN – *Banco de Alimentos de Nicaragua*) and clothing with the American Nicaraguan Foundation (ANF).

The Montelimar Corporation does not assume any responsibility for the commitments that any donor organization may sign with AMBED regarding the quality, quantity, frequency or punctuality of its donations. These are donations by third parties that are outside the responsibility of the Montelimar Corporation.

For its part, AMBED undertakes to carry out the procedure for obtaining its juridical personhood. In the meanwhile, when donors may so require, the Montelimar Corporation shall act as a channel so that AMBED can receive donations. Once AMBED obtains its juridical personhood, it will be able to receive donations directly, even if they have been arranged by the Montelimar Corporation specifically for the members of AMBED.

The Montelimar Corporation, whenever the Board of Directors may authorize it, shall make an annual allocation in its CSR budget to continue supporting AMBED in its organizational strengthening. This contribution is to be delivered monthly in cash to the Treasurer of AMBED, and will be subject to accountability in accordance with the budget presented by AMBED for such purposes.

⁴ These lines of business have already been proposed by the AMBED Board of Directors after consulting with its Assembly.

ARTICLE FOUR. – NEW INITIATIVES:

The Parties will continue to seek opportunities for development of new initiatives that supplement the progress achieved, with the aim of improving the living conditions of former workers and members of AMBED.

Each year, the Montelimar Corporation will analyze the various proposals for support of self-sustaining projects to be included in its CSR budget to be approved by its Board of Directors. The Montelimar Corporation's support will consist of structuring (feasibility and costing studies), financing, set-up and oversight for its sustainability. In each case, the Montelimar Corporation and AMBED will specify in detail the responsibilities attributed to each party, and if necessary, they will consider the possible participation of other donors and allies. Until February 25 each year, AMBED will be able to propose projects based on its needs, to be analyzed together, and to assess their inclusion in the annual CSR budget. In order to take them into account in its annual budgetary analysis, the Montelimar Corporation requires that these projects must be in alignment with issues that are being addressed in the three axes of its CSR Strategy.

Also, in the event that AMBED should manage to arrange financing for its own projects, the Montelimar Corporation will assess the possibility of offering support and oversight by its CSR staff, to the extent that its available time and resources should make it possible.

In the Municipality of San Rafael del Sur, on the 10th of October 2019, three copies of this Agreement are signed.

[signature]

Oscar Montealegre
General Manager
Montelimar Corporation

[signature]

Victor Hernández Sequeira
President
AMBED

ANNEX II

AGREEMENT BETWEEN CORPORACIÓN MONTELIMAR AND COOPERATIVA TEXTIL DE SERVICIOS MÚLTIPLES MANANTIAL DE AGUA VIVA, R.L.

The Montelimar Corporation is committed to ensuring that its operations are sustainable in economic, social and environmental terms, recognizing the interests of the different groups with which it has relationships. Accordingly, it has defined a CSR Strategy based on principles, guidelines and standards of performance established by the International Finance Corporation (IFC), ISO Standard 26000 and the United Nations Global Compact, which operates on a model of three pillars: Sustainable Communities; Development and Opportunity; and the Environment. In the framework of these pillars, the company executes a variety of projects focusing on education, health and the environment, whose primary beneficiaries are the workers and communities located in its area of influence. To maximize the impact of these projects, it develops strategic alliances with other institutions, agencies and companies that support the same aims.

As part of this strategy, in January 2017, Corporación Montelimar, S.A., signed a collaboration agreement with the Asociación Montelimar Bendición De Dios (AMBED), an organization consisting of three hundred and sixteen members, most of whom are former workers of the different managements that the Montelimar Plant (*Ingenio Montelimar*) has had. This agreement, which was updated in 2019, establishes in its Article Three, number three, that “with the aim of helping to improve the quality of life for its former workers and the development of their communities through creation of opportunities for employment and income, the Montelimar Corporation shall include within the pillar of **“Development and Opportunity”** of its CSR Strategy a Project for Self-Sustainable Business Development in garment production with the necessary capacity to meet the Montelimar Corporation’s annual demand for uniforms. The project envisions the setting up of a Cooperative comprised of former workers of the Montelimar Corporation who cannot work owing to illness, accident or old age.” As per the agreement, “the proposal for this garment production project was selected taking into account the following:

- There is already a similar success story at the Monte Rosa Plant (*Ingenio Monte Rosa*)
- From the outset, the Montelimar Corporation will be able to be its first client
- This kind of project in the zone has short-term growth opportunities because of the different companies located in the zone with this same need
- This project can be developed in the short term, and with almost immediate impact
- The project will allow for the development of new technical and behavioral skills.
- The project will be a source of employment and income generation for the community
- The project will be a starting point for new business initiatives that can be identified with the experience acquired, and

- The project establishes the opportunity to create strategic alliances with the Cooperative of Multiple Love and Peace Services (COSEMUAP – *Cooperativa de Servicios Múltiples Amor y Paz*)

With the aim of establishing the aforementioned cooperative, the Montelimar Corporation, S.A., has undertaken and fulfilled the following commitments established in the agreement:

- a) Paying all legal expenses for establishing the Cooperative
- b) Providing advice and oversight in the legal establishment of the Cooperative;
- c) Collaborating in the financial assessment of the project;
- d) Making a financial contribution to the project's initial investment, in terms of the place, purchase of equipment and machinery, and providing the respective advance deliveries of raw materials;
- e) Providing training for members of the Cooperative on subjects such as: legal requirements, legal and fiscal responsibilities, project management, conflict resolution, cooperativism, leadership, teamwork, innovation, entrepreneurship, and continuous improvement, among other things; and
- f) Offering training to those who work as employees of the project.

For the fulfillment of said commitments, through this document, it is made known that Montelimar Corporation, S.A. has executed the following activities:

1. Accompaniment in structuring and establishing the Manantial de Agua Viva Multiple Service Garment Cooperative, R.L. (COSEMUNAV, R.L. – *Cooperativa Textil de Servicios Múltiples Manantial de Agua Viva, R.L.*);
2. Hiring a legal advisor for oversight of COSEMUNAV, R.L.;
3. Drafting of by-laws for COSEMUNAV, R.L.;
4. Holding an assembly for the establishment of COSEMUNAV, R.L.;
5. Obtaining juridical personhood for COSEMUNAV, R.L.;
6. Viability study for the installation of the Manantial de Agua Viva Garment Workshop;
7. Filing for Unique Taxpayer ID Number (RUC – *Registro Único de Contribuyente*) credentials of COSEMUNAV, R.L.;
8. Registration as a State supplier;
9. Arranging Matriculation with the Municipal Government;
10. Publication of juridical personhood in the Official Diary of *La Gaceta*;
11. Filing for Certificates of Income Tax Exemption;
12. Design of logo for COSEMUNAV, R.L., as well as logo and letterhead for the MAV Garment Workshop; and
13. Training Program for management of COSEMUNAV, R.L.;

From August 2018 to the date of signing of this agreement, the cost of responsible social investment is as follows:

No	Specific Contribution	Cost in córdobas
1	Costs of processing establishment and registration of COSEMUNAV, R.L.	C\$ 307,200.00
2	Salary of Head of Garment Workshop for (1 year)	C\$ 537,331.71
3	Salary of Security Personnel for Garment Workshop for (1 year)	C\$ 307,795.23
4	Machinery: Standard sewing machines, Overlock and Sambong machines, cutters and other items (one time)	C\$ 398,000.00
5	Purchase of raw materials for start-up of operations of garment workshop (one time)	C\$ 100,000.00
6	Furniture and equipment (lockers, water cooler, microwave, coffee machine, tables, chairs, other items)	C\$166,400.00
7	Renovation of premises (one time)	C\$ 480,000.00
8	Rental of premises for Workshop (2 years)	C\$ 384,000.00
9	Payment of electricity bill for garment workshop (1 year)	C\$ 78,000.00
10	Vehicle donated COSEMUNAV, R.L. (one time)	C\$ 130,000.00
11	Vehicle maintenance	C\$ 40,000.00
12	Training and Instruction of garment workshop personnel (1 year)	C\$ 48,000.00
13	Training for institutional and operational strengthening of the Cooperative (1 year)	C\$ 16,000.00
TOTAL		C\$ 2,992.726.94

The **Montelimar Corporation, S.A.**, to help to improve the quality of life for all associated members of the Cooperative, is delivering to COSEMUNAV, R.L. all that is listed in the table above. The total cost of the social investment is C\$ 2,992.726.94 (two million nine hundred and ninety two thousand seven hundred and twenty-six córdobas and ninety four centavos).

COSEMUNAV, R.L., for its part, states that it has satisfactorily received both the inventory indicated in good working condition, as well as the accompaniment that was offered by Montelimar Corporation, S.A., waiving any claim regarding the services and goods delivered to it.

The Montelimar Corporation, S.A. and COSMUNAV, R.L., undertake to continue working together within the framework of what has been agreed upon until the Manantial de Agua Viva Garment Workshop becomes self-sufficient. To this end, the Montelimar Corporación, S.A. is reaffirming its commitment as established in the aforementioned agreement to:

- g. continue temporarily supporting the initial operating costs, which are to be defined year to year depending on the financial results of the garment workshop,¹and

¹ Currently, the administrative support provided by the Montelimar Corporation includes payment of rent for the premises, payment of the salary of the garment workshop's manager, security for the premises and electricity.

- h. continue to cover the salary of an external accountant selected by mutual agreement between COSEMUNAV and the Montelimar Corporation.

As it has done up to now, the Montelimar Corporation undertakes to continue to offer COSEMUNAV the opportunity to participate in bidding for the order to produce uniforms for personnel of the Montelimar Corporation, meeting the conditions for competitiveness in terms of price, quality and delivery dates, like other suppliers. COSEMUNAV will be the first garment supplier to be consulted in requests for garment production by the Montelimar Corporation, and COSEMUNAV should determine whether or not it can fill such an order or requisition with the aim of helping it to achieve sustainability as quickly as possible for the benefit of its members.

Furthermore, until the garment workshop achieves self-sufficiency, the Montelimar Corporation assumes the commitment to continue supporting COSEMUNAV management with logistics and allowances at monthly meetings for training and logistical support (premises, transportation and snacks) for the Ordinary Assemblies of the members of COSEMUNAV.

In witness whereof, we do sign below this **COLLABORATION AGREEMENT** in the city of San Rafael del Sur, Managua, on October 10, two thousand nineteen.

[signature]

Oscar Montealegre
General Manager
Montelimar Corporation

[signature]

Yovan Rodríguez Núñez
President
COSEMUNAV, R.L.

ANNEX III

PROCEDURE FOR JOINT COMMITTEE BETWEEN CORPORACIÓN MONTELIMAR AND THE ASOCIACIÓN MONTELIMAR BENDICIÓN DE DIOS FOR RESPONDING TO COMPLAINTS AND SUGGESTIONS

BACKGROUND

On June 3, 2016, Corporación Montelimar (hereinafter, the “Montelimar Corporation”) and the Asociación Montelimar Bendición de Dios (hereinafter, “AMBED”) agreed that AMBED will act as the agent publicizing the mechanism for responding to complaints and internal or external suggestions that the Montelimar Corporation has. They also agreed that AMBED will function as an additional channel for intake of complaints and suggestions that are brought to it by members or relatives in neighboring communities. To this end, they agreed to set up a joint Committee through which AMBED can transmit to the Montelimar Corporation complaints or suggestions received in order for them to be addressed through the mechanisms that they have already established.

PURPOSE OF PROCEDURE

To establish the rules that are to govern the functioning of the Committee for Complaints and Suggestions.

This document does not amount to an amendment of the mechanism for responding to complaints and suggestions, both internal and external, as well as the procedures already used by the Montelimar Corporation to respond to them.

COMMITTEE MISSION

The Committee seeks to facilitate an effective dialogue and open lines of communication, and also to establish an accessible, transparent and effective mechanism for addressing and resolving complaints and suggestions brought before AMBED by its members and communities, contributing to the continuous improvement of the mechanism for responding to complaints and suggestions of the Montelimar Corporation.

The Montelimar Corporation will provide feedback to AMBED on the management and settlement of complaints received through the Committee.

COMPOSITION OF COMMITTEE

The Committee will be composed of two representatives of each one of the Parties:

- For the Montelimar Corporation, the Head of Human Resources (HR) and the Head of Corporate Social Responsibility (CSR) will participate.

- For AMBED, the President and Vice President will serve as representatives.

Each Party is free to change its representatives at their convenience.

COMMITTEE MEETINGS

Committee meetings will be ordinary or extraordinary, and will be carried out in a place agreed upon by both parties.

Ordinary meetings will be held on the last Tuesday of each calendar month if there are new complaints or suggestions to be presented by AMBED, or if there are pending responses to be reported by the Montelimar Corporation.

Extraordinary meetings will be held whenever necessary at the request of either of the Parties, when there is a special situation to be addressed.

In the event of circumstances that do not allow for meeting in person, the Montelimar Corporation is open to receiving complaints or suggestions via e-mail or WhatsApp, and will provide follow-up responses via the same means.

At the end of each month, the Montelimar Corporation will send via e-mail a summary of the follow-up on complaints and suggestions received through the Committee, whether or not there are meetings.

INTAKE AND PROCESSING OF COMPLAINTS

AMBED can present claims of former workers, active workers and members of communities, whether or not they are members of the association.

While the Montelimar Corporation accepts verbal or written complaints in any format, both Parties agree that it is conducive to a better response if they are in the format provided by the company.

In order to ensure transparency and a timely response, complaints should preferably be submitted with evidence (photographs, videos or depositions, among other things), with contact information for follow-up and feedback. The Montelimar Corporation will maintain appropriate confidentiality, taking into account the issue at hand and the wishes of the person filing the complaint.

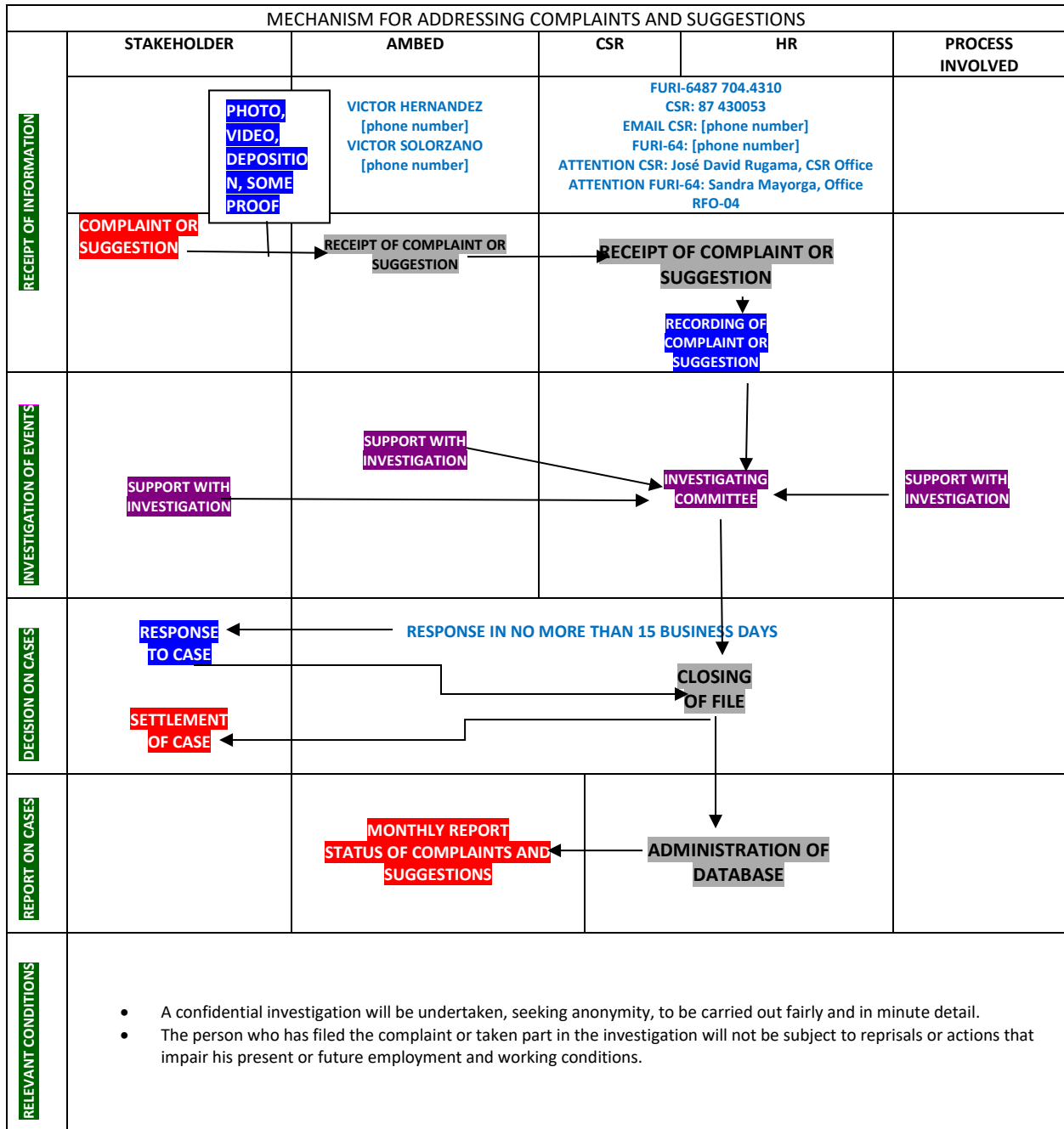
AMBED may compile the complaints it receives and present them to the company at ordinary meetings, or it can encourage its members to use the channels already available to submit complaints to the Montelimar Corporation.

AMBED will not play the role of verifying the complaints or suggestions it submits to the Montelimar Corporation. It remains at the discretion of the company, in the course

of processing a complaint, if it wishes to invite AMBED to engage in any joint action before providing a response.

In addition to the recording that the company performs as part of the operation of its complaint response mechanisms, AMBED may keep its own records of complaints submitted and addressed by the Montelimar Corporation.

MECHANISM FOR ADDRESSING COMPLAINTS AND SUGGESTIONS



ANNEX IV

AGREEMENT BETWEEN CORPORACIÓN MONTELIMAR AND THE ASOCIACIÓN MONTELIMAR BENDICIÓN DE DIOS FOR PARTICIPATORY MONITORING OF WATER QUALITY IN SAN RAFAEL DEL SUR AND VILLA EL CARMEN

BACKGROUND

Corporación Montelimar (hereinafter, the “Montelimar Corporation”) assumed, as of 2002, the management of the Montelimar Plant (*Ingenio Montelimar*), which is located 62 kilometers from Managua in the Municipality of San Rafael del Sur in the Department of Managua. The mission of the Montelimar Corporation is to contribute to the sustainable development of Nicaragua through efficient and responsible production of sugar, molasses and energy; a commitment that is upheld by seven values that are practiced throughout its value chain: integrity, quality, innovation, responsibility, efficiency, leadership and safety.

In fulfillment of national legislation regulated by different institutions such as the National Water Authority (ANA – *Autoridad Nacional del Agua*), the Ministry of Health (MINSa – *Ministerio de Salud*), the Ministry of Labor (MITRAB – *Ministerio del Trabajo*), and the Institute for Agricultural Protection and Health (IPSA – *Instituto de Protección y Sanidad Agropecuaria*), the company has a program for monitoring the quality of drinking water for employees and the use of irrigation, in different source points for of water, wells and rivers. Approximately fifteen sources of surface water and fifty sources of ground water in the municipalities of Potosí, Diriamba, Jinotepe, Granada, Tisma, La Paz Centro, Nagarote, León, San Rafael del Sur and Villa El Carmen, are systematically monitored.

Laboratories certified and authorized by the Ministry of Growth, Industry and Commerce (MIFIC – *Ministerio de Fomento, Industria y Comercio*) have conducted one hundred and forty four microbiological analyses, and three hundred and nine heavy metals analyses in sources of water for human consumption and for irrigation. The products protecting crops that the company uses are endorsed by the competent national authority, and are among the products regulated by the World Health Organization (WHO).

In accordance with the country’s legal framework, the company carries out the management and handling of its empty agrochemical containers in coordination with the Nicaraguan Association of Agrochemical Formulators (ANIFODA – *Asociación Nicaragüense de Formuladores Agroquímicos*).

The Asociación Montelimar Bendición de Dios (hereinafter referred to as “AMBED”) was founded in February of 2014 with the principal purpose of seeking solutions to the problem of Chronic Kidney Disease (CKD) in the area. It is made up of three hundred and sixteen residents, of whom AMBED reports that two hundred and thirteen are former workers and employees of the Montelimar Corporation. One of AMBED’s concerns is to ensure that water quality in the areas where its members live is safe for human consumption.

In 2017, AMBED and the Montelimar Corporation began an initiative for Participatory Monitoring of Water Quality which included training for members of the

community, joint taking of samples in twenty-two bodies of water selected by common accord, with testing of physical-chemical, agrochemical (organo-phosphorous and chlorinated products), heavy metals (lead, cadmium and arsenic), and microbiological (fecal coliforms, thermotolerant coliforms and totals) properties, as well as information for the community. After two editions of this initiative in the 2017-2018 and 2018-2019 growing seasons, both parties felt that the results were satisfactory, so that they have proposed to continue the program, incorporating lessons learned.

In light of this background, and taking into consideration points in common, the Montelimar Corporation and AMBED have decided to sign this Collaboration Agreement:

ARTICLE ONE. – THE PARTIES: For the purposes of this Collaboration Agreement, the Parties will be the Corporación Montelimar (the “Montelimar Corporation”) and the Asociación Montelimar Bendición de Dios (“AMBED”).

ARTICLE TWO. – PURPOSE AND SCOPE: This Collaboration Agreement regulates the relationship between the Parties for the proper development of the joint initiative of Participatory Water Quality Monitoring in the municipalities of San Rafael del Sur and Villa el Carmen (“Participatory Water Quality Monitoring”).

ARTICLE THREE. – OBJECTIVE: The objective of Participatory Water Quality Monitoring is to generate credible and reliable information for all stakeholders on water quality, paying special attention to communities’ environmental concerns. In this way, the conversation between the Parties on water quality can be based on objective data and not on subjective perceptions.

ARTICLE FIVE. – THE COMMITTEE: The Parties agree to set up a Participatory Water Quality Monitoring committee (the “Committee”), which will be made up of two representatives of each Party. The Committee will meet at the initiative of any of its members, and will make decisions through agreements by the Parties.

ARTICLE SIX. – PARAMETERS TO BE EXAMINED: Each year, physical-chemical parameters (at nine source points) will be examined, as well as microbiological control parameters at nine source points (fecal coliforms, thermotolerant coliforms and totals). Every three years, an analysis will be conducted of heavy metals (cadmium and arsenic) and agrochemical (organo-phosphorous and chlorinated products) at nine source points for water.

ARTICLE SEVEN. – TAKING SAMPLES: Samples will be taken jointly by the Committee, following an agreed upon work plan. Residents of each community where each sample is taken will be invited as witnesses and they will be given information on the procedure.

ARTICLE EIGHT. – LABORATORY: The samples will be analyzed at the CIRA – UNAN laboratory in Managua. If a change should prove necessary, the new

laboratory will be selected by common agreement from among those that are authorized by the authorities in Nicaragua. A representative of AMBED who is a member of the Committee will be able to oversee the transfer of materials from the site where they were taken to the laboratory.

ARTICLE NINE. – DISCLOSURE OF RESULTS: Once the lab results are obtained, the Committee will meet to find out what they are, identify any corrective measures that it may be necessary to apply and draw up a plan for disclosure of the results. Residents who participated as witnesses in the taking of samples will also be invited to the Committee meeting to find out about the results so that they can convey them to their respective communities. Within the extent of their possibilities, the Parties will attempt to accompany the residents for disclosure of results in the communities. In addition, AMBED will include a presentation of results at its next members' Assembly, and will invite staff of the Montelimar Corporation to participate. All disclosure actions should be completed within a period not greater than six months once the sampling plan has been completed, provided that the results have been delivered by the laboratory.

ARTICLE TEN. – FINANCING: Costs associated with the Participatory Water Monitoring are to be borne by the Montelimar Corporation, as part of the budget it allocates each year for Corporate Social Responsibility activities. AMBED will contribute the time of its representatives on the Committee.

ARTICLE ELEVEN. – TRAINING: Each year, the Committee will decide whether it is necessary to undertake additional efforts for training in monitoring of water quality for its members or for the residents of the different communities where the samples will be taken. If it is considered necessary, they will include training events in their annual work plan.

ARTICLE TWELVE. – ADVISORY SERVICES: Either one of the Parties may avail itself of advisory services of an external expert if it finds it to be necessary. If one Party wishes to include an external advisor, they must inform the other party prior to the Committee meeting for selecting the sites for sample taking. Otherwise, the external advisor cannot be added that year. The costs associated with such advisory services are to be borne by the Party that requires them.

In the Municipality of San Rafael del Sur, on the 10th of October 2019, three copies of this Agreement are signed.

[signature]

Oscar Montealegre
General Manager
Montelimar Corporation

[signature]

Victor Hernández Sequeira
President
AMBED

ANNEX V

PROTOCOL FOR DIALOGUE BETWEEN THE ASOCIACIÓN MONTELIMAR BENDICIÓN DE DIOS AND CORPORACIÓN MONTELIMAR

1. Purpose: These regulations establish the rules for direct dialogue conducted by the **Asociación Montelimar Bendición de Dios** and the **Montelimar Corporation** in order to find sustainable solutions to the problem of Chronic Kidney Disease and other needs of the communities of San Rafael del Sur and Villa el Carmen.
2. The Parties: The Parties to this dialogue are the **Asociación Montelimar Bendición de Dios (hereinafter, “AMBED”)** and the **Corporación Montelimar (hereinafter the “Montelimar Corporation”)**. They can also include as parties other persons or organizations, provided that there is mutual agreement between AMBED and the Montelimar Corporation. Any parties who are added to the process shall undertake to accept and respect this Protocol and any agreements that may have been established.
3. Principles: The Parties agree that the dialogue is to be conducted in accordance with principles of fairness, good faith, informed participation, transparency, accountability, effectiveness, efficiency and respect for human rights and all relevant legal frameworks.
4. Meetings: The Parties will meet at least once every two months. At the end of each meeting, the date, starting time, agenda of issues and place for the next meeting will be established. Any subsequent change is to be made by common agreement by the Parties, by phone or e-mail.
5. Minutes: At the end of each meeting, the Parties shall draw up minutes that sum up the issues addressed and agreements reached, which is to be signed by each of the representatives present. Each party will keep a signed copy. The minutes are to be prepared by the Montelimar Corporation and reviewed by the Board of Directors of AMBED. Agreements reached by the Parties shall state in detail the actions to be performed, the responsibilities that each party assumes, the sources of financing for their execution and an estimated time for completing them.
6. Communication: The representatives undertake to share with the people they represent the information resulting from each meeting. The Parties may agree ahead of time to make statements to the media to inform people about the progress of the dialogue they are engaged in, adjusting with precision to any agreements reached and refraining from using these occasions as opportunities for promoting their positions to the detriment of the other Party.
7. Conduct: The Parties undertake to conduct the dialogue in a collaborative fashion, treating each other with the utmost respect and sharing all information necessary to advance towards agreed aims. They also assume the commitment not to engage in actions that might hinder or disrupt the process.
8. Representatives: Each party can participate with a team of up to ten representatives. The representatives shall have the authority to make decisions on behalf of the people they represent and undertake to keep them informed about

the progress and outcomes of the dialogue. Any representative who has not attended a meeting will accept any agreement that his colleagues may have reached with the other Party. Any change in the makeup of the teams will be reported to the other Party in a letter signed by the Board of Directors of AMBED, or by the General Management of the Montelimar Corporation, as the case may be.

9. Guests: By common agreement, the Parties may invite representatives from other institutions or organizations so that they can take part in a specific meeting to share information on any matter that may be relevant to the dialogue.
10. Advisors: Each party may avail itself at meetings of the advice of up to two advisors. The advisors of each one of the Parties shall have a voice at the meetings to the extent that the other Party is in agreement.
11. Observers: The Parties can by common agreement invite persons or organizations to act as observers of the dialogue in which they are engaged. Observers shall not have a voice during meetings.
12. Duration: The parties do not establish a deadline for the completion of the dialogue process.
13. Interruption: Either one of the Parties has the right to withdraw from the process at any time. To do this, its representatives must present a written statement explaining why they do not wish to continue with the dialogue, and to indicate which one of their needs is not being adequately met. The Parties shall meet to discuss these concerns, and shall seek support from a third party, jointly elected, who shall provide them with assistance in this conversation. If they should fail to reach agreement, the Party that so desires can terminate its participation in the dialogue.

In the Municipality of San Rafael del Sur, on the 10th of October 2019, three copies of this Agreement are signed.

[signature]

Oscar Montealegre
General Manager
Montelimar Corporation

[signature]

Victor Hernández Sequeira
President
AMBED