



NICHE COCOA INDUSTRY LIMITED

Environment and Social Compliance Audit Report

May 2023

NICHE COCOA INDUSTRY LTD

Prepared by Niche Cocoa E&S Audit Team.



NICHE COCOA INDUSTRY LIMITED

**NICHE COCOA
Environmental and Social Compliance Audit –
Final Report**

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EXECUTIVE SUMMARY

The African Development Bank (AfDB) has been approached by Niche Cocoa Industry Limited (NCIL or ‘the company’), a cocoa processing company, for funding to upgrade and expand its operations. In line with the AfDB’s Environmental and Social (E&S) policy and standards, an E&S Impact Assessment has been conducted to assess the potential environmental and social impacts of the proposed project and to identify measures to mitigate and manage these impacts

As required by its ESMS and Lenders, Niche Cocoa has conducted Environmental and Social Compliance Audit (ESCA) of its ESMS. The objective of the audit was to perform a review of the existing ESMS and to prepare a corrective action plan to facilitate the management of improvement actions going forward.

This report presents the findings of the ESMS audit. The audit was conducted by the Niche E&S Audit Team between 8th and 12th May 2023. The audit process included review of documentation and records, interviews/meetings with departmental heads, team and the junior staff. The audit findings relate to the status of the operation at the time of the audit.

The objective of this ESCA is to assess NICHE COCOA’s current environmental, occupational health, safety, and social practices across the company through a combination of interviews, field inspection, document and records review, and data analysis. The ESCA provides information on NICHE COCOA’s management practices, policies, procedures, and compliance with local and international regulation and best practices. Specific objectives include:

- Review NICHE COCOA’s current environmental, health and safety (EHS) management structure, procedures and practices.
- Determine the level of EHS and social risks or potential liabilities associated with NICHE COCOA’s assets and operations.
- Identify relevant national EHS and social laws and regulations as well as applicable European Union and lenders EHS and social standards and determine whether NICHE COCOA is in compliance with them.
- Identify NICHE COCOA’s labor practices and determine whether they provide sufficient resources to the employees to address any concerns or complaints the employees may have.

This ESCA identified some activities that require attention from NICHE COCOA in terms of current performance.

They are discussed as follows.

NICHE COCOA developed an ISO-accredited integrated occupational Health, safety and Environmental Management System. The EMS is built into NICHE COCOA’s Integrated Management System (IMS) and includes a wide range of procedures to manage the company’s OHS risks and environmental aspects, some of which were developed as corrective actions. However, some weaknesses can still be found with regard to the management of environmental aspects and impacts, with the key issues being:

- Inadequate infrastructure for fire safety management of NICHE COCOA activities.
- Insufficient resources to support implementation of operational EHS procedure (LOTO, confined space, environmental monitoring plan and resource efficiency).
- Inadequate training for staff in a range of OHS risks and environmental aspects and impacts, e.g., LOTO.

Evidence is available of occupational health and safety (OHS) and environmental management system as part of



NICHE COCOA's integrated management system (IMS). The IMS is certified to ISO 45001 and ISO 14001. The review of available OHS and environmental documents and records indicate that the maturity and robustness of the OHS and environmental management arrangements will be enhanced if corrective actions are implemented.

The proposed corrective actions include:

- Undertaking a detailed benchmarking of the fire safety infrastructure against best practice and Lenders' safeguard guidelines to identify material gaps.
- Updating the OHS management arrangements to align the system with good international industry practice (GIIP) in order to address the ISO 45001 and ISO 14001 surveillance audit non-conformities so that they are demonstrably suitable and sufficient to effectively manage the OHS hazards and risks and the environmental aspects and impacts and ensure legal compliance.
- Allocation of sufficient resources to support the operational EHS
- Building internal capacity by rolling out a program of OHS training sessions coupled with visits to sites that are demonstrably meeting good international practices.

NICHE COCOA's Human Resources Management Policy defines the basics and principles of NICHE COCOA's human resources management system, providing approaches on the selection and recruitment/dismissal of employees, training and knowledge testing, working hours and overtime, employee evaluation, salary, trade union and collective agreement, safety of employees, equal opportunity, exclusion of forced and child labor and harassment, etc. The policy relies on national and international legislative provisions as well as lenders safeguard standards. However, the policy's provision on overtime payment was not in line with international best practice and lender requirement.

NICHE COCOA's Stakeholder Engagement Plan (SEP) is developed in line with AfDB requirements.

NICHE COCOA's Grievance Redress Procedure was developed to provide a transparent and credible method to receive, assess, and address IMS-related grievances raised by workers, contractors, and other stakeholders in a timely manner. The procedure also includes requirements to provide a response and/or take action regarding anonymous grievances and focus on preventing/responding to harassment and gender-based violence.

However, the staff need to be sufficiently trained in the grievance procedure. The grievance registry shall also be revised to allow capturing of grievances resolved on the spot or outside of the formal system.

All of these issues have been included within the CAP along with mitigation measures.

An overall budget for environmental and social activities is 250,000 USD. It is assumed however that costs associated with a number of activities have already been included within the operational costs.



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ACRONYMS/ABBREVIATIONS

Acronyms/Abbreviations	Definition
AfDB	African Development Bank
CAP	Corrective Action Plan
CEO	Chief Executive Officer
CL	Cable Line
CR	Critically Endangered
CSR	Corporate Social Responsibility
EHS	Environmental Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
EN	Endangered
ERP	Emergency Response Plan
ESCA	Environmental and Social Compliance Audit
ESDD	Environmental and Social Due Diligence
ESAP	Environmental and Social Action Plan
ESMS	Environmental and Social Management System
EU	European Union
E&S	Environmental and Social
GBV	Gender-Based Violence
GIIP	Good International Industry Practice
GRM	Grievance Redress Mechanism
HWSF	Hazardous Waste Storage Facility
IAM	Independent Accountability Mechanism
IBA	Important Bird Area
ICNIRP	International Commission on Non-Ionizing Radiation Protection
IFC	International Finance Corporation
IMS	Integrated Management System
IOSH	Institution of Occupational Safety and Health
ISO	International Organization for Standardization
IP	Investment Program



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LMP	Labor Management Procedures
MAC	Maximum Allowable Concentration
NGO	Non-Governmental Organization
NTS	Non-Technical Summary
OHS	Occupational Health and Safety
OSHA	Occupational Safety and Health Administration
PCB	Polychlorinated Biphenyls
PCR	Physical Cultural Heritage
PEL	Permissible Exposure Limit
POP	Persistent Organic Pollutants
PPE	Personal Protective Equipment
PR	Performance Requirement
PS	Performance Standard
PSRC	Public Services Regulatory Commission
SEP	Stakeholder Engagement Plan
SPS	Safeguard Policy Statement
SR	Safeguard Requirement
UNECE	United Nations Economic Commission for Europe
USEPA	U.S. Environmental Protection Agency
VU	Vulnerable



NATURE OF THE PROJECT TO BE SUPPORTED

1.1 PROJECT BACKGROUND

The African Development Bank (AfDB) has been approached by Niche Cocoa Industry Limited (NCIL or ‘the company’), a cocoa processing company, for funding to upgrade and expand its operations. In line with the AfDB’s Environmental and Social (E&S) policy and standards, an E&S Impact Assessment has been conducted to assess the potential environmental and social impacts of the proposed project and to identify measures to mitigate and manage these impacts.

Environmental Impacts: The proposed project will involve the upgrading of existing infrastructure and the construction of new facilities, including an increase in processing capacity and the addition of wastewater treatment facilities. The assessment has identified potential impacts in the areas of air emissions, solid waste management, and wastewater discharge. However, these impacts are expected to be minor and can be effectively managed through the implementation of appropriate mitigation measures.

1.2 SUMMARY OF NICHE COCOA ACTIVITIES

Niche Cocoa Industry, Ltd. is the leading privately operated cocoa processing company in Ghana established in 2011. Niche produces high quality semi-finished cocoa products and confectionery for supply to the worldwide chocolate, ice cream and bakery industries. Semi-finished products include natural and deodorized cocoa butter, specialized cocoa liquor, and natural and alkalized cocoa powder. In confectioneries, Niche is a bean-to-bar producer of refined chocolate, chocolate drinks, and spreads. With an installed capacity of 90,000 metric tons per year, Niche is the largest fully integrated cocoa processor in Ghana.

1.3 PROJECT SCOPE AND OBJECTIVES

The main objectives of this program are to improve the Niche Cocoa’ operational efficiency, reduce commercial losses, and improve the quality of service and increase profitability. It will also contribute to lower CO₂ emissions.

1.4 PROJECT LOCATION

NICHE COCOA is located at Tema Free Zone Enclave. Direction to Niche Cocoa is as below;
<https://goo.gl/maps/FB3gb9MzKrjwEtWW6>.



2.0 ENVIRONMENTAL AND SOCIAL COMPLIANCE AUDIT METHODOLOGY

2.1 LENDERS REQUIREMENTS

The methodology for this Environmental and Social Compliance Audit (ESCA) is based upon the requirements of FMO and AfDB. These requirements are discussed below.

2.1.1 FMO

IFC's Performance Standards (PS) will be applied to this Project by relating them to the Niche Cocoa's activities in the form of an audit against IFC PS.

2.1.2 AfDB

Where clients with multi-site operations are seeking general corporate finance, working capital, or equity financing from AfDB, the borrower/client will commission qualified and experienced external experts to conduct a corporate audit of its current Environmental and Social Management System (ESMS) and the company's past and current performance against the objectives, principles, and requirements of AfDB's safeguard policy statement. The audit:

- Assessed the Niche Cocoa's ability to manage and address all relevant social and environmental risks and impacts of its business and operations, in particular, the issues identified in the applicable Safeguard Requirements
- Assessed the Niche Cocoa's compliance record with applicable laws and regulations that pertain to environmental and social matters, including those laws implementing obligations under international law; and
- Identify the company's stakeholder engagement activities.

A corrective action plan will address any issues identified during the audit by specifying time-bound measures to achieve and maintain compliance with the objectives, principles, and requirements of AfDB's safeguard policy statement within a reasonable time.

2.2 PROCEDURE

The audit team checked NICHE COCOA's status of implementation of E&S commitments to gain insight into compliance with Lenders' environmental and social safeguard requirements and recommended measures to enhance the performance with respect to environmental and social safeguards and performance standards outlined above.

The methodology for carrying out the ESCA is as follows:

1. Review of all documents obtained of NICHE COCOA
2. Plant inspection
3. Review and update of all applicable laws and regulations pertaining to environmental, social, health and safety for both Ghana and good industry international best practice (GIIP).
4. Data verification based on the findings from document review and plant inspection.
5. Meetings/interviews with the staff, including the Quality and E&S Department to discuss specific issues
6. Evaluation and presentation of results.



The assessment was completed by Niche Cocoa E&S Audit Team

E&S Audit Team carried out interviews with the following departments:

- Quality and E&S Department
- Operations Department
- Human Resources Department
- Top Management

2.3 OUTPUTS

The ESCA provides the following key output:

- Review of NICHE COCOA environmental and social (E&S) management procedures

The recommendations of the ESCA have been captured in ESCA findings summarized within a separate Non-technical Summary (NTS).

LEGAL FRAMEWORK

3.1 PREAMBLE

This Chapter presents the policy, legal, and administrative framework for environmental and social management in Ghana. The Project will conform to applicable local/national and international environmental and social legislation, regulations, and guidelines as well as specific procedures and policies of AfDB, FMO and other available best practices.

3.2 NATIONAL LEGAL FRAMEWORK

Following independence in 1957, Ghana has implemented several national laws to regulate the protection of the environment. Some key laws/regulations related to the Project are given in the table below.

Table 1: National Environmental Laws

A SAFETY	Main Scope/Relevance
Constitution of the Rep. Ghana 1992	Article 24: Economic Rights Right to work under satisfactory, safe & healthy working condition.
	Article 41: Protection and safeguard of the natural environment and the territorial waters
Labour Act, 2003 (Sections 8 - 121)	An Act to amend and consolidate the laws relating to labour, employers, trade unions, and industrial relations; to establish a national labor commission and to provide for matters related to these.
	Occupational Health, Safety & Env't: General Health & Safety conditions (118) Exposure to Imminent hazards (119) General Employment Conditions Report Occupational accidents & diseases (120)
Labour Regulations, 2007, (L.I. 1833)	All Sections



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<p>Factories, Offices & Shops Act, 1970 (Act 328)</p>	<p>Renewal of Registration (1) - PNDCL 66 Amendment Law 1983 Registers and prescribed Abstract-Part 2</p>
	<p>Part 1 (4): Alterations and building or new factories -</p>
	<p>Notification of Accidents - Part 4: Death or Disabling injuries > 3days (10) Dangerous occurrences (11)</p>
	<p>Health & Welfare - Part 5: Provision of drinking water (20) suitable provision for taking meals (24) Provide adequate & appropriate PPE (25) Noise & vibration reduction (26) Prohibition lifting excessive weight (27) Provision of 1st Aid box, appointment and notification of 1st Aiders</p>
	<p>Safety - Part 6 Appropriate means of fighting fire (31) Fire alarms or warning device (32) Means of escape in case of fire (33) Safe means of access & place (34) Floors, passages & stairs (35) Training & Supervision (36) Cleaning of machinery by women (37) Machine safeguarding (38, 39, 40, 41) Vessels containing dangerous liquids (42)</p>
	<p>Dangerous Conditions & Practices-Part 7 Inspector may complain on the ff: Dangerous conditions & practices (52) Dangerous premises (53)</p>



Factories, Offices & Shops Act (Boilers & Pressure Vessels) Safety Regulations, 1970 LI 663	Inspection of pressure vessels -Sections 19, 24 & 25
The food factories (Welfare) regulations 1959 (Abstract of Regulation) Order, 1960	Provision of Overall
Factories, offices, and Shops (First Aid) Regulations, 1970	First aid supplies to be kept
	Content of first aid box
	Quality of Dressing
	Marking of boxes
Factories, Offices and Shops (Sanitary Conveniences) Regulations, 1970	Sanitary conveniences for male employees
	Sanitary conveniences for female employees
	Access and ventilation
	Cleanliness
The Food and Drugs Act, 1992/Public Health Act	Prohibition of disposal of chemical substances
The Ghana National Fire service Act, 1997	functions of the service technical committee functions of the effect of enactment
Local Government Act 1993 (Act 462)	planning functions of district assemblies, Provision of fire service,



Factories,Offices and Shops (Registration Certificate) (Fees) Regulation 1997	Alterations and building of new factories, Notifications of accidents(Part 4) Health and Welfare(Part 5) safety (Part 6) Dagerous conducts and practices(Part 7)
Workman Compensation Law 1987	Industrial accidents Notices of accidents(sections 12,13,14),report of death and medical examination

B. Environment	Main Scope/Relevance
EPA Ghana Environmental Action Plan Vol 1	National Environmental Policy
EPA Act 1994, (Act 490)	Part II - Enforcement & Control: Power of EPA to request for EIA on any undertaking
Environmental Assessment Regulations 1999 (LI 1652)	Registration of Undertaking & issuing of Environmental Permit after submission of EMP. Cancellation/suspension of permit
	Submission of Annual Env. Report
	Submission of quarterly Env. Monitoring Returns (EMR)
EPA Act 1994, (Act 490)	An Acto to Amend and consolidate the law relating to Environmental Protection, Pesticide Control and Regulations and for related purposes.



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<p>Environmental Assessment (Amendment) Regulations 2002 (LI 1703)</p>	<p>Processing Fees & Charges for Env. Permits & Certificates - New Projects, Expansion, modifications, etc</p> <p>Publication of notice of Env. Permit</p>
<p>National Building Regulations, 1996 LI 1630 (13,43, Part 6, Part 7, 165)</p>	<p>Provision of liquid fuel facilities Gas appliances & installations</p>
<p>Energy Commission Act, 1997 Act 541 (Part 4 sections 27 & 28)</p>	<p>Standards of performance & Rules of Practice for electricity</p>
<p>Water Use Regulation Act 522, 2001 (LI1692) Regulation 1</p>	<p>Conservation of water resources</p>
	<p>Conservation/protection of natural resources</p>
<p>Environmental Protection (Standards for dust & Effluent) Regulations 2000</p>	<p>National Ambient Air Quality & Effluent Guideline</p>
<p>Environmental Permit Conditions</p> <p>EPA National Profile for Chemicals Management</p> <p>Tema/KKMA Municipal Assembly Bye-Laws, 1991</p>	<p>Commitment to prevention & minimization of wastes.</p> <p>Obtain EPA permit before disposal</p> <p>Waste Disposal</p>
<p>Factories, Offices and Shops Act 1970 - Part 1 (Section 4)</p>	<p>No person shall commence any works to alter or add to any factory unless he has first submitted to the Inspector plans of</p>



	such building works one month before commencement of work.	
Management of ozone depleting substances and products regulations, 2005 (LI 1812)	Permit from EPA to import CFC containing substances	
Management of Ozone Depleting substances and products regulations, 2005 (LI 1812)	Permit from EPA to import CFC containing substances	
Vienna Convention for the Protection of the ozone layer, 1985	Stop use of CFCs	
Environmental permit & permit conditions	Commitment to prevention, minimization of waste	
Water Resources Commission Act 1996 (ACT 522)	Regulation of use of water resources	
Sector Specific Effluent quality guidelines for discharges into natural water bodies (Maximum Premises levels)	Food and Beverage	
Pesticides Control and Management Act	Safeguards for use of Pesticides	
Energy Commission Act, 1997 Act 541 (Part 4 sections 27 & 28)	Standards of performance & Rules of Practice for electricity. Conservation of electrical energy	
	Conservation/protection of natural resources	



	Conservation of electrical energy	
Local Governance (Permits and Notices), 2020 (L.I. 2407)	Regulation on permits and notices - All sections)	
Tema/KKMA Municipal Assembly (Sanitation) Bye-Laws, 1991	Conservation/protection of natural resources	
Environmental Protection (Standards for Ambient Air & Effluent) Regulations 2000	National Ambient Air & Effluent Quality Guideline	
Road Traffic Act, 2004 (Act 683)	An Act to consolidate and revise the Road Traffic Ordinance 1952 (No. 55) to provide for a more comprehensive regulation of Road Traffic and Road Use, to ensure safety on the Roads and to provide for related matters Observance of speed limit	
Road Traffic (Amendment) Act, 2008 (Act 761)	An Act to amend the Road Traffic Act, 2001 (Act 683) to reduce the penalties for motor traffic offences and for related matters.	

3.2.1 The Constitution

The Constitution of the Republic of Ghana (hereinafter referred to as the Constitution) provides equal basic rights and freedoms to all citizens and human beings in all areas of economic, social and political life in Ghana. These rights and freedoms are equal to all people regardless of their gender. Different Articles of the Constitution of Ghana stipulate legal equality between women and men meaning that all human beings are equal before the law, and all types of discrimination, including gender-based discrimination, shall be prohibited. Promotion of real equality between women and men is one of the main objectives of state policy.

Constitution generally acknowledges that the right to property (ownership right) is recognized and protected in Ghana. Everyone shall have the right to freely own, use, dispose of and bequeath the property at his/her discretion. The Constitution states that the property can be alienated for social and state needs only in case of exceptional priority public interest, in accordance with the procedure set by the law and on the basis of appropriate compensation.



3.2.2 Labour Law

The *Labour Act (Act no 651 of 2003)* consolidates and updates the various pieces of former legislation, and introduces provisions to reflect International Labour Organization (ILO) Conventions ratified by Ghana (see *Section 2.4.6*). The Labour Act covers all employers and employees except those in strategic positions such as the armed forces, police service, prisons service and the security intelligence agencies.

Major provisions of the Labour Act include the following:

- establishment of public and private employment centres;
- protection of the employment relationship;
- general conditions of employment;
- employment of persons with disabilities;
- employment of young persons;
- employment of women;
- fair and unfair termination of employment;
- protection of remuneration;
- temporary and casual employees;
- unions, employers' organisations and collective agreements;
- strikes;
- establishment of a National Tripartite Committee;
- forced labour;
- occupational health and safety;
- labour inspection; and
- establishment of the National Labour Commission.

Part XV of the *Labour Act* contains provisions relating specifically to occupational health, safety and environment. These include general health and safety conditions, exposure to imminent hazards, employer occupational accidents and diseases reporting.

3.2.3 International Conventions - ILO

Out of 29 Conventions, all were ratified by Ghana and are in force. No Convention has been denounced. All Fundamental Conventions, most of Governance Conventions and part of Technical Conventions were ratified. Details are provided in the table below.

Table 2: Conventions

Convention	Date	Status
Fundamental		
C029 - Forced Labor Convention, 1930 (No. 29)	17 Dec 2004	In Force
C087 - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)	02 Jan 2006	In Force
C098 - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)	12 Nov 2003	In Force
C100 - Equal Remuneration Convention, 1951 (No. 100)	29 Jul 1994	In Force
C105 - Abolition of Forced Labor Convention, 1957 (No. 105)	17 Dec 2004	In Force
C111 - Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	29 Jul 1994	In Force
C138 - Minimum Age Convention, 1973 (No. 138) Minimum age specified: 16 years	27 Jan 2006	In Force
C182 - Worst Forms of Child Labor Convention, 1999 (No. 182)	02 Jan 2006	In Force
Governance (Priority)		
C081 - Labor Inspection Convention, 1947 (No. 81)	17 Dec 2004	In Force
C122 - Employment Policy Convention, 1964 (No. 122)	29 Jul 1994	In Force
C144 - Tripartite Consultation (International Labor Standards) Convention, 1976 (No. 144)	29 Apr 2005	In Force
Technical		
C014 - Weekly Rest (Industry) Convention, 1921 (No. 14)	27 Jan 2006	In Force
C017 - Workmen's Compensation (Accidents) Convention, 1925 (No. 17)	17 Dec 2004	In Force
C018 - Workmen's Compensation (Occupational Diseases) Convention, 1925 (No. 18)	18 May 2005	In Force
C026 - Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)	27 Jan 2006	In Force
C094 - Labor Clauses (Public Contracts) Convention, 1949 (No. 94)	18 May 2005	In Force
C095 - Protection of Wages Convention, 1949 (No. 95) Excluding Article 11 by virtue of the ratification of Convention No. 173 (acceptance of Part II)	17 Dec 2004	In Force
C097 - Migration for Employment Convention (Revised), 1949 (No. 97)	27 Jan 2006	In Force
C131 - Minimum Wage Fixing Convention, 1970 (No. 131)	29 Apr 2005	In Force
C132 - Holidays with Pay Convention (Revised), 1970 (No. 132) Length of holiday specified: 28 days. Has accepted the provisions of Article 15, paragraph 1(a) and (b).	27 Jan 2006	In Force
C135 - Workers' Representatives Convention, 1971 (No. 135)	29 Jul 1994	In Force
C143 - Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143)	27 Jan 2006	In Force
C150 - Labor Administration Convention, 1978 (No. 150)	18 May 2005	In Force



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C151 - Labor Relations (Public Service) Convention, 1978 (No. 151)	29 Jul 1994	In Force
C154 - Collective Bargaining Convention, 1981 (No. 154)	29 Apr 2005	In Force
C160 - Labor Statistics Convention, 1985 (No. 160)Acceptance of Articles 7, 12 and 13 of Part II has been specified pursuant to Article 16, paragraph 2, of the Convention.	29 Apr 2005	In Force
C173 - Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173)Has accepted the obligations of Parts II and III	18 May 2005	In Force
C174 - Prevention of Major Industrial Accidents Convention, 1993 (No. 174)	03 Jan 1996	In Force
C176 - Safety and Health in Mines Convention, 1995 (No. 176)	27 Apr 1999	In Force

3.3 RELEVANT INTERNATIONAL AGREEMENTS

Ghana has ratified several international agreements and conventions relating to the protection of the environment and biodiversity, including:

- The Convention on the Conservation of European Wildlife and Natural Habitats (Bern)
- Convention on Wetlands of International Importance (Ramsar)
- Conservation of Migratory Species of Wild Animals (Bonn)
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington)
- European Landscape Convention (Florence)
- Convention Concerning the Protection of the World Cultural and Natural Heritage (Paris) Convention on Biological Diversity (Rio de Janeiro)
- Framework Convention on Climate Change (Rio de Janeiro)
- Kyoto Protocol (linked to the Convention on Climate Change)
- Paris Agreement (linked to the Convention on Climate Change).

With special respect to handling of hazardous substances:

- Stockholm Convention “On Persistent Organic Pollutants” (ratified by the Government of the Republic of Ghana)
- Basel Convention “On the Control of Transboundary Movements of Hazardous Wastes and their Disposal” (being a party since 1999).

In addition, Ghana is a signatory to the Aarhus Convention on Access to Information, Public Participation in Decision-Making, and Access to Justice in Environmental Matters. International agreements and conventions triggered by the Project are especially: Convention Concerning the Protection of the World Cultural and Natural Heritage (if any cultural or historical goods will be found at the construction site by chance); Framework Convention on Climate Change + Kyoto Protocol and Paris Agreement (due to air emissions including GHG emissions); Stockholm Convention On Persistent Organic Pollutants + Basel Convention On the Control of Transboundary Movements of Hazardous Wastes and their Disposal (due to necessary handling of hazardous material and waste); and Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (regarding all aspects of public consultations).

3.4 LENDER POLICIES AND PROCEDURES

3.4.1 AfDB

AfDB is participating in the Project. Accordingly, this ESCA reviews all aspects of the company’s current operations and the potential impacts in line with:

- AfDB Safeguard Policy Statement
- IFC Performance Standards Annex C provides the ‘lenders compliance table’ which summarizes project compliance with the lenders policies or standards based on the main text within this ESCA.



3.5 GOOD INTERNATIONAL INDUSTRY PRACTICE (GIIP)

The following section outlines GIIP that will be applied to the Project.

3.5.1 IFC Environmental Health and Safety (EHS) Guidelines

The following guidelines and codes of practice are recommended to be followed as part of the Project.

- IFC EHS Guidelines for Food and Beverage
- IFC General EHS Guidelines, including:
 - Environmental
 - Air Emissions and Ambient Air Quality
 - Energy Conservation
 - Hazardous Materials Management
 - Noise
 - Contaminated Land
 - Occupational Health and Safety
 - General Facility Design and Operation
 - Communication and Training
 - Physical Hazards
 - Chemical Hazards
 - Personal Protective Equipment
 - Monitoring
 - Community Health and Safety
 - Life and Fire Safety
 - Traffic Safety
 - Transport of Hazardous Materials
 - Emergency Preparedness and Response
 - Construction and Decommissioning
 - Environment
 - OHS
 - Community Health and Safety

3.5.2 EPA legislation and guidelines:

3.5.6.1 Environmental Noise

Ghana Standard GS 1222:2018 Health Protection-Requirements for ambient noise

This Ghana standard is the standard on health protection-requirements for ambient noise control. This standard specifies the requirements for acceptable ambient noise levels within categorized locations. Niche is required to perform ambient noise monitoring twice a year and submit to the agency.

3.5.6.2 Ambient Air Quality

Ghana Standard GS 1236:2019 Environment and Health Protection-Requirements for Ambient Air Quality and Point Source/Stack emissions

This Ghana standard specifies the requirements and methods of analysis for ambient air. It also specifies the requirements and test methods for point source or stack emissions based on the sources of energy. Niche is obligated under this standard to conduct monthly ambient air quality and stack emissions monitoring of all its point sources. Niche shall put in adequate measures to ensure emissions are within EPA specifications.



3.5.6.3 Effluent Discharge

Ghana Standard GS 1212:2019 Environmental Protection -Requirements for effluent discharge

This standard specifies the requirements for sector specific effluent quality and also gives guidelines for discharge into the environment. Niche is obligated under this standard to conduct monthly effluent analysis and report quarterly to the Agency. Niche shall put measures in place to ensure that all effluent released into the environment meets the requirement for cocoa processing factories.

3.6 PROJECT STANDARDS

This Section presents a summary of the environmental standards applicable to the, including national and international standards/limits.

3.6.1 Noise

Construction and operational noise levels shall not exceed the IFC guideline limits as they are more stringent than Ghana standards. Worker exposure to noise will follow Ghana Standards.

Table 3: IFC Guideline Limits for Noise

Receptor	One Hour Laeq (dBA)	
	Daytime 07.00 – 22.00	Night-time 22.00 – 07.00
Industrial, commercial	70	70

Noise impacts should not exceed the levels given above, or result in a maximum increase in background levels of 3 dB (A) at the nearest receptor location off-site.

Source: IFC EHS Guidelines, 2012

Table 4: Noise Limits for Workers

IFC/WB General EHS Guidelines:

No employee should be exposed to a noise level greater than 85 dB (A) for a duration of more than 8 hours per day without hearing protection’.

Ghana legislation:

Construction workers will wear ear protection devices as part of their Personal Protective Equipment (PPE), if they are exposed to noise levels higher than 70 dB (A).

3.6.2 Air Quality

Air quality impacts are generally of low significance and mainly related to rehabilitation activities, e.g., dust generation around erection of new poles. However, the Project will be required to comply with the ambient air quality standards set out below. Where there are both national and IFC standards, the most stringent will apply.



Table 5: Ambient Air Quality Guidelines

Pollutant	Averaging Period	Air Quality Standard		
		National Maximum Concentration (MAC)	Allowable	IFC
Carbon Monoxide	24 Hours	25		-
Nitrogen Dioxide	1 Hour	250		200 (guideline)
	24 hours	150		-
Sulphur Dioxide	1 hours	250		500 (guideline)
	24 hours	50		20 (guideline)
Particulate Matter (PM)10				
	24 Hour	70		50 (guideline)
PM2.5	24 hour	35		25 (guideline)

IFC EHS Guidelines 2012 Note: Any monitoring of air quality is not anticipated to last longer than 24 hours.



4.0 NICHE COCOA

4.1 OPERATIONS, FACILITIES, ASSETS

4.1.1 Company History

Niche Cocoa Industry, Ltd. is the leading privately operated cocoa processing company in Ghana established in 2011. Niche produces high quality semi-finished cocoa products and confectionery for supply to the worldwide chocolate, ice cream and bakery industries. Semi-finished products include natural and deodorized cocoa butter, specialized cocoa liquor, and natural and alkalized cocoa powder. In confectioneries, Niche is a bean-to-bar producer of refined chocolate, chocolate drinks, and spreads. With an installed capacity of 90,000 metric tons per year, Niche is the largest fully integrated cocoa processor in Ghana.

4.1.2 Current Operations

Niche is a bean-to-bar producer of refined chocolate, chocolate drinks, and spreads. With an installed capacity of 90,000 metric tons per year, Niche is the largest fully integrated cocoa processor in Ghana. The company is currently utilizing less than two-thirds of its capacity.

4.1.3 Certified Management Systems

NICHE COCOA has ISO certifications for the following management systems which are managed by

the IMS: Table 6: NICHE COCOA Certified Management Systems

System	Certification	Certified by	Date of Last External Audit
Environmental Management System	ISO 14001: 2015	SGS	4-6.6.2022
Occupational Health and Safety	ISO 45001:2018	SGS	13-16.6.2022
Food Safety Management System	FSSC 22000: V5.1	SGS	9-12.1.2023



The findings of the last round of external audits are discussed in the sections below relating to company environmental and social performance.

4.1.4 Summary of Management

NICHE COCOA has a range of ISO accredited management systems and an Integrated Management Systems department to oversee the implementation of the systems. NICHE COCOA has an Environmental and Social Team who provides a high level of environmental and social management of our operation.

The team with advance knowledge and expertise in Occupational Health and Safety management (ISO 45001), Environmental management (ISO 14001) and the IFC Performance Standards. Trainings include;

1. Capacity Building for Industries, organized by Environmental Protection Agency (EPA).
2. ISO 45001:2018 Occupational Health & Safety Mgt Syst. Lead Auditor Course, organized by SGS Ghana
3. ISO 14001:2015 Ems (Environmental Management System) Lead Auditor Course, organized by SGS Ghana
4. ISO 50001: Energy Management System Implementation in Industries, organized by UNIDO.
5. Overview of IFC Performance Standards on Environmental and Social Sustainability, organized by FMO.

5.0 COMPANY ENVIRONMENTAL PERFORMANCE

5.1 ENVIRONMENTAL ASSESSMENT

5.1.1 Screening

All projects passed through an Environmental and Social Assessment, which considers legal requirements as well as AfDB requirements.

5.1.2 Environmental Impact Assessment

AfDB categorized the project as Category B for environment and social. The implementation of mitigation and management actions provided in those documents were reviewed on

5.2 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

5.2.1 General

NICHE COCOA has an ISO certified environmental management system (EMS). The EMS includes the following:

- Introduction
- Framework and Purpose of Action
- Policy and Principles
- Roles and Responsibility Framework
- Environmental Aspects and Influences
- Environmental Activities
- Environmental Testing
- Control of effluents
- Control of Waste
- Transportation of Waste
- Control of emissions
- CO₂ Emissions Calculation
- Training
- Legal Aspects
- Continuous Improvement
- Document Distribution
- History of Document Creation and Change

5.2.2 Environmental Aspects

NICHE COCOA's environmental aspects register include:

- Raw materials consumption
- Energy consumption
- Water consumption
- Wastewater generation
- Air emissions
- Solid waste generation
- Hazardous waste generation
- Usage of chemicals



- Usage of hazardous materials
- Noise generation

5.2.3 Internal Audit

NICHE COCOA carries out internal audits of sites to ensure compliance with the management systems as well as company policies and national laws. NICHE COCOA has provided an example of the internal audit findings in 2022.

The audit findings present a) positives, b) observations, c) non-compliance and d) suggestions for improvement. The members of NICHE COCOA internal audit team completed the audit. The findings of the audit identified some areas of non-compliance and several areas where improvements could be made. Note that the audit also included OHS matters.

5.2.4 External Audit

External audits of the certified ISO management systems (including the EMS) are undertaken on an annual basis by SGS Ghana. The findings of the most recent audit of the EMS (2022) are described below.

Positive Points

- The context of the organization has been revised to include current situation the country and the world. It now includes HSE issues. E.g, heat in the grinding, roasting and pressers, fast depreciation of the Ghanaian Cedi, high inflation in the country, etc.
- Action to address risks and opportunities took into consideration the issues in 4.1 and needs and expectation of workers and other interested parties.
- Toolbox Talks organized by Emmanuel Tei Sackey for Staff at Liquor Production Line 4, seen, and verified dated 12/03/2022. Communicated to all 13 Staff. Topic: 'Sound Advice About Noise'
- Niche Cocoa Industries Ltd 'Near Miss/Hazard Report Form' is used to capture only Hazards identified and communicate unsafe practices identified under OH&S
Description: Use of chemicals (Alcohol, acetone, petroleum ether) in the open, no way of escape, and left stagnated in the Laboratory'
Date: 22/03/2021 at 22:30hours
Location: Physical Laboratory
Immediate Actions Taken: None
Recommendations to prevent recurrence: Provision of fume chamber to work.
- Noticeboard communication seen and verified:
Absolute Rules.
Occupational Health & Safety policy
Environment Policy
Fire Certificate
EPA Certificate
FOSA Permit
Memorandum:
From Benefit Office to All Staff; Cc: HR Office, Managing Director on subject: 'Review of Staff Health Benefit', dated 25/03/2022
From Managing Director to all Staff on subject: 'Deployment and Establishment of Environmental and Occupational Health & Safety Management Systems', dated 25/03/2022



5.3 ENVIRONMENTAL FEES AND FINES

NICHE COCOA has never been fined for any environmental violations.

5.4 WATER USE AND DISCHARGE

NICHE COCOA has provided figures indicating that **4,802m³** of water used at the various NICHE COCOA facilities during 2022.

5.5 AIR EMISSIONS AND GREENHOUSE GASES (GHG)

5.5.1 Air Emissions

No specific issues relating to air emissions were identified. Further, apart from minor, localized dust impacts, NICHE COCOA's direct activities are not anticipated to result in significant emissions to air.

5.5.2 Carbon Dioxide (CO₂) Emissions

NICHE COCOA calculate CO₂ emissions as follow;

2022 total annual CO₂ emissions have been calculated as approximately 6434 tons, summarized in the table below.

Table 7: NICHE COCOA CO₂ Emissions (2022)

Activity	Unit	Total
Electricity for internal uses	ton	3402
Natural gas, Buildings	ton	1772
Refrigeration /ACs	ton	477
Diesel, Transportation	ton	783
Total from NICHE COCOA's operation	ton	6434
Total annual CO₂ emissions	ton	6434

Source: NICHE COCOA

5.6 RESOURCE EFFICIENCY

ESCA recommendations NICHE COCOA pursue ISO: 50001 – Energy Efficiency certification. No further measures for resource efficiency are recommended.

5.7 ENVIRONMENTAL TRAINING

- NICHE COCOA prepared a training program for staff relating to the ISO certification, including:
 - Identification of environmental aspects
 - Environmental impact assessment
 - Waste management
 - Hazard identification and assessment
 - Identification and implementation of control measures
 - Emergency preparedness and response
 - Internal audits

However, this training was conducted in 2021, A refresher training for employees required

Training on operational procedure and best practices (Hazardous material handling and storage, LOTO, Confined Space, work at height, etc.)

5.8 SUMMARY AND FURTHER ACTIONS

NICHE COCOA developed an ISO-accredited integrated occupational Health, safety and Environmental Management System. The EMS is built into NICHE COCOA's Integrated Management System (IMS) and includes a wide range of procedures to manage the company's OHS risks and environmental aspects, some of which were developed as corrective actions. However, some weaknesses can still be found with regard to the management of environmental aspects and impacts, with the key issues being:

- Inadequate infrastructure for fire safety management of NICHE COCOA activities.
- Insufficient resources to support implementation of operational EHS procedure (LOTO, confined space, environmental monitoring plan and resource efficiency).
- Inadequate training for staff in a range of OHS risks and environmental aspects and impacts, e.g., LOTO.

Evidence is available of occupational health and safety (OHS) and environmental management system as part of NICHE COCOA's integrated management system (IMS). The IMS is certified to ISO 45001 and ISO 14001. The review of available OHS and environmental documents and records indicate that the maturity and robustness of the OHS and environmental management arrangements will be enhanced if corrective actions are implemented.

The proposed corrective actions include:

- Undertaking a detailed benchmarking of the fire safety infrastructure against best practice and Lenders' safeguard guidelines to identify material gaps.
- Updating the OHS management arrangements to align the system with good international industry practice (GIIP) in order to address the ISO 45001 and ISO 14001 surveillance audit non-conformities so that they are demonstrably suitable and sufficient to effectively manage the OHS hazards and risks and the environmental aspects and impacts and ensure legal compliance.
- Allocation of sufficient resources to support the operational EHS
- Building internal capacity by rolling out a program of OHS training sessions.

All of these issues have been included within the CAP, along with mitigation measures and targets with which to measure the success of mitigation implementation.



6.0 COMPANY OHS PERFORMANCE

The OHS management and performance in practice was reviewed. It provided an indication of the nature and scale of current OHS documentation and practices.

6.1 OHS MANAGEMENT SYSTEMS AND ARRANGEMENTS

NICHE COCOA is required to meet local labor and OHS legislative requirements for its operation as well as Lenders' requirements, which are described in the World Bank/IFC EHS Guidelines. In addition, as NICHE COCOA is certified to ISO 45001, as expect the ISO- required suite of documents are readily available.

Several OHS documents and records based on the above standards and requirements were readily available and were reviewed. These included:

- OHS policy statement
- OHS legal and other requirements register
- OHS risk register
- Permit to Work procedure plus Energy Isolation (Lock Out-Tag Out) procedure
- OHS statistics including Near Miss, First Aid Cases, Medical Treatment Case and Lost Time Incidents for employees, contractors and third parties
- OHS inspection reports
- OHS monitoring reports

The following procedures and work instructions were provided:

- Risk assessment procedure (as part of the integrated management system)
- reporting of technical, fire safety and environmental impacts on incidents
- gas cylinder safety instructions
- employee training management instructions
- confined spaces
- working at height
- Electrical equipment procurement
- Management of hazardous materials
- waste management procedure
- accident reporting procedure
- firefighting
- hot works
- contractor management procedure
- IMS monitoring procedure
- on-site inspection procedure

Effective OHS management is based on the combination of people (competence and capacity), processes and procedures (availability of suitable and sufficient documentation) and plant and equipment (the physical infrastructure, materials and resources). A deficiency in any one of these three elements will lead to gaps in management and performance. The overall conclusion that emerges from the above is of an OHS system that can demonstrate the existence of the necessary documentation but the adequacy, suitability and sufficiency of the documentation and records to effectively manage and control the risks is not evident nor sufficient. The gap noted here relates to the inadequacy of documented OHS management processes and control procedures.



6.2 ACCIDENTS AND INCIDENT STATISTICS AND INVESTIGATIONS

The following incident data was provided:

Health And Safety	2020	2021	2022
Number of Lost Time Accidents	6	4	1
Incident rate	2.7	3.28	3.93

Table 8: Health and safety data

The ISO 45001 surveillance audit noted a number of non-conformities:

Finally, the review of the incident investigation and reporting procedures indicates that these guidelines lack sufficient detail to ensure its investigations undertaken in a systematic and formal manner that includes root cause analysis and implementation of corrective and preventative actions.

6.3 SUMMARY AND CORRECTIVE ACTIONS

NICHE COCOA developed an ISO-accredited integrated occupational Health, safety and Environmental Management System. The EMS is built into NICHE COCOA's Integrated Management System (IMS) and includes a wide range of procedures to manage the company's OHS risks and environmental aspects, some of which were developed as corrective actions. However, some weaknesses can still be found with regard to the management of environmental aspects and impacts, with the key issues being:

- Inadequate infrastructure for fire safety management of NICHE COCOA activities.
- Insufficient resources to support implementation of operational EHS procedure (LOTO, confined space, environmental monitoring plan and resource efficiency).
- Inadequate training for staff in a range of OHS risks and environmental aspects and impacts, e.g., LOTO.

Evidence is available of occupational health and safety (OHS) and environmental management system as part of NICHE COCOA's integrated management system (IMS). The IMS is certified to ISO 45001 and ISO 14001. The review of available OHS and environmental documents and records indicate that the maturity and robustness of the OHS and environmental management arrangements will be enhanced if corrective actions are implemented.

The proposed corrective actions include:

- Undertaking a detailed benchmarking of the fire safety infrastructure against best practice and Lenders' safeguard guidelines to identify material gaps.
- Updating the OHS management arrangements to align the system with good international industry practice (GIIP) in order to address the ISO 45001 and ISO 14001 surveillance audit non-conformities so that they are demonstrably suitable and sufficient to effectively manage the OHS hazards and risks and the environmental aspects and impacts and ensure legal compliance.
- Allocation of sufficient resources to support the operational EHS
- Building internal capacity by rolling out a program of OHS training sessions coupled with visits to sites that are demonstrably meeting good international practices.

All of these issues have been included within the CAP, along with mitigation measures and targets with which to measure the success of mitigation implementation.



8.0 COMPANY LABOR PRACTICES AND HUMAN RESOURCES MANAGEMENT

8.1 POLICIES AND PROCEDURES

A number of policies, procedures and agreements were developed and approved by NICHE COCOA to support its operations, including but not limited to the following:

- **Human Resources Management Policy** defines the basics and principles of development of NICHE COCOA’s human resources management system. The policy sets the principles of selection and recruitment of employees.
- **Grievance Mechanism Procedure** provides a transparent and credible method to receive, assess, and address IMS-related grievances raised by workers, contractors, and other stakeholders in a timely manner.
- **Stakeholder Management Plan** allows NICHE COCOA to inform stakeholders and the public about project activities that may impact them and to provide a mechanism for stakeholders and the public to voice their concerns over environmental and social impacts.
- **Contractor Management Procedure** provides a mechanism to manage contractors with regard to the IMS and to ensure that a safe working environment is maintained.
- **Collective agreement** Maiden agreement under negotiation and expected to be signed by 30th May 2023..

8.2 NICHE COCOA STAFF, EMPLOYEE RECRUITMENT, TRAINING, DISMISSAL

The Human Resources Management Policy of NICHE COCOA defines the requirements that apply to all the department and processes of the Company, and includes sections on selection and recruitment of the employees, training and knowledge testing of employees, regular employee evaluation and continuous development, employee dismissal. Details are provided below.

Table 9: NICHE COCOA Staff

Job Category	Female		Male		Total	
	Number	%	Number	%	Number	%
Senior Management (directly reporting to General director or Board)	0	0%	3	100%	3	100%
Management	2	11%	17	89%	19	100%
Technical	19	10%	179	90%	198	100%
Non-technical	0	0%	230	100%	230	100%
Administrative	3	23%	10	77%	13	100%
Total	24	5%	439	95%	463	100%



8.3 TRADE UNION

Human Resources Management Policy support Trade Union. Niche workers have joined a trade union of their choice, Industrial and Commercial Workers Union (ICU)

Their Maiden Collective Agreement negotiation between NICHE COCOA and the Trade Union, Industrial and Commercial Workers Union (ICU) was under and expected to be signed by 30th May, 2023.

8.4 CHILD AND FORCED LABOR

The Human Resources Management Policy addresses the issue of exclusion of all forms of forced labor. I

Human Resources Management Policy prohibits use of Child Labour and forced labour. All employees in the company, as well as employees of contracted companies, must be of legal working age as defined by the RA's legislation and the International Labor Organization (ILO).

The policy requires Human Resources department member to reject all minors when selecting employees and ensure that this requirement is included into the agreements between the Company and Contractors.

Evidence confirm that the company does not hire anyone under the age of 18 years old.

8.5 NON-DISCRIMINATION AND EQUAL OPPORTUNITY

Niche Cocoa has a policy on non-discrimination and equal opportunity.

With respect to maternity/paternity leave, NICHE COCOA follows the requirements of national legislation. Pregnancy and childbirth leave is mandated for working women by the Labor Law.

8.6 WAGES, BENEFITS AND CONDITIONS OF WORK AND ACCOMMODATION

he Human Resources Management Policy of NICHE COCOA heavily refers to labor legislation when specifying working hours, overtime work, wage.

As to the overtime work, Niche Cocoa Policy does not state that the work performed on non-working days is remunerated with the rate of at least 1.5 times of the hourly (daily) rate, or the employee is provided with another paid day off within a month, or that day is added to the annual leave.

Wage. The Policy, emphasizes that the Company strives to ensure its payment system and motivation tools are fair and competitive.

However, the maiden Collective Agreement between the Company and the Trade Union was under negotiation as was reasonably expected to be signed before 31st May 2023.

8.7 RETRENCHMENT

Although Niche Cocoa has a policy on Retrenchment, the Collective agreement will also include that

8.8 EMPLOYEE GRIEVANCES

The Grievance Redress Procedure was developed and enforced in NICHE COCOA to establish a transparent and credible method to receive, assess, and address Integrated Management System related grievances raised by workers, contractors, affected communities and other stakeholders in a timely manner.



This procedure shall be applied to grievances expressed by internal and external stakeholders in relation with the performance of company's Integrated Management System.

8.9 SUPPLY CHAIN

Contractors Management Procedure was developed and implemented. The purpose of this procedure is to describe the mechanism to manage contractors with regard to integrated management system (IMS) and to ensure that a safe working environment is maintained. Procedure covers the management and monitoring of all contractors performing activities (pre-execution, execution and post- execution stages) for NICHE COCOA. Niche Cocoa Supplier code of Conduct is shared with suppliers.

8.10 SECURITY PERSONNEL

According to the Human Resources Management Procedure, in order to ensure the safety of human resources, the Company has established a Scheme of Availability to Administrative and Production Areas according to which:

- The availability of company employees is defined by the function(s) they perform
- The admittance of visitors (partners and other interested parties) is permitted; security staff have knowledge of the event, senior management provide approval, and the visitors are accompanied by a guide.

8.11 SUMMARY AND CORRECTIVE ACTIONS

Human Resources Management Policy defines the basics and the principles of the NICHE COCOA's human resources management system aimed at providing approaches on selection and recruitment / dismissal of employees, training and knowledge testing, working hours and overtime, employee evaluation, salary, trade union and collective agreement, safety of employees, provision of equal opportunity, exclusion of forced and child labor and harassments, etc. The Policy relies of provisions of national legislation.

Social Performance – NICHE COCOA's stakeholder engage SEP is developed in line with AfDB requirements and it focuses on disclosure and consultation for environmental and OHS assessment purposes.

NICHE COCOA's Grievance Redress Procedure is developed to provide a transparent and credible method to receive, assess, and address IMS-related grievances raised by workers, contractors, and other stakeholders in a timely manner. The grievance registry shall also be revised to enable NICHE COCOA to capture grievances resolved on the spot or outside of the formal system.

NICHE COCOA's worker Grievance Redress Procedure shall be revised to include requirements to educate employees on harassment and gender-based violence as well as opportunities to lodge anonymous grievance



10.0 CONCLUSIONS

10.1 CONCLUSIONS

This ESCA has identified some activities that require attention from NICHE COCOA. These issues are summarized below.

10.1.1 Summary of Company ESHS Performance

Environmental - Evidence is available of occupational health and safety (OHS) and environmental management system as part of NICHE COCOA's integrated management system (IMS). The IMS is certified to ISO 45001 and ISO 14001. The review of available OHS and environmental documents and records indicate that the maturity and robustness of the OHS and environmental management arrangements will be enhanced if corrective actions are implemented.

The proposed corrective actions include:

- Undertaking a detailed benchmarking of the fire safety infrastructure against best practice and Lenders' safeguard guidelines to identify material gaps.
- Updating the OHS management arrangements to align the system with good international industry practice (GIIP) in order to address the ISO 45001 and ISO 14001 surveillance audit non-conformities so that they are demonstrably suitable and sufficient to effectively manage the OHS hazards and risks and the environmental aspects and impacts and ensure legal compliance.
- Allocation of sufficient resources to support the operational EHS
- Building internal capacity by rolling out a program of OHS training sessions coupled with visits to sites that are demonstrably meeting good international practices.

Social Performance – NICHE COCOA's SEP is developed in line with AfDB requirements and it focuses on disclosure and consultation for environmental assessment purposes.

NICHE COCOA's Grievance Redress Procedure is developed to provide a transparent and credible method to receive, assess, and address IMS-related grievances raised by workers, contractors, and other stakeholders in a timely manner. The grievance registry shall also be revised to enable NICHE COCOA to capture grievances resolved on the spot or outside of the formal system.

Company Labor Practices - NICHE COCOA's Human Resources Management Policy defines the basics and the principles of NICHE COCOA's human resources management system with NICHE COCOA's approach to selection and recruitment, dismissal of employees, training and knowledge testing, working hours and overtime, employee evaluation, salary, trade union and collective agreement, employee safety, equal opportunity, exclusion of forced and child labor and harassment, etc. The policy relies on provisions in national legislation.

NICHE COCOA's worker Grievance Redress Procedure shall be revised to include requirements to educate employees on harassment and gender-based violence as well as opportunities to lodge anonymous grievance.

Occupational Health and Safety (OHS) – Evidence is available of occupational health and safety (OHS) and environmental management system as part of NICHE COCOA's integrated management system (IMS). The IMS is



certified to ISO 45001 and ISO 14001. The review of available OHS and environmental documents and records indicate that the maturity and robustness of the OHS and environmental management arrangements will be enhanced if corrective actions are implemented.

The proposed corrective actions include:

- Undertaking a detailed benchmarking of the fire safety infrastructure against best practice and Lenders' safeguard guidelines to identify material gaps.
- Updating the OHS management arrangements to align the system with good international industry practice (GIIP) in order to address the ISO 45001 and ISO 14001 surveillance audit non-conformities so that they are demonstrably suitable and sufficient to effectively manage the OHS hazards and risks and the environmental aspects and impacts and ensure legal compliance.
- Allocation of sufficient resources to support the operational EHS
- Building internal capacity by rolling out a program of OHS training sessions.

All of these issues have been included within the CAP, along with mitigation measures and targets with which to measure the success of mitigation implementation

10.2 IMPLEMENTATION

All the requirements of this ESCA have been summarized within the Corrective Action. The Corrective Action will be implemented by NICHE COCOA



10.3 FINDINGS AND CORRECTIVE ACTIONS

Ref #	Requirement	Status	Corrective Actions	Responsibility	Timeline
NC 1	Provision of ventilation system to supply adequate air to the processing areas.	Insufficient ventilation system to supply adequate and suitable air to the processing areas	Construct ventilation systems to supply adequate and suitable air to the processing areas.	Management	Dec 31, 2023
NC 2	EMS Training and capacity building	Last training was conducted in 2021	<ul style="list-style-type: none"> • Provide refresher training program for staff relating to the IMS ISO certification, including: <ul style="list-style-type: none"> ○ Identification of environmental aspects of NICHE COCOA ○ Environmental impact assessment ○ Waste management ○ Hazard identification and assessment ○ Identification and implementation of control measures ○ Emergency preparedness and response ○ Internal audits 	E&S Department	Dec 31, 2023
NC 3		Operational procedures and best practices (storage of hazardous liquids, LOTO, Confined Space, work at height, etc.) developed but not fully implemented	Provide training and capacity building on operational procedures and best practices (storage of hazardous liquids, LOTO, Confined Space, work	E&S Department	Dec 31, 2023



NICHE COCOA INDUSTRY LIMITED

			at height, etc.) and ensure full implementation		
NC 4	Fire safety and fire suppression systems.	Apart from portable fire extinguishers no other suitable infrastructure available for fire safety in the building and electrical panel room	Invest in suitable infrastructure (fire hydrant, hose reels, sprinkler systems and other non-water fire suppression systems) for fire safety in the building and electrical panel room	Management	Jun 30, 2024
NC 5	Resources (tools and equipment) provision for implementation of standard operating procedures and best practices (storage of hazardous liquids, LOTO, Confined Space, work at height, etc.)	Insufficient resources (tools and equipment) provision for implementation of standard operating procedures and best practices (storage of hazardous liquids, LOTO, Confined Space, work at height, etc.)	Procure appropriate tools and equipment (LOTO padlocks, lock boxes, equipment for LOTO of other energy sources, suitable ladders and other suitable equipment for access to heights and confined spaces, etc.) for implementation of standard operating procedures and best practices (storage of hazardous liquids, LOTO, Confined Space, work at height, etc.)	Management	Dec 31, 2023
NC6	Overtime payment provision in the HR Policy not consistent with local law	Maiden Collective Agreement negotiation underway with the Trade Union (ICU) and will include overtime payment provision.	Complete negotiation and update the Human resources manual.	Management	May 31, 2023



APPENDIX A. DETAILS OF PERSONS CONSULTED

Area	Person Consulted	Dates	Purpose
Environmental Issues	Stephen Owiredu, EHSS, Officer	8th May	Review of environmental issues Discuss outstanding environmental issues
Social Issues	Enoch Edumadze, Head of Human Resources Management Department	9 th May	Stakeholder engagement Grievance redress, CSR activities
	Enoch Edumadze, Head of Human Resources Management Department	10 th May	Labor data, Human resources, Trade union, Grievance redress
OHS Issues	Stephen Owiredu, EHSS, Officer	11th May	Meeting to discuss OHS aspects
Quality	John Attu, Quality Manager	12 th May	Meeting to discuss Quality aspects



APPENDIX B. LIST OF DOCUMENTS RECEIVED

Area	Documents Reviewed
Environmental Issues	Emergency Preparedness Procedure EMS List of Documents (Excel sheet) Environmental Management System documentation Noise Monitoring Report Waste Management Procedure Internal Audit CO2 Emissions Data (Excel sheet) ISO External Audit (2022) ISO Non-compliance Report (2022) Environmental assessment, occupational health and safety monitoring visits
Social Issues	NICHE COCOA Corporate Social Responsibility Human Resources Management Policy, Contractors Management Procedure, Grievance Redress Procedure, Training plan to improve qualification of the personnel NICHE COCOA Organisational Chart



OHS Issues

- IMS Procedures
 - Employee Training Management
 - Confined Spaces Instruction
 - Working at Height
 - Instruction Electrical
 - Management of Hazardous Materials
 - Accident Investigation Procedure
 - Fire Fighting Procedure
 - Worker Qualifications Procedure
 - Hot Works Procedure
-



APPENDIX C. COMPLIANCE TABLE

Introduction

The Compliance Summary provides a systematic review of compliance with the Lenders’ (AfDB) Environmental and Social requirements.

Guidance

Score the indicator as follows and provide brief justification.

EC	Exceeding The project has gone beyond the expectations of Lenders’ requirements.	Compliance:
FC	Fully The project is fully in compliance with Lenders’ requirements, and EU and local environmental, health and safety policies and guidelines.	Compliant:
PC	Partial The project is not in full compliance with Lenders’ requirements, but has systems, processes or mitigation measure in place which is working toward addressing the deficiencies.	Compliance:
MN	Material The project is not in material compliance with Lenders’ requirements, and the systems, processes and mitigation measures in place are not working toward addressing the deficiencies.	Non-compliance:

- 1. Comments/Issues:** Provide a brief commentary on the relevance of this requirement for the project and an explanation of the chosen score.
- 2. Actions Required:** Where applicable, briefly describe any actions required by the client to achieve full compliance with each requirement..
- 3. PR Summary:** Provide an overall summary against the PR, using the above compliance definitions with supporting commentary. In some cases it may be sufficient to address a PR at summary level only, depending on Stage 1 above.

Note: The Material Non-compliance score has significant implications for loan approval and requires particular care. The table below illustrates the approach to be taken.

Risk

High	PC	MN	MN
Medium	PC	PC	MN
Low	FC	PC	PC
	High	Medium	Low



	Lenders Requirements	Score	Comments/ Issues	Actions Required
1	Assessment and Management of Environmental and Social Impacts and Issues AfDB SR 1 / IFC PS1			
	Summary:			
1.1	Environmental and Social Assessment	FC	NICHE COCOA has an ISO certified environmental management system which forms part of a comprehensive Integrated Management System.	None
1.2	Environmental and Social Management Systems	FC	NICHE COCOA has an ISO certified environmental management system which forms part of a comprehensive Integrated Management System.	None, other than ensuring that non compliances identified in the ISO audits are addressed.
1.3	Environmental and Social Policy	FC	Policy implemented	None
1.4	Environmental and Social Management Plan	FC	A comprehensive Environmental and Social Action Plan has been prepared	None,
1.5	Organisational Capacity and Commitment	PC	A range of staff undertake environmental, social and health and safety tasks in the company	Strengthen the capacity of the organization. Assign one board member to oversee E&S issues.
1.6	Supply Chain Management	PC	Niche Cocoa has developed Supplier Code of Conduct	Ensure implementation and follow up with assessment.
1.7	Monitoring and Reporting	PC	Monthly monitoring and reporting of E&S issues was undertaken in line with Lenders' requirements.	Ensure all incidents and accidents are reported



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	Lenders Requirements	Score	Comments/ Issues	Actions Required
			However NICHE COCOA also failed to report some incidents	
2	Labor and Working Conditions IFC PS 2 / AfDB SR 1-10 Occupational Health and Safety, AfDB Social Protection Requirements			
	Summary:			
2.1	Human Resource Policies and Working Relationships	FC	Human Resource Management Policy of NICHE COCOA sets the principles of selection and recruitment of the employees, defines working relationships.	None
2.2	Child and Forced Labor	FC	Human Resource Management Policy includes provisions on prohibition of underage labor usage in accordance with the requirements of national legislation and ILO.	None
2.3	Non-Discrimination and Equal Opportunity	PC	Human Resource Management Policy includes provisions on non-discrimination and equal opportunity. The provisions shall be strengthened further to improve female retention and promotion.	Update Human Resource Management Policy



2.4	Workers Organizations	FC	Maiden Collective agreement was under negotiation and due to be signed between NICHE COCOA and Trade Union and includes provisions on remuneration terms, work and rest time, safety and health of the employees, social assistance, responsibilities of the Trade Union and employees, as well as provisions regarding Collective agreement structure, interpretation, amendment, grievance redress, etc.	None																				
<table border="1"> <thead> <tr> <th></th> <th>Lenders Requirements</th> <th>Score</th> <th>Comments/ Issues</th> <th>Actions Required</th> </tr> </thead> <tbody> <tr> <td>2.5</td> <td>Wages, benefits, and conditions of work and accommodation</td> <td>FC</td> <td>Wages, benefits and conditions of works are stated in the Human Resource Management Policy that rely on national legislation. The Collective Agreement will clarify overtime, business trips.</td> <td>None</td> </tr> <tr> <td>2.6</td> <td>Retrenchment</td> <td>FC</td> <td>Human Resource Management Policy has provisions for retrenchment. This will also be part of the Collective agreement.</td> <td>None</td> </tr> <tr> <td>2.7</td> <td>Grievance Mechanism</td> <td>FC</td> <td>Grievance Redress Procedure is developed and operational for NICHE COCOA.</td> <td>None</td> </tr> </tbody> </table>						Lenders Requirements	Score	Comments/ Issues	Actions Required	2.5	Wages, benefits, and conditions of work and accommodation	FC	Wages, benefits and conditions of works are stated in the Human Resource Management Policy that rely on national legislation. The Collective Agreement will clarify overtime, business trips.	None	2.6	Retrenchment	FC	Human Resource Management Policy has provisions for retrenchment. This will also be part of the Collective agreement.	None	2.7	Grievance Mechanism	FC	Grievance Redress Procedure is developed and operational for NICHE COCOA.	None
	Lenders Requirements	Score	Comments/ Issues	Actions Required																				
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2.8	Non-Employee Workers	FC	Review Contractor Management Procedure to include changes in Human Resources Management Policy provisions on Grievance Redress, prevention of harassment and gender-based violence, forced and child labor cover Non-Employee Workers.	None
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	Lenders Requirements	Score	Comments/ Issues	Actions Required
2.9	Supply Chain	PC	Supplier Code of Conduct found shared with suppliers	None
2.10	Security Personnel Requirements	FC	Niche Cocoa has developed and implemented security management procedure in line with Lender requirement.	None.
3	Resource Efficiency and Pollution Prevention and Control IFC PS 3 / AfDB SR 1-9 Pollution Prevention and Abatement.			
	Summary:			
3.1	Resource Efficiency	FC	Niche Cocoa has implemented resource efficiency measures to reduce losses as part of its environmental management plan. Further, NICHE COCOA has an ISO certified environmental management system.	None required.
3.2	Pollution Prevention and Control - Air emissions	FC	No significant air emissions are anticipated under the project.	None required.



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3.3	Pollution Prevention and Control - Waste waters	FC	No significant volumes of waste water discharge are anticipated under the Project.	None, other than meeting national standards for waste water discharge from NICHE COCOA facilities.
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	Lenders Requirements	Score	Comments/ Issues	Actions Required
3.4	Greenhouse Gases ²²	FC	NICHE COCOA report on their CO ₂ emissions and has objective to reduce CO ₂ emissions.	None.
3.5	Water	FC	Insufficient metering system to monitor water use in specific areas.	Procure separate meters to monitor water use in the different sections of the facility .
3.6	Wastes	PC	Hazardous waste management has been addressed by Waste management procedure	None
3.7	Hazardous Substances and Materials	PC	Hazardous Substances and Materials management has been addressed by appropriate procedures	None
4	Health and Safety IFC PS1 sec.20-21 – Emergency Preparedness and Response / IFC PS4 Community Health and Safety and Security / AfDB SR 1-10 Community Health and Safety			
	Summary:			
4.1	Occupational Health and Safety	PC	Evidence is available of OHS management arrangements as part of an IMS. The IMS is certified to ISO 45001. The OHS aspects of the IMS are benchmarked against GIIP and the WB EHS General guidelines and sector guidelines	None



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	Lenders Requirements	Score	Comments/ Issues	Actions Required
4.2	Community Health and Safety	N/A	-	-
4.3	Infrastructure, Building, and Equipment Design and Safety	FC	NICHE COCOA Infrastructure, Building, and Equipment Design and Safety are in compliance with	Complete the corrective actions specified under Phase 1.
4.4	Hazardous Materials Safety	FC	NICHE COCOA's management of hazardous materials is in compliance with EPA guidelines.	None
4.5	Product and Services Safety	FC	NICHE COCOA's Quality and Food Safety Management system is certified to FSSC 22000.	None.
4.6	Traffic and Road Safety	FC	NICHE COCOA has a traffic and road safety policy and the appropriate staff have been provided with training.	None
4.7	Natural Hazards	N/A	-	-
4.8	Exposure to Disease	N/A	-	-



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	Lenders Requirements	Score	Comments/ Issues	Actions Required
4.9	Emergency Preparedness and Response	FC	NICHE COCOA has an ERP developed and implemented response procedures.	None.

5 Land Acquisition, Involuntary Resettlement and Economic Displacement IFC PS 5 / AfDB SR2				
Summary:				
5.1	Avoid or minimise displacement	N/A		
5.2	Consultation	N/A		
5.3	Compensation for displaced persons	N/A		
5.4	Grievance mechanism	N/A		

	Lenders Requirements	Score	Comments/ Issues	Actions Required
6 Biodiversity and Living Natural Resources IFC PS6 / IFC PS4 sec.8 Ecosystem Services / AfDB SR1-8 Biodiversity Conservation and Sustainable Natural Resources Management				
Summary:				
6.1	Assessment of Biodiversity and Living Natural Resources	N/A		



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	Lenders Requirements	Score	Comments/ Issues	Actions Required
6.2	Conservation of Biodiversity	N/A	-	-
6.3	Sustainable Management of Living Natural Resources	N/A	-	-
7	Indigenous People IFC PS7 / AfDB SR3			
	Summary:			
7.1	Indigenous People Assessment	N/A	-	-
7.2	Adverse Effects Avoidance and Indigenous Peoples Development Plan	N/A	-	-
7.3	Information Disclosure, Meaningful Consultation and Informed Participation	N/A	-	-
7.4	Grievance Mechanism and Prevention of Ethnically Based Discrimination	N/A	-	-
7.5	Compensation and Benefit-Sharing	N/A	-	-
7.6	Impacts/Relocation on Traditional or Customary Lands and Cultural Heritage	N/A	-	-



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	Lenders Requirements	Score	Comments/ Issues	Actions Required
8	Cultural Heritage IFC PS8 / AfDB SR1-11 Physical Cultural Resources			
	Summary:			
8.1	Assessment and Management of Impacts on Cultural Heritage	N/A	-	-
8.2	Consultation with affected communities and other stakeholders	N/A	-	-
8.3	Project use of Cultural Heritage	N/A	-	-