

INFORMATION SUMMARY FOR THE PUBLIC

Host Country:	Ethiopia
Name of Insured Investors:	Sun NIH VI Flamingo, LLC and SCP Co-Invest NIH VI Flamingo, LLC or eligible affiliates thereof (the “Insured Investors”).
Project Description:	The Insured Investors acquired Afriflora in Q1 2018 and will further develop the capacity of their three rose farms. Afriflora grows, harvests and exports cut roses from farms located in Ziway, Adami Tulu and Blen, Ethiopia.
Maximum Aggregate Compensation (“MAC”)	\$126,000,000
Total Project Costs:	€17,500,000
Proposed Insurance	Expropriation and Political Violence
U.S. Involvement:	Insured Investors
Investment Type to be Insured:	Equity
Policy Review	
U.S. Economic Impact:	The Project is not expected to have a negative impact on the U.S. economy. The Project will export fresh cut roses to Europe, which is not an important market for U.S. fresh cut roses. There is no U.S. procurement and therefore the Project is expected to have a neutral impact on U.S. employment. The Project is not expected to have an impact on the U.S. balance of trade.
Developmental Effects:	The Project is expected to have a highly developmental impact in Ethiopia, by supporting the continued development of the largest rose producer in the country. The agriculture sector is an important sector for Ethiopia, representing 68% of total employment and 36% of GDP in Ethiopia in 2017. With the expected increase in production of roses, the Project will contribute to Ethiopia’s economic growth by creating hundreds of new jobs and generating foreign exchange earnings through its exports to Europe. Flowers represent Ethiopia’s fifth largest export, valued at \$173 million in 2016, and making up 6% of total exports. The Project will also indirectly support job creation through local procurement of goods and services, particularly through its longstanding partnership with Ethiopian Airlines.
Environment:	Screening: The Project has been reviewed against OPIC’s categorical prohibitions and has been determined to be categorically eligible. The Project has been screened as Category B because impacts are site specific and readily

mitigated. Key potential environmental risks and impacts include water use and management, agro-chemical use and management, waste management including organic waste and occupational health and safety. The Project is subject to a climate change resiliency screening.

APPLICABLE STANDARDS¹: Under OPIC's Environmental and Social Policies, the Insured is required to comply with applicable national laws and regulations related to environmental and social performance. OPIC's environmental and social due diligence indicates that the Project will have impacts which must be managed in a manner consistent with the following International Finance Corporation's (IFC 2012) Performance Standards (P.S.):

- P.S. 1: Assessment and Management of Environmental and Social Risks and Impacts;
- P.S. 2: Labor and Working Conditions;
- P.S. 3: Resource Efficiency and Pollution Prevention; and
- P.S. 4: Community Health, Safety and Security

A desk-review due diligence assessment indicates the Project is located on rural agricultural land sites and implements protective measures to avoid effluent discharges into adjacent waterbodies. The Project does not affect protected areas or sensitive ecosystems and adverse impacts on biodiversity are not anticipated. Therefore, P.S. 6 is not triggered at this time.

The Project will be required to meet applicable provisions of the International Finance Corporation's (IFC) General Environmental Health and Safety (EHS) Guidelines and the IFC EHS Guidelines for Perennial Crop Production.

Environmental and Social Risks and Mitigation: The Insured's environmental and social management system is comprised of internal standard operating procedures, policies, reporting forms, audit procedures, and training plans designed to address the standards and requirements of its multiple industry and customer certification systems. Implementation of these internal procedures adequately addresses the assessment and management of environmental and social risks in compliance with IFC Performance Standards. The Insured maintains the following certification: FairTrade, Ethical

¹ Issues related to P.S. 5, 7 and 8 are addressed in OPIC's Social Impact Assessment.

	<p>Trading Initiative (ETI), GlobalGAP, and MPS-ABC (Dutch flower). These standards all address sustainable resource use, effective management systems, and workplace conditions. The Insured has a senior management team committed to environmental and social performance and is working to increase capacity to ensure improved outcomes.</p> <p>The Insured has an adequate Health and Safety Policy including worker training, internal audits, establishment of a Health and Safety Committee and the implementation of best practices relative to agro-chemical storage and use. Each greenhouse has an OHS officer, trained first aid staff, access to safe drinking water and clean sanitation facilities. Personal protective gear is provided to all employees.</p> <p>The Project implements an Integrated Pest Management (IPM) program to reduce pesticide usage. Since 2011 the Project has been able to reduce pesticide use by 60%, in keeping with target goals under the various certification systems and is conducting test trials on a series of rose varieties that may require less intensive chemical applications.</p> <p>The Project has a robust water resources management program, which includes a closed-loop irrigation system including constructed wetlands designed to treat and re-use irrigation effluent to reduce the need for raw water abstraction from Lake Ziway, Bulbula River, Awash River and boreholes. Drainage interceptor canals are constructed around the greenhouses to collect runoff from the greenhouse roofs; this water is also recirculated for irrigation. These mitigation measures enable the Project to achieve a water recycling rate of approximately 48%. The Project has an active monitoring program to manage its water withdrawal rates and effluent water quality.</p>
<p>Social Assessment:</p>	<p>The Project will have impacts that must be managed in a manner consistent with the International Finance Corporation’s Performance Standards, OPIC’s Environmental and Social Policy Statement, and applicable local laws. OPIC’s statutorily required language regarding the rights of association, organization and collective bargaining, minimum age of employment, and prohibition against the use of forced labor, will be supplemented with provisions concerning non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental</p>

contract language will be applied to all workers of the Project, including contracted workers.

In accordance with OPIC's Environmental and Social Policy Statement, this Project has been classified as Special Consideration as a result of heightened social risks, including: elevated regional and sectoral labor risks, elevated labor risks from the Foreign Enterprise's utilization of a large number of unskilled workers; and regional security risks. Additionally, the Project is still in the process of addressing economic displacement of approximately 300 households that occurred due to the acquisition of an additional farm parcel in 2014.

The Foreign Enterprise maintains the following certifications: FairTrade, Ethical Trading Initiative (ETI), GlobalGAP, and MPS-ABC (Dutch flower). These certifications address: freedom of association; worker health and safety; forced labor and child labor; payment of wages; working hours; employment contracts; and working conditions.

To ensure alignment with OPIC's requirements and the IFC Performance Standards, the Foreign Enterprise will also be required to provide evidence of effective labor management, including payment of wages, working hours, and grievance management; develop and implement a livelihood restoration plan; and develop a memorandum of understanding with regard to public security arrangements for the Project. Additionally, OPIC will require a completion audit once the activities of the livelihood restoration plan are considered complete. Due to the Special Consideration designation, the Foreign Enterprise will also be required to submit regular social-specific performance reports and undertake third-party audit of the Project's social performance.

OPIC conducted a due diligence visit the week of August 19, 2018 to confirm the major risks and adequacy of the required mitigation measures.

This review includes the commensurate human rights risks associated with horticulture in Ethiopia.