

## Public Information Summary

<b>Host Country</b>	Vietnam
<b>Name of Borrower</b>	Marou Chocolate Company Limited
<b>Project Description</b>	Corporate loan to support the expansion of Marou's cacao processing facility at a new location, including space for a central kitchen and head office, and to support expansion of Marou retail locations (Maison Marou cafes and Marou Stations).
<b>Proposed DFC Loan</b>	\$4,000,000 with a term of 9 years.
<b>All-Source Funding Total</b>	\$5,000,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	The Project is expected to have a highly developmental impact through the creation of jobs, integrating smallholder farmers into a global value chain, and diversifying Vietnam's productive capacity. Formal employment is expected to bolster the country's labor market and improve the quality of women's participation in the economy. The Project is also expected to contribute to diversifying Vietnam's production and export base with finished confectionary goods.
<b>Environment and Social Assessment</b>	<p><b>SCREENING:</b> The Project has been reviewed against DFC's categorical prohibitions and has been determined to be categorically eligible. Loans to small scale construction projects for food processing facilities are screened as Category B projects under DFC's environmental guidelines because impacts are site specific and readily mitigated using good international industrial practices. Environmental issues associated with the Project include the need for a robust environmental and social management system to manage potential environmental and social risks from construction, occupational health and safety measures during construction and operations, and food safety protocols. Social risks associated with the Project include the need for robust labor management for employees and across the supply chain.</p> <p>The Project has been reviewed against findings in the 2021 State Department Human Rights Report for Vietnam. The Report notes that the government did not effectively enforce child labor laws, and there is evidence that children are subjected to hazardous and unlawful forms of labor including in the agriculture and manufacturing sectors. The clearance addresses these risks.</p>

**APPLICABLE STANDARDS:** Under DFC's Environmental and Social Policies, Marou is required to comply with applicable national laws and regulations related to environmental and social performance. DFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following 2012 International Finance Corporation's (IFC) 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.

Based on DFC's desktop review, the Project is leasing industrial land under a 20-year term from Quang Dieu Saigon Company who owns the land. Significant adverse impacts with respect to land acquisition and resettlement, biodiversity conservation, and indigenous peoples are not anticipated. Therefore, PS 5, 6, 7, and 8 are 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 (30 April 2007) and the IFC EHS Guidelines for Food and Beverage Processing (30 April 2007).

**Environmental and Social Risks and Mitigation:** The Borrower has or will have all components of an adequate Environmental and Social Management System (ESMS) prior to construction and operations. The new facility will meet the Food Safety System Certification (FSSC) 22000 standards for a food and safety management system. FSSC 22000 confirms that a robust and effective food safety management system (FSMS) is in place to meet the requirements of regulators, food business customers, and consumers. FSSC 22000 is recognized by the Global Food Safety Initiative (GFSI). They have some procedures in place including one on controlling for allergens. They have been recertified for Hazard Analysis Critical Control Point (HACCP) for three years. In addition, the Borrower has sufficient procedures in place for their occupational health and safety procedures and waste management procedures for construction and operations.

The Borrower represents they do not have any boilers and have one 320 kW diesel generator with a capacity of 91 liters. The diesel storage tank is located in an area surrounded by a ditch with recovery in case of oil spill or leak. Marou estimates they use 7,000 liters of diesel per year, with an estimated GHG emission of less than 100 tons of CO<sub>2</sub> per year.

	The Borrower has a human resources management system that largely aligns with IFC Performance Standard 2. The Borrower will be required to revise its internal grievance mechanism to fill the identified gap. Additionally, the Borrower has a supply chain management system that addresses the risk of forced and child labor.
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