

TERMS of REFERENCE

Environmental and Social Management Systems Development for Kennemer, Philippine

December 2021

Investments in Land Restoration and Sustainable Land Management (SLM) practices are needed to avoid, reduce and reverse land degradation. However, project preparedness can be a major bottleneck for restoration and SLM investment. The Land Degradation Neutrality (LDN) Technical Assistance Facility (TAF) was established to help alleviate this bottleneck, and link projects to the LDN Fund¹ and LDN impacts. The facility is managed by IDH The Sustainable Trade Initiative. The LDN TAF can provide grants and reimbursable grants to (potential) LDN investment projects, to improve technical quality, and strengthen environmental and social impacts, so that the investment project meets the LDN Fund investment criteria. More information on the LDN TAF can be found on:

www.idhsustainabletrade.com/landscapes/ldn-taf.

The LDN TAF seeks to support Kennemer Foods International (www.kennemerfoods.com) in developing a robust Environmental and Social Management System (ESMS) to ensuring the successful and equitable growth of their operations. In order to do this, IDH invites eligible consultants to submit a proposal for the assignment 'Environmental and Social Management System Development for Kennemer'.

These Terms of Reference (ToR) elaborate on the assignment and the requirements as well as the criteria of the selection procedure. Consultants that consider submitting a proposal are requested to carefully read this ToR.

1. Assignment background

Kennemer Foods International (Kennemer) is a Philippine agribusiness company specializing in the sustainable growing, sourcing and trading of high-quality agricultural crops such as fermented cacao beans sourced from smallholder farmers. Crops produced by Kennemer, and the famers they source from, are net carbon positive: the gains from improved practices and rehabilitation efforts exceed the carbon losses of the production. Kennemer operates in Mindanao, the agricultural centre of the Philippines, where many forests and ecologically important areas are under threat from unsustainable agriculture / 'slash & burn' and deforestation.

Kennemer's Ag technology platform aims to 'digitize' farm and farmer management, allowing the company to scale up and better manage risks by bringing complete farm data, product traceability and impact metrics to farmers, buyers, financiers and investors.

Agronomika Finance Corp's, a Kennemer subsidiary, provides farmers access to finance, alongside farming inputs, trainings, and coaching.

¹ The Land Degradation Neutrality Fund, copromoted by the UNCCD, is a first-of-its-kind fund investing in profit-generating sustainable land management and land restoration projects that contribute to SDG 15.3. The LDN Fund provides long-term debt and equity financing for sustainable land use projects that avoid, reduce or reverse land degradation. It is structured as a blended finance fund, pooling resources from both public and private investors committed to the goal of stopping land degradation. The LDN Fund is designed to offer financing solutions that are not readily available in the market, providing finance and strategic benefits in ways other investors or banks might not, e.g. longer tenors, longer grace periods, more flexible repayment schedules.

Kennemer's 2025 growth plan is aimed at building the carbon positive sourcing platform and expand sustainable farming operations, farmer financing and the carbon programs. As part of the expansion, Kennemer will grow its ESMS.

The LDN TAF will support Kennemer to build a robust foundation for the implementation of an ambitious Environmental and Social Action Plan (ESAP), which is currently being developed in collaboration with the LDN Fund.

2. Description of the assignment

As the company expands their operations to new areas a comprehensive ESMS is critical to ensuring the successful and equitable delivery of new projects. Kennemer is seeking an experienced consultant that can review existing ESMS tools, identify gaps and develop a comprehensive ESMS to support an industry leading standard of practice for the development and implementation of future projects. The consultant will have access to and is expected to build on an extensive due diligence analysis which has recently been conducted, covering a review of Kennemer's existing E&S management systems and tools. The consultant will need to review existing E&S management tools and leverage its expertise to generate the final deliverable through tasks including:

- Review Kennemer's existing policies, procedures, tools, and planning documents
- Develop an ESMS framework that fully meets investor requirements, and as well as the IFC and CCB performance standards to suit the company's objectives
- Map existing elements Kennemer's E&S tools against this framework
- Conduct a gap analysis and identify a prioritized list of actions to complete the ESMS
- Develop an implementation plan for a new Environmental and Social Manager to implement appropriate elements of the ESMS across project design, operational compliance, and impact reporting for the company, including on landscape approach and gender.
- Provide guidance and templates for any key missing elements of the ESMS

The assignment is estimated to require 40 days input from February 2022 to June 2022, with the precise allocation of days to be agreed between the consultant and Kennemer.

The consultant's work will be supervised by Kennemer but reviewed by the E&S representatives of the LDN Fund and by IDH.

3. Key Deliverables

The consultant will develop the following deliverables:

Deliverable
1. Draft ESMS framework
2. ESMS standardized set of policies Work with Kennemer management team to review existing policies and standardize their formats and facilitate the creation of new policies where needed.
3. E&S assessment and baseline plan/approach Create a method (incl. forms) on how E&S assessment and baselines should be performed, what data has to be gathered and outline the content of the reports that need to be produced.
4. Standardized E&S Management Plans Create standardized E&S Management Plans (health and safety, environment, stakeholder engagement etc.), i.e. an approach on how E&S issues are managed, monitored and reported on, including templates of forms and reports to use.
5. Job descriptions of ESMS department Create an organigram with job descriptions for an ESMS department (specific to Kennemer).

The working language will be English, knowledge in Filipino will be an advantage. The final deliverables need to be provided in English.

4. Required expertise

We are looking for an experienced ESMS consultant or consultancy firm/team to undertake this assignment. The tasks require generalist E&S management expertise and understanding of how to embed ESG into overall business management of a growing and very dynamic company. The consultant(s) must have experience of international social and environmental standards (including IFC, carbon and commodity standards) and demonstrated prior experience in developing an ESMS for agriculture/agroforestry and restoration operations consistent with good practice guidelines (e.g. IFC ESMS Handbook).

Consultants should have operational experience in the Philippines and are preferably based in the Philippines because of the current difficulties of international travel. The consultant(s) will be expected to travel to Kennemer's sites, subject to any COVID related restrictions on travel within the Philippines.

It is possible -- but not guaranteed -- that after the conclusion of this assignment the consultant could be appointed to the full time ESMS lead role by Kennemer.

5. Selection procedures

We are inviting consultants to submit a proposal by **January 7, 2022**.

Proposals should include:

1. A Technical proposal on how you propose achieving the deliverables required during this consultancy and a high-level workplan;
2. CV(s) highlighting relevant experience;
3. Indication of daily rates, including VAT;
4. A list of at least 3 references that can discuss work completed in Environmental and Social Management System Support; and
5. Confirmation of complying with the grounds on exclusion and confidentiality statement (the consultant confirms not being in one of the situations as listed in paragraph 6 of this ToR), and reconfirms the confidentiality clause 10.

Finalist candidates will be invited to virtual interviews. Kennemer, in close consultation with the LDN TAF team and the LDN Fund, will decide on the final selection of the consultant.

6. General terms and conditions

IDH and Kennemer reserves the right to update, change, extend, postpone, withdraw or suspend the ToR, this tender, or any decision with regard to the selection or contract award. IDH and Kennemer are not obliged in this tender procedure to make a contract award decision or to conclude a contract with a participant. IDH and Kennemer reserve the right to suspend or annul the Tender Procedure at any moment in time. Participants cannot claim compensation from IDH or Kennemer, any affiliated persons or entities, in any way, in case any of the afore-mentioned situations occur.

By handing in a proposal, participants accept all terms and reservations made in these Terms of Reference, and subsequent information and documentation in this tender procedure.

9. Grounds for exclusion

Service Providers shall be excluded from participation in a procurement procedure if:

- a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata;
- c) they have been guilty of grave professional misconduct proven by any means which the IDH can justify;
- d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established, or with those of the Netherlands or those of the country where the contract is to be performed;
- e) they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organization, money laundering or any other illegal activity, where such illegal activity is detrimental to the MFA's financial interests.
- f) Tenderers shall not make use of child labor or forced labor and/or practice discrimination and they shall respect the right to freedom of association and the right to organize and engage in collective bargaining, in accordance with the core conventions of the International Labor Organization (ILO).

Service Providers must confirm in writing that they are not in one of the situations as listed above. IDH and Kennemer will reject offers if any illegal or corrupt practices have taken place in connection to the award or the tender procedure.

10. Confidentiality

The documents provided by or on behalf of IDH and Kennemer will be handled with confidentiality. The Consultant(s) will also impose a duty of confidentiality on any parties that it engages. Any breach of the duty of confidentiality by the Consultant or its engaged third parties will give IDH and Kennemer grounds for exclusion of the Consultant, without requiring any prior written or verbal warning.

All information, documents and other requested or provided data submitted by the Service Providers will be handled with due care and confidentiality by IDH and Kennemer. The provided information will after evaluation by IDH be filed as confidential. The provided information will not be returned to the Consultant(s).

11. Contact information

Please send the proposal to the contact person at Kennemer and IDH:

- Rennel Apolinares
rennel.apolinares@kennemer.ph
- Annabel Bol
bol@idhtrade.org

About IDH Sustainable Trade Initiative

IDH, The Sustainable Trade Initiative, convenes companies, governments, financiers and others in public-private partnerships. Together we drive the design, co-funding and prototyping of new economically viable business models to delink tropical commodity production from deforestation and create shared value for all stakeholders. IDH has a network of over 400 companies, CSOs, financial institutions, producer organizations and governments. IDH works in 12 agricultural sectors and 12 landscapes in over 40 countries to achieve scalable impact on the Sustainable Development Goals. IDH's approaches are designed to drive sustainability from niche to norm in mainstream markets. IDH focuses on creating positive impact on deforestation, living incomes and living wages, working conditions, toxic loading and gender.