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**THE AFRICAN DEVELOPMENT BANK GROUP**

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**ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS) ASSESSMENT  
REPORT**

**JULY 2025**

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## Table of Contents

<b>1. Project Description .....</b>	<b>1</b>
<b>2. CARRINHO Operations .....</b>	<b>1</b>
<b>3. AfDB E&amp;S Risk Categorization and Disclosure Requirements .....</b>	<b>1</b>
<b>4. Scope of the Assessment .....</b>	<b>2</b>
<b>5. Findings of the ESMS Assessment.....</b>	<b>3</b>
5.1 High-level E&S Policy Statement approved by the company's Senior Management .....	3
5.2 Environmental and Social Management Procedures .....	4
5.3 Institutional Capacity .....	6
5.3.1 Organization Structure .....	6
5.3.2 Capacity Building .....	6
5.4 Environmental and Social Governance.....	7
5.4.1 Independent E&S Unit.....	7
5.4.2 ESG Reporting .....	7
5.4.3 Incident Management.....	7
<b>6. Conclusion .....</b>	<b>8</b>
<b>7. Environmental and Social Action Plan (ESAP) .....</b>	<b>8</b>

## **1. Project Description**

CARRINHO's investment program ("IP") involves the installation of commodity storage infrastructure in Angola to store cereals (maize, wheat, rice), legumes (soybeans, beans), edible oil and sugar. The IP is an integral component of CARRINHO's backward integration strategy to gradually substitute imported raw materials with those purchased locally through its wide outgrower network. The investment in the agricultural infrastructure project involves the purchase and installation of central silos, dryers, the construction of 2,000 m<sup>2</sup> warehouses and residences, consisting of prefabricated modular homes and offices in each of the divisions.

The infrastructure comprises of two elements: (i) upstream - silo centres and related equipment in six provinces; and (ii) downstream - a maritime grain terminal at the Port of Lobito.

- (i) The upstream infrastructure, providing a total storage capacity of 980,000 tonnes, will encompass 19 standalone silo centres - 13 with a capacity of 20,000 tonnes and 6 with a capacity of 120,000 tonnes. The silo centres will be equipped with grain handling systems, grain cleaning and processing units, monitoring and controlling systems, and reception and dispatch structures. The infrastructure will be supported with related transport equipment and warehouses.
- (ii) The downstream infrastructure encompasses a maritime grain terminal, providing grain storage capacity of 65,000 tonnes and edible oil storage capacity of 20,000 tonnes (corresponding to 4 silos of 5,000 tonnes each), that is strategically located in the Port of Lobito, the second busiest port in Angola in the province of Benguela which is emerging as a crucial outlet to export markets for countries along the Lobito Corridor. The port is connected by the Benguela Railway to agricultural production regions inland. The terminal will serve as a crucial gateway for the import and eventual export of raw materials into and from Angola.

## **2. CARRINHO Operations**

CARRINHO has six wholly owned subsidiaries, and there are three operating subsidiaries, namely: (i) Carrinho Agri (sourcing raw material locally); (ii) Carrinho Indústria (agro processing); and (iii) Carrinho Comércio (distribution). Two subsidiaries have not yet commenced operations: (i) Gremio, which will implement the IP, and (ii) Companhia Avícola Da Ganda, that will be engaged in poultry outgrower and processing operations. A sixth subsidiary, Carrinho Investments, is dormant.

CARRINHO's goal is to manage every stage, from sourcing raw materials through transportation, storage, manufacturing, and distribution. CARRINHO supports primary production through Carrinho Agri's outgrowers, transforms harvested crops at Carrinho Indústria, and distributes finished goods through Carrinho Comércio. While each subsidiary specializes in a particular part of the value chain, the three subsidiaries are interdependent, functioning as a single economic unit. Carrinho Agri and Carrinho Indústria's sales are primarily intercompany, with Agri selling to Indústria and Indústria to Comércio. Carrinho Comércio, in turn, distributes to both wholesalers and the public through a network of wholesale (Bem Berato) and retail stores (Eskebra).

## **3. AfDB E&S Risk Categorization and Disclosure Requirements**

In accordance with the Integrated Safeguards System (ISS) of the African Development Bank ("AfDB" or the "Bank"), CARRINHO's project has been classified as Category 1 (High Risk) and validated in the SAP and ISTS on 14 November 2024. This is aligned with category A (the high risk for the 19 sites for grain silo centres and 1 for the grain terminal in Lobito) as indicated in the Angolan Regulation on Environmental Impact Assessment and Licensing (Decree no 117/20 of 22 April).

This classification is due to the potential E&S risks and impacts that could be generated as results of the installation and operation of the maritime grain terminal and silos centres with a footprint of about 2.5 hectares in 19 sites throughout six provinces of Angola, including associated infrastructures and

heavy machinery such as dryers, warehouses, transport equipment and residences, consisting of prefabricated modular homes and offices, as part of upstream (silo centres) and downstream (maritime grain terminal) infrastructures.

As part of the disclosure process requirement under the Bank's ISS, CARRINHO is required to disclose its Environmental and Social Management System (ESMS) components, with (i) a high level E&S policy statement approved by the company senior management; (ii) existing E&S management procedures; (iii) institutional capacity including existence of clear E&S unit, skilled and appropriate staffing, sustainable financing; and (iv) an adequate Environmental and Social Governance (ESG) of the organization. To this end, the Borrower disclosed the ESMS components on 3rd February 2025<sup>1</sup>, and the Bank disclosed the same on 1st April 2025<sup>2</sup>. In addition, the Borrower is required to disclose the ESIA's for the known investments to be financed by the Bank as well as the Stakeholders Engagement Plan (SEP) and the Grievance Redress Mechanism (GRM), at least 120 days before presentation to the Board. The Borrower is also required to prepare an Environmental and Social Management Plan mandatorily annexed to the Financing Agreement (ESMP-FA) and authorize the Bank to disclose on its website, this is currently under finalization by the Borrower.

#### 4. Scope of the Assessment

The Environmental and Social Safeguards and Compliance Department (SNSC) of the AfDB assessed CARRINHO's Environmental and Social Management System (ESMS). The assessment aimed to evaluate the system's alignment with country-specific regulations and the Bank's ISS, ensuring the company's effective capability to manage environmental and social risks and impacts across its operations. The assessment covered the following four key pillars:

- i. **High level E&S Policy Statement:** CARRINHO's E&S policy was assessed to verify its formal endorsement by senior management. The focus was to ensure that the policy demonstrates a clear and strong commitment to managing environmental and social risks and impacts in line with the Bank's ISS and international standards. The policy's ability to provide strategic direction for the company's overall approach to E&S management was a key area of evaluation.
- ii. **E&S Management Procedures (ESMP):** The assessment evaluated the existing E&S management procedures used by CARRINHO to identify, assess, and mitigate environmental and social risks. This included examining how these procedures are integrated into the company's daily operations and decision-making processes. Additionally, the assessment covered CARRINHO's approach to Corporate Social Responsibility (CSR), examining how the company addresses broader social and community responsibilities through its operational activities.
- iii. **Institutional Capacity:** The assessment analysed CARRINHO's organizational capacity to effectively manage E&S risks. It focused on the presence and functionality of a dedicated E&S unit, its placement within the company's organizational structure, and its ability to operate independently. The assessment also examined whether the unit has the necessary expertise, sufficient staffing, and sustainable financing (i.e., a permanent budget) to address the company's E&S obligations comprehensively across its various activities.
- iv. **Environmental and Social Governance (ESG):** The assessment included the review of CARRINHO's ESG framework, considering the level of independence of the E&S unit within the company, particularly on decision-making authority and influence over operations that generate environmental and social risks. The assessment also evaluated the company's processes for reporting E&S performance, its incident management protocols

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<sup>1</sup> [Políticas e Práticas - Carrinho](#)

<sup>2</sup> <https://www.afdb.org/en/documents/angola-carrinho-p-ao-aag-006>

(including the handling of environment-occupational-health-safety (EOHS) incidents/accidents), and its track records in E&S grievance handling. Additionally, the publication of annual ESMS implementation reports.

The Client has provided the following documents: Occupational Health and Safety Policy; Environmental Sustainability Policy; Carrinho Group Environmental, Social and Governance Policy; Carrinho Group Environmental Corporate Sustainability; Quality & Food Safety Policy; Human Resources Policy; Carrinho Group Human Rights Policy; Carrinho Group Corporate Principles Policy; Training Policy; Carrinho Group Code of Ethics and Conduct; Carrinho Group Supplier Code; Carrinho Group Responsible Sourcing Standard; Carrinho Group Responsible Investment Policy; Carrinho Group Corporate Business Principles Policy; Carrinho Group Anticorruption Policy; Carrinho Group Whistleblowing Policy; and other related standards and procedures. The Client also filled the ESMS Checklist. The client also shared CVs of the E&S personnel which was also assessed by the Bank, as well as the following presentations on capacity building, roles and responsibilities, strategic framework and sustainability: Carrinho Capacity Building Strategy and Training Academy; Capacity Building Events for 2024; and Capacity Building Follow-Up and Objectives for 2025; ESG Carrinho Group for Organizational Roles, Responsibilities and Authorities; ESG Strategic Framework & Sustainability and Creating Shared Value.

## **5. Findings of the ESMS Assessment**

The Client has a **Good** and comprehensive ESMS, covering all the four key pillars described in section 4 (Scope of the Assessment). Recommendations for enhancement and improvement of the ESMS are presented in the ESAP in Section 7. Below are the key findings supporting the rating the client's ESMS:

### ***5.1 High-level E&S Policy Statement approved by the company's Senior Management***

CARRINHO established a comprehensive E&S Policy which is described in two main parts, associated with a series of complementary documents and specific procedures: the Occupational Health and Safety Policy (OHS), and the Environmental Sustainability Policy, both signed off by senior management on March 17th, 2021. This policy forms part of the CARRINHO's Environmental and Social Management System (ESMS), also designated by CARRINHO as an Integrated Management System (IMS), whose content is aligned with the Bank's ISS; and also international best practices.

As part of the OHS Policy, CARRINHO has committed to embedding environmental and social (E&S) considerations across all operations. These commitments include:

- *Compliance with National and International Regulations:* committed to fully complying with environmental legislation, continually improving the environmental performance of the activities, products and services, and preventing pollution through the Environmental Management System.
- *Occupational Health and Safety (OHS):* committed to preventing injuries, wounds and any damage to health, assessing and informing the stakeholders of the risks of the tasks associated with their jobs and corresponding preventive measures.
- *Continuous Improvement:* constantly seeking to improve, undertaking risk assessment of existing/new installations and incident analysis leading to establishment of preventive and corrective measures that aim to continuously improve workplaces.
- *Pollution Prevention and Resource Efficiency:* Through the Supplier Code, CARRINHO ensure proper disposal of packaging (e.g., fertilizer and agricultural chemical bags); adequate waste management (e.g., cereals blend and/or animal's manure) to avoid water pollution; proper storage of pesticides, chemicals and/or veterinary drugs. CARRINHO's production

seeks to optimize processes and apply more efficient technologies that allow to reduce energy and water consumption, minimize waste production, use sustainably managed renewable energy sources, recover the value of by-products, and control and eliminate emissions, including greenhouse gas emissions.

As part of the E&S policy, CARRINHO has a series of E&S commitments, including the following: (i) *Supplier Code – Basics for Agriculture* which promote national production through specialized technical support and sustainably source high quality raw materials; (ii) *Quality and Food Safety Policy* which focus on creating value for the customer in a sustainable way, by creating a relationship of trust in the Quality of CARRINHO's products and services and covering the nutritional needs and satisfaction of consumers and customers; (iii) *Human Resources Policy* from which CARRINHO demonstrates commitment to guarantee that all employees have good working conditions, a safe and healthy environment and flexibility measures that allow for a better work-family balance; (iv) *Corporate Business Principles Policy* from which CARRINHO respects and values each person in their diversity and dignity, through fair labour relations in a healthy work environment, of mutual trust, cooperation and solidarity, and based on that, CARRINHO is fully committed to preventing accidents, injuries and occupational illnesses and protecting the workers, service providers and third parties involved in the value chain; (v) *Training Policy*, CARRINHO considers the training, professional and personal development of its human capital as a fundamental and determining pillar for the continuous improvement of the quality of performance and, consequently, of the services provided; (vi) *Code of Ethics and Conduct*, promoting a transparency environment, high level of job satisfaction, a climate of shared merit; and (vii) *Compliance Regulatory for Quality and Food Safety* which is based on the Quality Management System (ISO 9001 – 2015), the Food Safety Management System (ISO 22000:2018), the Safety and Health Management System (ISO 45001:2018) and the Environment Management System (ISO 14001:2015). This covers the quality, food safety, health, environment, and regulatory compliance systems as well as all other systems needed to ensure compliance and performance across the value chain.

## **5.2 Environmental and Social Management Procedures**

The company's Environmental and Social Management System (ESMS) outlines the comprehensive procedures used to manage environmental and social risks across its operations in agriculture value chain.

CARRINHO's ESMS contains detailed management procedures for addressing environmental and social risks associated with its operations and Corporate Social Responsibility (CSR) initiatives. These procedures ensure the company systematically identifies, assesses, manages, and mitigates the E&S risks of its operation (the agricultural value chain). The ESMS procedures includes:

- *Procedures for E&S screening*: The client's Screening & Clearance Form includes sections for project data; ESMS applicability (which cover type of project, definition and next steps to be followed for each type of project); Justification and approval of deferral of ESMS Screening (for exceptional cases); ESMS screening (where it is indicated who completes the screening); ESMS Screening Report, on which E&S risks are described an indication of applicable ESMS procedures/standards, and risk rating for each of the standards triggered; At the end, a Project Risk Category is assigned as Low, Moderate and High.
- *Environmental Management*: Impact identification and assessment; operational control of Waste Management; operational control of atmospheric emissions management; operational control of natural resources management. CARRINHO's ESMS procedures include an impact identification and assessment tool (process number 7.1.1 of the Management System for

Quality & SHE) which defines the methodology for identifying the environmental aspects of activities, products and services, as well as identification of aspects that may have a significant impact on the environment and how to control them.

- *Risk management and due diligence:* It is undertaken through a specific requirement established in the Environmental Management and Impact Identification and Assessment procedure, which for each key process/activity is submitted to the risk identification, its probability of occurrence, severity, priority, classification, specific key performance indicators (KPI) for monitoring and reporting, responsibilities and follow-up actions.
- *Control of Supplier Processes, Products and Services:* Supply management (including subcontractors), planning or modifying supplier delivery times, responding to change management needs; Ensure the correct supply of materials and services to comply with internal, legal and other requirements; how products, raw materials, packaging materials and others are handled during reception and supply to affected areas. To ensure the correct reception of materials and handling under appropriate conditions, at the time and places defined according to Food Safety and Legal Requirements.
- *Resources:* Support to protect CARRINHO's employees, assets, and reputation from physical and other threats; ensure legal compliance and safety of packaging materials in direct or indirect contact with food products; ensure operational control of identified occupational risks; create a safe and healthy work environment for all employees.
- *Performance Evaluation / Non-conformity and Corrective Action:* Define the methodology to be followed for planning and executing internal audits of the QMS, as well as for analysing and closing any non-conformities detected.
- *Monitoring and reporting:* The monitoring and reporting is guided by two procedures, (i) the Monitoring and Measurement Resources (reference 7.1.5) which define the systematics/methodology to review, analyse and correct deviations from the Integrated Management System, which is undertaken in monthly base with quarterly trend; (ii) the Developing and Monitoring of ESMP (reference RO.SGQ.044.00), which is done annually identifying any additional environmental or social risks that may have emerged since the project started and establish appropriate mitigation measures for any significant new risk. As indicated in this monitoring procedures, the additional risks and their mitigating measures are added to the ESMP and reported on as part of annual monitoring. An annual ESMP progress monitoring table is defined under these procedures and is reviewed as part of the periodic project supervision missions undertaken by Carrinho. Through this procedure, the grievance mechanism and stakeholder engagement activities are also subject to monitoring.
- *Health and safety management* for hazard identification, risk assessment, communication to the medical service and occupational medicine area, planning and control of activities, safety instruction information/training, and operational control. This includes work accident management, defining procedures to be followed by the injured person. It requires that the employer provide first aid to the injured person and transportation to the hospital where he/she can receive medical assistance. The procedure is in line with the requirements of Bank's E&S Operational Safeguard 2 (OS2), including on accident/incident investigation and reporting.
- *Treatment of non-compliances* which establishes the methodology for defining, applying and evaluating the results of corrective and continuous improvement actions. This procedure applies to all activities implemented by CARRINHO, especially at the level of the quality management system (QMS), namely on products, processes, practices, and methods, with the purpose of reducing or eliminating real and/or potential causes of quality issues, food safety, environment, and occupational health and safety.
- *Complaints management* which establishes procedures for managing and handling complaints from suppliers, associated with national and international purchases of raw materials,

commodities, retail products, packaging material, auxiliary materials, contracting services, among others. The procedure defines a clear flowchart for detecting and handling complaints to a material or product supplier.

- *Firefighting procedure*, indicating in detail how to act in case of fire, including indication of extinguishing agents for each class of fire.

CARRINHOS's ESMS includes procedures on stakeholder engagement (which is designated as communication management), composed of three complementary procedures targeting general communication; internal communication between the business units; and communication with external entities. These procedures establish methodologies for communication regarding Food Quality and Safety, Occupational Health and Safety and Environment.

### **5.3 Institutional Capacity**

#### **5.3.1 Organization Structure**

Carrinho has an E&S unit clearly integrated into the company's organogram. The E&S unit is composed of four (4) staff members, and all of them are members of the Board's Sustainability Committee and part of the ESG Corporate Board. The positions of the E&S staff members include Environmental, Social, Sustainability, and Audit. As part of the ESMS assessment and during the identification mission undertaken by the Bank from 16th to 23rd March 2025, the CVs of the E&S unit staff were reviewed and concluded that the team has experience in environmental, health and safety (EHS) management, stakeholder engagement; undertaking incident root cause analysis (RCA) and reporting, including E&S auditing, in line with specific procedures established as part of the client's ESMS. The staff of the E&S unit cover all 20 silo sites (that form the entire scope of the IP), of which 19 sites are for grain silos and 1 site is for grain terminal. These four staff members are to be supported by focal points allocated to each of the grain silo sites and grain terminal sites, distributed in five provinces of Angola. As such, the assessment has found the staffing level adequate to manage the E&S risks and impacts related to the activities of the company. However, with the expansion of the existing silos and the installation of others, including the construction of the grain terminal in Lobito, CARRINHO will be required to increase the number of E&S staff to implement and monitor the ESMS and ESMPs for the grain silo sites.

The E&S unit has a dedicated budget line for the implementation of EHS measures, in line with the requirements of the client's ESMS procedures and standards. As part of the ESMS assessment and framed within the identification mission, Carrinho's central office in Lobito and the offices in Luanda were visited. The Bank noted that the Client's E&S staff has at its disposal the necessary work equipment (such as computers, GPS devices, and vehicles, among others) to ensure the implementation of environmental and social measures. The client shared the budget control spreadsheet for 2025, and we noticed that it includes specific budget lines for occupational health and safety, auditing, and training.

#### **5.3.2 Capacity Building**

The capacity building is part of the Training Policy which emphasize training, professional and personal development of CARRINHO human capital as a fundamental and determining pillar for the continuous improvement of the quality of performance and, consequently, of the services provided. The execution of the policy requirements within the organization lies with the *Dona Leonor Carrinho Academy*. The Policy emphasizes that the training accompanies employees throughout their entire career, being adapted to each stage of their professional development. This is embedded in 8 principles: induction/integration training; initial professional training; continuing training; professional development; recycling; self-training; sharing of knowledge and techniques acquired in CARRINHO; and professional retraining. Some of the training/capacity building undertaken by



Carrinho between 2021 and 2025 (first quarter) include the following: (i) corporate social responsibility and community engagement; (ii) corporate governance, code of ethics, and conduct; (iii) best practices and due diligence processes when contracting security services; (iv) third-party due diligence; (v) ethics, transparency, and corporate governance; (vi) defensive driving; (vii) internal procedures on Quality Management System (QMS); (viii) occupational health and safety; and (ix) firefighting and first aid. However, with the expansion of the existing silos and the installation of others, including the construction of the grain terminal in Lobito, Carrinho will be required to recruit new staff and build the capacity of the existing staff through specific training, especially for those allocated to each of the 19 sites where grain silos will be installed.

## **5.4 Environmental and Social Governance**

### **5.4.1 Independent E&S Unit**

CARRINHO's E&S unit is well identified within the company's organizational structure, and the unit is in the same level as the other members of the Board, and all the staff of the E&S unit are part of the Board's Sustainability Committee. The fact that the Carrinho's sustainability strategy is regularly reviewed by the Board's Sustainability Committee (composed by staff of the E&S unit), makes the E&S unit well positioned and relevant to the company. The E&S unit oversee the structure and content of the company's ESG & sustainability reporting and validate the overall approach, and ensure that it is in line with the company's strategy. More specifically, the E&S unit is also responsible for the impact identification and assessment, operational control of waste management, non-compliance management procedure and corrective actions, health and safety management, operational control, quality assurance control among others.

### **5.4.2 ESG Reporting**

One of the responsibilities of the E&S unit (Sustainability Committee) is the environmental management and risk assessment as provided for in the CARRINHO's ESMS procedure 7.1.1 (Resources/Generalities), including reporting. Some of the key performance indicators (KPIs) included in the procedures (7.1.1-Resources/Generalities) used for reporting, include the following:

- Number of non-compliances related to occupational health and safety (OHS) topics.
- Number of non-compliances.
- Number of environmental incidents.
- Identification of environmental aspects in routine and specific situations – identification of environmental aspects in emergency and accident situations.
- Number of recurring non-compliances.

Although the outcomes of the implementation of some projects of the ESG Framework are disclosed on the website, ESG annual reports are not prepared and disclosed on CARRINHO's website.

### **5.4.3 Incident Management**

Through the IT.SST.001.00 and IT.SST.002.00 procedures (Occupational Accident Management and Accident Investigation, respectively), CARRINHO established clear incident management procedures to be adopted by the victim in the event of a work accident, which applies to all CARRINHO's employees. The Human Resources Department (HR) together with the EHS Department are responsible for communicating the accident to the insurance company, which should be done within 24 hours of the date of the notice of the accident, for severe and fatal accidents, and 72 hours for minor and moderate accidents. The accident management procedure indicates that the organization should investigate the causes of the accident and adopt appropriate preventive measures.

## 6. Conclusion

The assessment concludes that the CARRINHO's ESMS is rated as **Good**, as it covers all the four key pillars: (i) High level E&S Policy Statement; (ii) Existing E&S management procedures (ESMP); (iii) Institutional capacity; and (iv) Environmental and social governance (ESG). As such, recommendations are presented in section 7 below (Environmental and Social Action Plan-ESAP), to improve efficiency of the ESMS.

## 7. Environmental and Social Action Plan (ESAP)

#	Action	Deliverable	Timeline
1	Assign one (1) environmental and social (E&S) specialist for each grain silo centre	One (1) E&S specialist assigned for each grain silo centre.  ToRs for procurement and CV shared with the Bank	3 months after the signature of the Loan Agreement
2	Undertake at least one (1) E&S training to build the capacity of the existing staff for the implementation of the ESMS procedures and ESMPs of the grain silos	Training Program  At least one (1) E&S training report per year,	Throughout project implementation.
3	Allocate one (1) occupational, health and safety (OHS) specialist to the E&S unit to strengthen the capacity of the unit to implement health and safety requirement	One (1) OHS specialist allocated to the E&S unit.  ToRs for procurement and CV shared with the Bank	.  3 months after the signature of the Loan Agreement
4	Prepare an ESG annual report and disclose it on the CARRINHO's website	ESG annual report disclosed on CARRINHO's website	End of January of each year.