

Environmental and Social Review Summary (ESRS)
RIGA Working Capital Revolving Line - PANAMA
Hospital Puerto Armuelles and Hospital Almirante Revolving Line - PANAMA

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1 General Project Information and Scope of IDB Invest’s Environmental and Social Review

Constructora Riga Services S.A. (“RIGA”, the “Company” or the “Client”) has requested financing through two credit facilities, a corporate revolving working capital line and a credit rights revolving line to support the construction of Hospital Dionisio Arrocha in Puerto Armuelles, Province of Chiriquí, and of Hospital Almirante located in Almirante, Province of Bocas del Toro, both located in Panama (jointly, the “Project Hospitals” or the “Project”).

The Project entails two different infrastructures: (i) a new hospital (Hospital Dionisio Arrocha) in Puerto Armuelles, Province of Chiriquí, with 75.33% of the works already completed, which will be concluded in late 2022 and will include 130 hospital beds, for the benefit of about 60,000 people, and (ii) and a new hospital in Almirante, Province of Bocas del Toro, to be concluded in late 2022 to replace the existing hospital with new and improved infrastructure including 20,000 m² of facilities, operating rooms and 50 hospital beds, serving over 60,000 people. Both constructions submitted their Integral Services Contract among RIGA and the Caja de Seguro Social (CSS) (the “Integral Services Contract”), duly endorsed before the competent authorities.

For the execution of the construction at each Project Hospital, the Company drafted environmental management documents and obtained the permits required by the Panamanian related authorities, such as: (i) the Ministry of Environment’s approval of the Environmental Impact Assessments (EIA); (ii) construction and occupation permits and authorization issued by the Works and Constructions Office (DOYS, for its acronym in Spanish) of the related municipalities; (iii) approval of the preliminary designs and certificate of occupancy issued by the Meritorious Fire Department of the Republic of Panama (the “Firefighters Corps”) and (iv) land use and land release certificates issued by the Ministry of Housing and Territorial Planning (MIVIOT, for its acronym in Spanish).

Owing to the restrictions arising from the COVID-19 pandemic, the Environmental and Social Due Diligence (ESDD) process was performed mainly online and included a review of supplementary information, such as: environmental management policies, plans, manuals and procedures; the Human Resource (HR) Policy; occupational health and safety (OHS) programs; waste management information (hazardous and non-hazardous, or requiring special management); procedures for monitoring and assessing the environmental conditions at the workplace (e.g., air emissions, noise and effluents); and emergency response plans, among others. This process was supplemented by interviews with HR, OHS, Procurement and Operations personnel related to the Project.

2 Environmental and Social Categorization and Rationale

Under the Environmental and Social Sustainability Policy of IDB Invest, the transaction was categorized as category B since its environmental and social (E&S), and OHS impacts and risks are, in general, reversible and mitigable with the measures available using current technologies. The impacts and risks include: (i) modification of the soil substrate due to excavation and soil compacting activities; (ii) noise pollution and generation of vibrations; (iii) generation of hazardous and non-hazardous waste; (iv) pollutants released into the air, mainly combustion gases from the machinery and construction equipment; (v) generation of wastewater; (vi) workers health and safety risks; and (vii) potential impacts on the community's health and safety related to vehicle traffic increase and partial closure of roads.

After the construction and once the facilities, its services and ancillary equipment (elevators, A/Cs, electric back-up power systems, wastewater treatment system, electric power system, plumbing, special systems and other nonmedical equipment) and the medical and biomedical equipment have been delivered at the Client's satisfaction, the Project Hospitals will be operated by the Caja de Seguro Social (CSS) personnel.

Under the Integral Services Contracts, during a period of 3 years as from the date when the CSS receives the facilities at its satisfaction¹, the Company will be in charge of maintaining the equipment. Once this period has elapsed, the CSS personnel will be in charge of maintenance and management of risks and impacts, such as: (i) OHS risks; (ii) solid (hazardous and non-hazardous) and liquid (mainly domestic wastewater) waste generation; and (iii) use of the resources, mainly drinking water and energy.

The Project triggers the following Performance Standards (PS) of the International Finance Corporation (IFC): PS1, Assessment and Management of Environmental and Social Risks and Impacts; PS2, Labor and Working Conditions; PS3, Resource Efficiency and Pollution Prevention; and PS4, Community Health, Safety and Security.

3 Environmental and Social Context

RIGA was founded in 1989 as a company subcontracted to perform maintenance and reshuffling tasks at the Panama refinery, as well as private projects. As from 1991 it has been participating in competitive bidding processes of the Panamanian State working with the MEDUCA (Ministry of Education), MINSA (Ministry of Health) and MIGOB (Ministry of the Interior). The Company focuses on developing infrastructure as well as civil works (residential and commercial), operating in all the phases of the value chain from design to construction and maintenance. Throughout its history, RIGA has developed multiple projects such as private and public housing developments, schools, hospital and sporting facilities, infrastructure works and civil works in general.

Owing to its different locations, the Project will be subject to natural disaster threats, such as earthquakes, storms and hurricanes, as well as social unrest threats, such as vandalism, and protests or demonstrations. However, these represent a moderate to low risk for the damages on the physical infrastructure and on personnel, interns, patients or visitors.

¹ 5 years for the A/C and ventilation system for the Puerto Armuelles Hospital.

4 Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of E&S Risks and Impacts

4.1.a Environmental and Social Management System

RIGA will develop and implement a specific Environmental and Social Management System (ESMS) for its operations that will include: (i) an environmental, social and health and safety (ESHS) policy; (ii) internal procedures to identify, assess, and manage any possible environmental, social and OHS risks and impacts associated with each Project activity, both for their own workers and those engaged by third parties (contractors and subcontractors); (iii) internal procedures to ensure compliance with the Environmental Management Plan (EMP); (iv) the necessary organizational capacity and competency, including the definition of roles and allocation of responsibilities to implement the ESMS; (v) emergency preparedness and response protocols; (vi) stakeholder engagement plans; (vii) external communication and grievance mechanism; (viii) protocols for the disclosure of information, decision making and education of communities; (ix) protocols for the evaluation and continuous improvement of the ESMS; and (xi) frequent audits and reviews of E&S and OHS requirements under Panama environmental regulations.

Once adopted, the ESMS will be periodically reviewed² to enhance or update its components on the basis of the applicable E&S and OHS requirements.

4.1.b Policies

As part of the ESMS, RIGA will prepare an E&S and OHS policy (“Integral Policy”) specifying as follows: (i) the person within the organization to guarantee that the policy is complied with and to be accountable for executing it; (ii) the financial and human resources necessary to implement the ESMS; (iii) the procedure to advise this policy to all the levels of the organization; and (iv) a mechanism to measure and communicate the ongoing improvements of its implementation.

4.1.c Identification of Risk and Impacts

4.1.c.i Direct and Indirect Impacts and Risks

All the environmental management instruments developed for the Project include a chapter characterizing the E&S risks and impacts for each phase of the works and activities, including constructing, repairing and reshuffling different structures, commissioning (e.g. execution of nondestructive tests), operation and maintenance (O&M), closure and clearing-out of construction sites.

RIGA will develop and implement a Corporate Preconstruction or Works Adjustment Procedure before the execution of the works, which will update the E&S risk profile for its works and establish the need for each manager, resident engineer and Project contractor to prepare: (i) a social report to be submitted 15 days prior to the beginning of each of the works identifying the social organizations and institutions within the social and economic area of influence of the Project, the risks inherent to each role, a breakdown of risks and mitigation actions; and (ii) a “social traffic-light system”, to be updated on a weekly basis and

² Applying the Environmental and Social Management System, Implementation Manual - General; IFC; version 2.1; November 2015. Environmental and Social Management System Toolkit - General; IFC; version 1.2; November 2015.

showing the risk levels of the works identifying the existence of any significant risk events or particular crisis.

4.1.c.ii Gender Risk

Even though Panama has in place laws³ and institutions⁴ seeking to protect women from violence and harassment, the figures for gender violence and sex crimes in the country are: (i) during 2020, there were 31 femicides, 5 femicide attempts and 15 homicides of women considered violent deaths, in which 75% of the victims were women aged 15 to 44 (being the range of 15 to 24 years old the most significant with 32%) and (ii) between 2015 and 2020 there were 33,392 sex crimes reported: rape (42%), statutory rape (25%) and child molestation and child pornography (20%).

According to national statistics, in 2020, the Provinces of Chiriquí and Colón were ranked sixth and eighth -respectively- in number of femicides, femicide attempts and violent deaths countrywide⁵. The situation is deemed to have worsened in 2020 due to the pandemic.

However, in accordance with the information provided by the Company, due to the activity type (construction) and the fact that the construction sites will be located in urban centers, it is estimated that the gender risk is low and mitigable through the equality and equity principles and practices promoted and put into practice by the Company.

4.1.c.iii Exposure to Climate Change

Based on a global climate model, the Project's infrastructure is moderately exposed to changes in precipitation patterns with a trend to increasing slightly in the RCP 8.5 climate change scenario⁶.

The Company will take care of any demands that the risk from exposure to climate change may generate through the measures proposed in the EIA for each construction site.

4.1.d Management Program

In order to manage the E&S aspects of the Project, the Company prioritizes: (i) commitments assumed with the EIAs and approval resolutions; (ii) commitments approved by the competent sector authorities

³ Law No. 82 of October 24, 2013, adopts measures to prevent gender violence and amends the Criminal Code including femicide as a crime and penalizing violence against women; Law No. 71 of December 23, 2008, creates the Instituto Nacional de la Mujer (National Women's Institute); Law No. 38 of July 10, 2001, amends and adds sections to the Criminal and Judiciary Code on domestic violence and mistreatment of boys, girls and adolescents; Law No. 73 of December 18, 2015, amends sections of Law No. 38 of 2001 on the domestic violence procedure, among others.

⁴ The Instituto Nacional de las Mujeres, INAMU (National Women's Institute); Consejo Nacional de la Mujer, CONAMU (National Women's Council); Comité Nacional contra la Violencia en la Mujer, CONVIMU (National Committee Against Violence to Women); Observatorio Panameño contra la Violencia de Género, OPVG (Panamanian Observatory Against gender Violence), among others.

⁵ Source: Centro de Estadística del Ministerio Público de la Rep. de Panamá (Statistics Center of the Attorney General's Office of Panama).

⁶ A Representative Concentration Pathway (RCP) is a greenhouse gas (GHG) (not emissions) concentration pathway adopted by the IPCC. The pathways describe the different climate future scenarios, all of which are deemed possible depending on the volume of GHG issued in the coming years. RCPs, originally RCP 2.6, RCP 4.5, RCP 6 and RCP 8.5, are labelled based on a potential range of radiative forcing values in 2100 (2.6, 4.5, 6 and 8.5 W/m², respectively).

(DNPH, DOYC, Firefighters Corpse, etc.); (iii) the Company's own commitments; (iv) E&S good practices; and (v) legal compliance with current and applicable E&S and OHS regulations. In this sense, each Project EIA includes an EMP setting forth mitigation or compensation measures for each impact identified, the agency in charge of executing them, the implementation schedule and the monitoring term.

In addition, as part of the Integral Services Contract, it is established that all E&S guidelines to be met by the Company should also be observed by the contractors, subcontractors, suppliers and each of the persons working for them without them being exempt from meeting Panama environmental regulations.

4.1.e Organizational Capacity and Competency

RIGA appointed an OHS team made up by a Director and OHS coordinators at each construction site, who are in charge of promoting occupational health and safety, providing advice and monitoring the compliance with national regulations and corporate instruments.

However, the Company does not have in place a proprietary E&S organizational strategy⁷ to monitor E&S risks and impacts or the implementation of the EMP and local regulatory requirements. Therefore, the Company will: (i) define the E&S Organizational Capacity and Competency policy or policies; (ii) appoint an E&S focal point within its organizational structure; (iii) define the focal point's functions, responsibilities and level of authority that will enable this person to implement the ESMS; and (iv) ensure adequate human and financial resources to enable the implementation of the ESMS.

In addition, at least once a year, the Company will perform an introductory or refresher session of the E&S and OHS training program for all the personnel in charge of managing each operational facility at present or in the future, presenting and analyzing the E&S and OHS risks and impacts of each site and any regulations that need to be met.

4.1.f Emergency Preparedness and Response

In order to better align with PS2 and comply with the safety principles of Panama civil protection regulations (Executive Decree No. 177 of 2008⁸), RIGA will adopt a policy which will require that each hospital or facility have in place an Emergency Response Plan (ERP). This policy will also include a set of specific procedures to coordinate, alert, mobilize and respond in the occurrence of or the imminent occurrence of an unforeseen event, such as: (i) natural hazards (earthquakes, hurricanes, tropical storms, floods, subsidence, etc.); (ii) human conflicts (vandalic acts, demonstrations or civil unrest); and (iii) technological hazards (fires, explosions, fuel leaks, hazardous material leaks, and workers and suppliers accidents).

The specific ERPs will focus on the following aspects: (i) emergency response procedures; (ii) trained emergency response teams; (iii) emergency contacts and communication systems and protocols; (iv) procedures for the interaction with local and regional emergency and health authorities; (v) permanent emergency equipment and facilities (first aid stations, extinguishers, hoses, fire extinguishers, sprinkler systems, etc.); (vi) protocols for fire trucks, ambulances and other emergency vehicle services; (vii)

⁷ An external suitable consulting service is used to prepare the EIAs and the reports on measures approved in each EIA's resolution.

⁸ Executive Decree No. 177 of April 30, 2008, regulating Law No. 7 of February 11, 2005.

evacuation routes and meeting points; (viii) training exercises (drills and simulations) that involve RIGA's personnel and other key stakeholders and interested parties.

In addition, each ERP will contain an annual Training Program and a Root Cause Analysis procedure for any major accident or fatality, as well as a description of the corrective actions required to minimize the risk of new occurrences. In this regard, annual training programs will aim at strengthening effective responses to emergency situations and will include courses in: (i) first aid (basic life support, hemorrhages, shock, wounds and burns, fractures, transfer of injured individuals, etc.); (ii) firefighting and fire prevention (firefighter safety, hose folding, handling of extinguishers, etc.); and (iii) search and rescue, among others.

RIGA will prepare and adopt a specific crisis management policy establishing governance standards to guarantee an adequate response in the light of events threatening or affecting its assets.

4.1.g Monitoring and Evaluation

RIGA will prepare and adopt an E&S compliance matrix which will include a list of permits, licenses and certifications required to operate each Hospital or Project site. This matrix which will be updated by including: (i) key performance indicators (KPI) to measure the effectiveness of management and control procedures; (ii) record of compliance with local contractual and legal obligations; (iii) the competent authorities in charge of granting authorizations and issuing permits; (iv) the date of issuance or effectiveness of each permit or authorization ; (v) the person within the company in charge of monitoring and ensuring each permit is complied with; and (vi) future compliance and communication procedures.

The Company will also prepare⁹ an annual consolidated report on the status of compliance with all the E&S and OHS policies and measures applicable to the Project, including the progress of the ESMS actions regarding the KPIs established, as well as the status of compliance with IDB Invest's Environmental and Social Sustainability Policy. Through these internal or external audits, RIGA will define specific measures to reduce impacts and improve efficiency, and document and report progress and new procedures, and other certifications.

4.1.h Stakeholder Engagement

RIGA will develop and adopt a Stakeholder Management Plan which will include the following: (i) updated identification of all stakeholders, including the local authorities and surrounding communities and neighbors (within a 1 km radius of each facility); (ii) differentiated measures to enable the effective engagement of disadvantaged or vulnerable groups; (iii) a mechanism to ensure that the representatives of the affected communities are able to voice their opinions; (iv) details on how information is disclosed to stakeholders; (v) details on the stakeholder engagement process in these communities and how they can access the grievance mechanism; (vi) procedures to report regularly on the Company's E&S performance to stakeholders and the public in general; and (vii) mechanisms for implementing and disclosing the updated procedure to all the personnel as part of a training program.

As part of the Stakeholder Engagement Management Plan, the Company will prepare and adopt a procedure to manage relations with the community establishing the effective strategies to communicate

⁹ Whether internally (internal audit) or through an independent external E&S expert (external audit).

and maintain good relations with the population in the area of influence of each site. This procedure will identify the work team responsible for its implementation (e.g., the Social Management manager and a team of social promoters) and define the protocols for the following activities: (i) interviews with authorities and stakeholder representatives; (ii) stakeholder briefings; and (iii) media and social networks management.

4.1.i External Communication and Grievance Mechanism

4.1.i.i External Communication

RIGA will draft a Corporate Communication Policy, which shall ensure that all communications addressed to external audiences, including interest groups, is delivered in a careful, responsible, and efficient manner. This policy will determine the external official communication channels to be used (reports, websites, press releases, social networks, transparency mailboxes, contact centers, focus groups, social events, etc.) to reach the related stakeholders.

4.1.i.ii Grievance Mechanism for Affected Communities

RIGA has in place a mechanism allowing communities, employees, and other key players to submit their grievances, claims or inquiries to be taken care of and considered at the different stages of the Project. These grievances, claims or inquiries may be channeled through its web site¹⁰ or its community managers.

However, the Company will improve its existing system so that the following is recorded for each grievance or claim: (i) how the grievance was received; (ii) who placed it (clients, community, stakeholders); (iii) how it was classified, processed, evaluated, and investigated; (iv) how it was resolved and followed up on; (v) how it was closed; and (vi) how the ESMS was adjusted or improved, in terms of communication and dissemination of information.

4.1.j On-Going Reporting to Affected Communities

RIGA, through its Stakeholder Engagement Management Plan will furnish the communities and anyone who will require, regular reports on the Company's E&S performance.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

It is estimated that RIGA will generate 1,700 new positions and 700 indirect positions, out of which 15% will be held by women. Moreover, the Company has five women in managerial and leading positions (38% of managing positions).

4.2.a.i Human Resources Policies and Procedures

RIGA has in place Internal Labor Regulation (ILR), approved by the Ministry of Labor, which define and establish: (i) terms for job application and contracts; (ii) work day conditions; (iii) salaries; (iv) working

¹⁰ <https://constructora.gruporiga.com/contacts-1/>

conditions for women and minors (under the applicable Panamanian labor legislation); (v) health and safety measures; (vi) obligations and prohibitions of employers and employees; (vii) disciplinary actions; (viii) the way the Corporate Committee works as a vehicle to resolve conflicts; ix) corporate values of transparency, respect, integrity and equity; (x) the way the stakeholders should be dealt with; (xi) what to do in the event of conflicts of interest; (xii) information management and fraud prevention; and (xiii) as part of the “open door” policy, the inquiry, fraud reporting and ethical dilemma processes.

Also, RIGA’s contractors and subcontractors are governed by the Collective Bargaining Agreement entered into between the CAPAC (Panamanian Construction Chamber) and the SUNTRAC (Single National Construction Industry Workers Union), including the rules and conditions related to: personnel recruiting and hiring; workdays and work and break times; vacation; leaves of absence; compensation and benefits; employee and employer rights and obligations; behavior and disciplinary actions; security of assets; prevention of risk; and disabled workers, among other aspects.

4.2.a.ii Working Conditions and Terms of Employment

The ILR and the Collective Bargaining Agreement are in accordance with Panama labor laws¹¹ as well as the International Labor Organization (ILO) conventions, since they provide for gender equality and nondiscrimination principles, equal opportunity, prohibition of child labor, fair treatment, bar on work harassment and penalties imposed for sexual harassment, agreement with adequate labor and employment conditions, and severance and termination notice. All of the Company’s personnel, depending on the type of contract, is subject to ILR or Collective Bargaining Agreement training sessions as part of the induction process.

4.2.a.iii Worker Organizations

RIGA complies with the labor laws establishing freedom of association and the ILO conventions and treaties related to the rights of the workers, including Convention 87 on Freedom of Association and Protection of the Right to Organize and Convention 98 on the Right to Organize and Collective Bargaining. Both Project Hospitals are currently organized under the Collective Bargaining Agreement. The Company is permanently updated on the Union requirements through monthly meetings and periodic coordination.

4.2.a.iv Non-discrimination and Equal Opportunity

Panama is a signatory of several ILO conventions and international treaties related to workers’ rights including Convention 100 on Equal Remuneration and Convention 111 on Discrimination (Employment and Occupation). Within the ILR and the Collective Bargaining Agreement, the Company establishes respect for individual diversity and equity, acting with justice, equality and impartiality, seeking an inclusive and positive social impact.

4.2.a.v Grievance Mechanism

RIGA has in place a grievance mechanism allowing communities, employees and other key players to submit their grievances, claims and inquiries to be taken care of and considered. However, this grievance

¹¹ Cabinet Decree No. 252, Labor Code (December 30, 1971) and Law No. 44 of August 12, 1995, as amended.

mechanism will be extended to all the personnel working in Project, including individuals hired by third parties.

In this sense, the Company will update its grievance mechanism so that: (i) it provides a culturally appropriate and easy-to-access system at any time (e.g., an external box with printed or digital forms to submit the grievances, claims or inquiries); and (ii) it does not prevent but provide access to other applicable legal or administrative resources based on the severity of the violation under local national labor legislation or regulations.

4.2.b Protecting the Workforce

Panama is a signatory to several ILO conventions and international treaties related to workers' rights, including Convention 138 on Minimum Age, Convention 182 on Worst Forms of Child Labor, Convention 29 on Forced Labor and Convention 105 on Abolition of Forced Labor. Likewise, the country has extensive labor legislation that regulates, among other aspects, the duration of the workday, schedules, overtime, paid rest days, minimum remuneration, family allowance, statutory bonuses, and the minimum aspects of OHS. RIGA meets these regulations through its ILR and observes that they are complied with through the Collective Bargaining Agreement.

4.2.c Occupational Health and Safety

Under OHS regulations effective in Panama¹², RIGA has in place an OHS Study prepared specifically for each Project site in order to: (i) establish the guidelines and parameters to be used upon implementing the OHS Plan at each of the Project's execution phases; (ii) ensure the wellbeing of each worker and any visitor or client entering the construction site; and (iii) control any risky situations putting the latter's physical integrity at risk.

Also, the OHS Plan sets forth the basic occupational safety and environmental protection standards for all of the Company's and third parties' (contractors and subcontractors) personnel involved in the Project as well as for any individuals accessing the facilities, whether suppliers, supervisor or visitors. These conditions are enforced through the Environmental, Health and Safety Annex, of the Construction Contracts among the contractors and subcontractors.

Due to the COVID-19 pandemic¹³ and once the Government of Panama authorized the return of construction activities, the Company drafted for each construction site and in conformity with current sector protocols and health regulations¹⁴, a Contingency Plan and formed an Occupational Health and Safety Committee to address the virus. The goals of the Plan are: (i) to establish guidelines to monitor, prevent and control the workers' health during the pandemic; (ii) to establish guidelines to go back to the

¹² Administrative Order No. 2, Rules on Health and Safety in the Construction Industry (February 15, 2008); Resolution No. 45, 588, 2011 –J.D. Caja de Seguro Social, General Professional Risk Prevention and OHS Regulation (February 21, 2011); Law No. 66, Health Code, Chapter II, Industrial Health; Decree No. 68, Professional Risks.

¹³ COVID-19 is the infectious disease caused by the coronavirus discovered in Wuhan, China, in December 2019 (<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>)

¹⁴ Administrative Order N°78 of March 16, 2020, establishing labor measures to prevent the spread of COVID-19 at companies in Panama; Resolution N°137-2020 of March 16, 2020, adopting the Protocol to Preserve Health and Hygiene in the Workplace to Prevent the Spread of COVID-19; and Resolution N°405 of May 11, 2020, adopting the guidelines to go back to normal for companies after COVID-19.

workplace and be reincorporated to work; and (iii) to guarantee the sustainability of the monitoring, prevention and control measures adopted to prevent COVID-19 transmissibility.

4.2.d Workers Engaged by Third Parties

The construction contracts executed with contractor and subcontractor companies call for compliance with current applicable labor laws and regulations effective in Panama.

However, the Company requires that its suppliers and contractors: (i) update their risk identification and assessment matrixes, including COVID-19 control measures; and (ii) submit a Preventive Action Protocol during and after the pandemic, which needs to be approved and registered with the MINSA (Ministry of Health).

4.2.e Supply Chain

To work with the supply chain (made up mainly by providers of goods, materials and construction equipment), RIGA will develop and implement a methodology governing the purchase of materials and equipment and hiring of services; such methodology will require its suppliers to meet applicable labor (specifically, prohibiting child and forced labor, refraining from using any product or service produced with child or forced labor in its business activity), OHS, and environmental requirements.

Also, the Company will prepare and implement a supplier and contractor record whereby the Commercialization Area or the Construction Projects Management selects, controls and assesses the supplier or contractor within certain labor and health criteria established in the related legislation^{11,12}.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

4.3.a.i Greenhouse Gases

Owing to the size and design of the works to be performed, and to the fact that the construction sites, construction yards and material warehouses are close to each other (within a 2 km radius), it is estimated that during the construction as well as its maintenance phase the Project will generate less than 25,000 t CO_{2eq}/year of greenhouse gas effects (GHG).

4.3.a.ii Water Consumption

The water consumption of the Project (construction activities, human consumption by the workers and human consumption by personnel, interns, patients and visitors during the O&M phase) is estimated as low. The drinking water will be supplied through the public distribution system of the IDAAN (National Water and Sewage Institute) while the water for the construction activities will be provided, depending on the volume, by the public system or through tanker trucks from authorized sources. Regardless of the above, the Company will constantly seek to optimize the use of resources for its operations and will avoid wasting water as part of the EMP.

4.3.a.iii Energy

The energy required by the Project will be provided through the public grid and under the framework of a service contract executed with the authorized distributor. It is estimated that the Project will not generate any significant increase in average energy consumption during the construction and O&M phases.

4.3.b Pollution Prevention

4.3.b.i Effluents

The disposal of liquid effluents from the Project will be carried out through the municipal public sewage system of the IDAAN. In compliance with Panama regulations, wastewater to be generated will be taken to a treatment plan before being disposed of.

4.3.b.ii Solid Waste

RIGA has a Waste Management Manual establishing the treatment, use and valorization of its solid waste so as to minimize the risks for human health and environmental protection. In addition, as part of the EMP and the EIA Approval Resolution, the Company and all its contractors and subcontractors should take care of the end-to-end management of their solid waste from generation to disposal. In this sense, the Company and all its contractors and subcontractors should classify their waste and verify whether they may be reused (internal reuse or recycling), separate and store it temporarily based on its nature (hazardous and non-hazardous) before adequately disposing of it. Domestic or non-hazardous waste will be transported by a duly authorized service provider or by the garbage collection service of the Municipality and transferred to an authorized landfill.

4.3.b.iii Hazardous Materials Management

The Project will not generate a significant volume of hazardous waste. Despite this, the waste actually generated (materials polluted with or empty containers of paint, solvents and used oil, among others) will be characterized, managed, temporarily stored and collected for final disposal as set forth in the EMP and the Resolution of the EIAs.

The Company will not transport its solid waste outside its facilities. Instead, it will be managed by a provider duly authorized by the Environmental Authority and in compliance with current regulations (Resolution No. 1029¹⁵). The final disposal of hazardous solid waste will be carried out in compliance with current Panamanian regulations (Executive Decree No. 156¹⁶).

¹⁵ MINSA Resolution No. 1029 of November 8, 2011, establishing the requirements and procedures to obtain the Operating Sanitary Permit for any economic agent engaged or wishing to engage in activities related to the classification, bottling/canning, packing, collection, transport, temporary storage, treatment, shredding, neutralization, recycling, encapsulation, recovery, reuse and final disposal of hazardous waste.

¹⁶ Executive Decree No. 156 of May 28, 2004, approving safe sanitary landfill regulations.

4.4 Community Health and Safety

4.4.a Community Health and Safety

The new works of the Project, both the buildings and the ancillary services, will be designed and built by competent and recognized contractors experienced in the construction and operation of this type of works using to such end international good practices and meeting the applicable Panamanian and international construction and safety guidelines, standards and codes. Moreover, RIGA included in the Integral Services Contracts specific clauses to address any type of claim and respond in the event of damages caused on the property of the State, an individual or the community which may occur in the area of influence of the Project.

Finally, as a response to the COVID-19 pandemic, the Company has developed guidelines emphasizing the importance of implementing biosafety protocols and performing routine activities on an ongoing basis in compliance with the procedures required by competent authorities (MINSA and MITRADEL). Such procedures include the flexibilization of certain working hours and terms, and keeping personnel who is absolutely necessary at the work site, among others.

4.4.a.i Infrastructure and Equipment Design and Safety

In accordance with the approvals from the Firefighters Corpse of each preliminary design, the layouts of life and fire safety (L&FS) installations or systems of the Project buildings should observe the following: (i) Resolution No. 725¹⁷, adopting the international standards of the National Fire Protection Agency (NFPA); (ii) related local laws and regulations; and (iii) international conventions on rights and the principle of equal opportunities for disabled persons ratified by Panama¹⁸.

Also, RIGA will hire L&FS qualified professionals acceptable to IDB Invest to certify that: (i) all the Project facilities, whether completed or under construction, were built in conformity with the approved L&FS designs; (ii) all the equipment was installed in conformity with the L&FS design; and (iii) all L&FS equipment was approved following international requirements.

4.4.b Security Personnel

RIGA has not decided whether to hire security personnel to protect its assets during the construction of the Project Hospitals. However, should it be necessary to do so, the Company will make sure that the service Contracts include provisions allowing it to: (i) conduct reasonable investigations to ensure that security personnel do not have a criminal record and have not been involved in cases of abuse; (ii) verify details of necessary training on the use of force; (iii) verify restrictions or the procedures to be put in place

¹⁷ Resolution No. 725 of July 12, 2006, adopting as reference the standards of the *National Fire Protection Association*, NFPA 101, 2003 Spanish edition, Life Safety Code; NFPA 13, 2002 Spanish edition, Signs for the Installation of Sprinkler Systems; NFPA 20, 1992 Spanish edition, Standard for the Installation of Stationary Pumps for Fire Protection; and additional functions are assigned to the Consulting Committee for the study, adaptation and application of NFPA 101, Life Safety Code.

¹⁸ Law No. 15 of May 31, 2016, amending Law 42 of 1999, establishing equal opportunities for persons with disabilities; Law No. 42 of August 27, 1999, establishing equal opportunities for persons with disabilities; Law No. 25 of July 10, 2007, approving the Convention on the Rights of Persons with Disabilities and the Optional Protocol to the Convention on the Rights of Persons with Disabilities adopted by the United Nations General Assembly in New York on December 13, 2006.

regarding the use of firearms; and (iv) identify details of the environmental and social awareness training, including the subject of respect for human rights.

4.5 Land Acquisition and Involuntary Resettlement

The Project will be carried out in plots owned by the CSS which were previously negotiated and acquired from their prior owners; therefore, the Project does not entail any type of involuntary economic or physical displacement.

4.6 Biodiversity Conservation and Natural Habitats

The Project is carried out in strongly intervened sites with scarce vegetation and little ecological value. Therefore, it is not expected to have a significant impact on biodiversity.

4.7 Indigenous Peoples

The Project is carried out in the urban area of major cities in Panama, where no indigenous peoples or community lands may be found.

4.8 Cultural Heritage

The Project will be carried out in previously intervened areas. However, RIGA will adopt a chance find procedure¹⁹ in line with PS8 and Panamanian legislation.

5 Local Access of Project Documentation

RIGA offers additional information about its Projects on its website: <https://constructora.gruporiga.com/portfolio-style-3-gutted-boxed/>

¹⁹ A chance find procedure is a project-specific procedure that describes the measures to be taken in the event of finding previously undiscovered cultural heritage.